

INSIDE:

- ❑ *Maintenance Round-up*
- ❑ *QA Report*
- ❑ *Safety Report*
- ❑ *Workshop Round-up*

Welcome

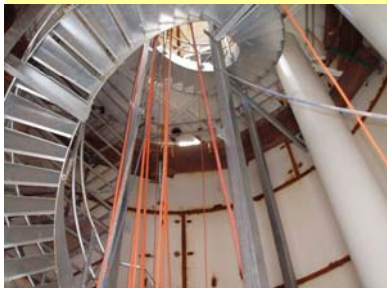
Welcome to the 3rd issue of the Saunders Newsletter. Inside you will find the latest on QA and Safety, Construction and Maintenance Round-up's and much more.

The past six months have been marked by frantic effort in Construction and a pretty steady workload in Maintenance. In fact, this has been the busiest period our company has ever experienced. Thankfully, we've come through it without major dramas or safety incidents and we are now a more experienced organization. The pace will slow down for the next month or two and then it looks like we will be in for a busy period for both Construction and Maintenance.

Inside you will read about some great performances from our field crews, but let's not forget that none of the work on site can go on without the help of the "backroom" boys and girls. Thanks to everyone in administrative, payroll, procurement, HR, estimating, accounts, preparation and servicing of gear, engineering, drafting, fabrications, OH&S and QA for providing such great support to our people in the field.

Although we avoided any major incidents we did have many minor ones. Our goal now is to improve our overall safety performance with strong emphasis on doing the basics right and planning safety into everything we do.

John Power



Kellyville – Spiral Stairway

Construction Round-up

Following a busy period towards the end of September last year our work at Port Campbell on the Otway Gas Project was completed on schedule and on budget. Bob Langdon and his crew are to be commended for their efforts on the job, as the weather (both wind and rain) encountered on this project was some of the worst we have experienced.

At the start of the job locals warned us about the weather at Hastings and how wet it would be, I think they got it wrong as the weather was an improvement on Port Campbell.



*Kellyville – Cone Lift
130 tonne x 23m dia*



Port Campbell Tank Farm



*41.4m dia x 14.4m high Cone Roof API Tank with Aluminium Internal Floating Roof
Hastings, VIC*

While Bob Langdon finished at Port Campbell, Andrew Bryan kicked off a job for Trafigura, which is located on the other side of Port Phillip Bay at Hastings. The job was to design and construct a 41.4m dia x 14.4m high cone roof tank at Trafigura's terminal and the scope included foundation and bund construction, pipe work and telemetry. This project is currently on schedule for completion in April.



Placing Roof Plates – Hastings, VIC

Roger Limoux returned from a well-deserved holiday in Europe and judging by the postcards he and his wife had a great time. As always holidays are quickly forgotten and Roger was straight back to work on a new Bitumen tank for Caltex Refinery at Kurnell in Sydney. Following this job Roger and his crew returned to ALMC to construct a sister tank to the one Roger built last year. This tank is currently being tested prior to painting and represents another successful job by Roger and his crew.

Shortly Roger will be off the New Caledonia to supervise a tank jacking job for Mobil utilizing Saunders jacking equipment. I hope he has brushed up on his French.



**Above & Below
Tank Jacking – BP, Perth**



It seems Rudi Spehar has become our elevated reservoir specialist. The list of elevated tanks he has built now stands at 7, the latest being the 5.0ML elevated reservoir at Kellyville. The Kellyville reservoir is Rudi's 3rd consecutive elevated reservoir job and is the largest steel elevated tank in Australia. The reservoir had its own set of problems as it was built in the middle of a residential development with the nearest residents only 20m from the work site.

The job entailed a number of heavy lifts, the largest being required to place the complete transition/cone assembly on the stem, (as shown on page 1). Rudi and his crew are to be commended on the efforts on this project.

Last week the tank Adrian and his crew constructed for BP in Mackay successfully underwent hydrotesting. The crew put in a big effort to get this done as BP had a ship on the way. There were a few people sleeping uneasily with cyclone Larry further north, however the winds did not amount to anything significant in Mackay. Adrian and his crew will be dispersed to other projects until our next project in the far north.



**42.0m dia x 20.0m high
Cone Roof API Tank – BP, Mackay**

Michael Porteus recommenced with us to supervise the project for Caltex in Gladstone, which was the construction of a 34.3m dia x 18m high for Caltex. The tank is currently being painted internally before the door sheet is installed and the tank hydrotested.



**34.3m dia x 18.0m high Tank with
Self Supporting Truss Roof
Caltex, Gladstone**



**Commencing Roof Plating on
Self Supporting Truss Roof
Caltex, Gladstone**

Work in the immediate future looks like being a little slow with a number of projects being delayed. We have however been successful with our tender for the Minchinbury Reservoir which is 58m dia x 16m high. Saunders are the Prime Contractor and our scope includes bulk earth works, foundation, pipework, pits road works and electrical works associated with the tank - everything from GO to WO.

Robert Patterson

P.S. The design and construct project for a 2.0ML elevated reservoir for Muswellbrook Shire Council has been nominated for an engineering excellence award for the Newcastle Hunter Region.

Welcome to Saunders

Our Project Management ranks have been bolstered with the commencement of Imma Kathir. Imma is a Bachelor of Engineering (Mechanical) and has a Master of Engineering Science.



DUNGOOD SAFETY AWARDS **Year 2005 - 0 LTI, 0 MTI**

In recognition of achieving 0 LTI's, 0 MTI's for the calendar year 2005 the following Maintenance Sites were presented with a Dungood Safety Award:-

Mobil Altona
Caltex Kurnell
Caltex Lytton
Santos Moomba

An excellent result for these sites and a benchmark for all sites for the coming year.

CALTEX KURNELL **Tank Repair Team**

The focus at Kurnell remains on incident and injury free operation by adhering to Saunders Policies and Procedures as well as Caltex Tenets of Operational Excellence.

2006 is an important year for Caltex Kurnell as it celebrates 50 years of operation. It is also an important year for us as we have now been at Kurnell doing tank maintenance for 9 years as part of the Transfield, Saunders, Contract Resources Alliance.

The Kurnell tank team are very proud of their safety record and are determined to maintain ZERO LTI's and MTI's throughout 2006.

1st Quarter of 2006 has been very challenging with no less than 8 tanks undergoing maintenance at the one time. A particularly challenging job ahead of us this year is Tk2 Salt Water Shutdown, which needs to be completed during a 29-day window as part of a major plant shutdown. We will be working around the clock during this period to remove the tank from service, clean tank internals, carry out API653 inspection, renew top strake including windgirder, curb angle, handrail, 3 annular plates, entire new island floor, overflow weir, shell manway nozzle, inlet diffuser, outlet weir and hopefully return the tank to service within the prescribed period. Detailed planning and pre-work is already underway.

Recently, the Kurnell tank team successfully completed working at height training with our very own OH&S Manager John Gawthorne as the course instructor. The intention of the course was to assist the team achieve safety best practices when working at height. I believe the course is helping us achieve this goal.

I would like to take the opportunity to congratulate Emori (Jimmy) Waqa on his DUNGOOD award presented recently to him by our Maintenance Division Manager Andrew Auzins. Jimmy was awarded for his proactive safety leadership and commitment.



Andrew Auzins presenting Emori Waqa the DUNGOOD Award

The Kurnell tank team are committed to building an ever stronger relationship with CALTEX. We share CALTEX' vision of being the Australian oil refining and marketing company most admired for its people, partnership and performance. We believe an incident free workplace is achievable!

Rod Riquelme

BP BULWER ISLAND **Tank Repair Team**

Continuing on from the good work by Horst Eichler last year Frank Wright has taken over as our Site Supervisor at BP Bulwer Island where we are carrying out ongoing tank maintenance.

As at all refineries the work needs to be carried out to tight schedules and our small team is working hard to achieve the client's requirements.

Brent Graham has recently come out of the desert and joined our site team taking up the Site Co-ordinator role leaving Frank to concentrate on field activities.

Bulwer is a very important site for us and we have adopted a strong focus on Safety Performance and Customer Service. We are working hard to forge an excellent working relationship with BP and ultimately position ourselves to be BP's ongoing tank maintenance service provider.

Keep up the good work boys.

Andrew Auzins

SHELL CLYDE **and GORE BAY** **Tank Repair Team**

Come the 19th April this year the Saunders team will have been at Shell Clyde Refinery for seven years working on tank maintenance as part of the Transfield, Saunders, Contract Resources Alliance.

In February of this year Shell announced that the contract with Transfield and its Alliance Partners had been extended for a further 5 years. We can be proud that the work we have done has contributed to achieving this contract extension.

Last year at Clyde was particularly busy as some of the tank work we had to do formed part of a Clean Fuels contingency plan and had to be done in a very strict time frame. All have been finished on time and most of them on budget with thanks to the on site crew and not forgetting our engineering, drawing and workshop departments.

This past year has not been one of our best on record as far as safety goes albeit that some of the incidents were quite unusual. However we have learned from these and are moving forward and improving.

I would like to welcome Domenico Pipitone onboard with the Saunders team as a site supervisor. Andy Larue has also made a return to the tank crew as a boilermaker after a two-year break away from the refinery. The grass is not always greener on the other side.

The tank budget for 2006 is almost as big as for 2005. We have some very large jobs coming up so we will have to watch the pennies and work as smart as possible.

John Fordham

CALTEX LYTTON **Tank Repair Team**

Tank 2000 at Caltex Lytton Refinery was converted from reduced crude service to low sulphur diesel service as part of the \$500 million Clean Fuels Program. As a consequence the tank had to have an internal floating deck installed. This proved to be quite an undertaking and ranks as one of the largest diameter decks installed in Australia to date (60m dia).

The tank crew, largely inexperienced in this type of work were coached through the project program under the watchful eye of tankage supervisor John Ryals and handover was achieved on time and on budget.

A fitting end to what had been a difficult year maintaining experienced crewing on the tank program consequent on the demands of the Clean Fuels Project and associated shutdowns.

Reg Taggart



Installation of Aluminium Floating Covers

MOBIL ALTONA **Tank Repair Team**

One of Saunders obligations on Long Term Refinery Sites where work is done on a cost reimbursable basis is to continually demonstrate that we are doing work productively and are always looking out for cost saving innovations.

This opportunity arose recently at Mobil Altona Refinery when Tk803 (36.7m dia x 12.8m high insulated external floating roof) was taken out of service for inspection and repair.

Before mechanical work could proceed that tank had to be cleaned and gas freed.

Approximately 1,200 cubic metres of sludge remained in the tank. Samples were taken and analyzed and a plan was put in place to inject cutter/solvent into the tank that when heated using the tanks heating coils and circulated would dissolve the sludge.

However the heating coils were in poor condition and the required temperature to melt the sludge was not achieved. Saunders and our Alliance Partner Contract Resources, came up with an innovative idea to install a mobile steam generator/boiler system external to the tank together with a pipe circulation system.

This heating and circulation process worked well with the result that most of the sludge was able to be pumped back into the Refinery system for re-use. Overall saving to the client as a result of this innovation was approx. \$0.75M.

Richard Robson

SANTOS, S.A. **Tank Repair Team**

In recent months our Santos Tank Team has been working at Moomba, SA on Tk 3000, a 60 metre diameter external floating roof tank requiring a new floor island and extensive repairs to the floating roof.

Working in one of the harshest environments in Australia with temperatures exceeding 45 degrees celcius for 20 days on end we had to install a refrigeration unit on the tank so that work could proceed.

Our 'living legend' Willi Jung (call me young Willi) has commented 'the flies are so bad up here they stick to you like leaches and they are so heavy you can hardly stand up'.

Our project team headed up by Craig Eden, Tankage Manager, (did I hear someone say Grizzly Bear) and ably supported by John Petering and Brent Graham adopted a 'shutdown mentality' with detailed planning of every phase of work. The end result was a project completed within budget and ahead of schedule. And, most importantly, in excess of 12,000 site manhours serious injury free.

This has been a critical project for Santos which has enabled Saunders to demonstrate all of its skills from engineering, right through to field supervision.

Congratulations to all the team involved.

Andrew Auzins



One of a number of refrigeration units used to cool air inside Tank 3000

BONJOUR NOUMEA!

Roger Limoux is busy preparing for his trip to Noumea in March to jack up an existing tank to allow the foundation to be re-constructed and for the installation of an HDPE liner.

The project is similar to the one Roger successfully completed in North Fremantle in 2004.

Speaking French made Roger the logical choice for this project and having recently toured the world he will be a great ambassador for the 'International' part of our business.

It's good to see that the work put in by Sam Eller to design the original jacking system has put us in a competitive position for repeat business.

Andrew Auzins

QA Report

QA Audits

During the last month we had our six monthly surveillance audit from SAI Global and were also audited by Rouse Hill Infrastructure Pty Ltd on the Kellyville project. It was pleasing that we received very positive comments from both Auditors.

Our Third Party Auditors from SAI Global have indicated that during the next surveillance audit in September they will be looking at engineering, sales, training, workshop and site activities.

Continual Improvement

An important indicator of how well a Quality System is performing is whether or not we can show improvement and/or progression for any of our system processes. Examples of our system processes are Tendering, Design & Engineering, Planning, Fabrication, Installation and Commissioning. We all have important roles to play within these processes and our goal should always be to identify and implement improvements. Can I encourage you all to contribute to our continual improvement philosophy with ideas and suggestions on how we can improve our system and work methods.

Quality of Welds

Non Destructive Testing of welds takes place on all storage tank projects we undertake. An important quality indicator for us is the percentage of complying welds. Three current projects are worthy of mention. On the Kellyville project we have had in excess of 320 metres of weld metal ultrasonic tested at the workshop and at site with a complying percentage of over 99 percent. On the Trafigura project at Hastings we have had 106 individual areas ultrasonic tested with no repairs. At ALMC Lytton we had 18 radiographs taken with no repairs and 14 of the 18 radiographs were assessed as "A" (no discontinuities). If we can keep our complying percentage between 99 and 100 percent of the length of weld tested we are in excellent shape.

Michael Ashton

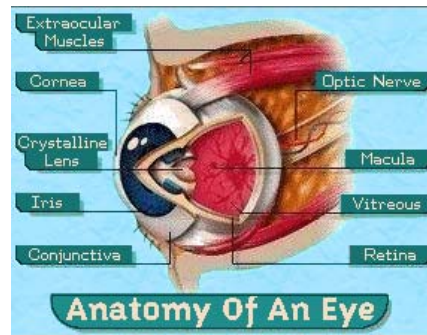
Safety Report

FROM THE SAFETY DESK



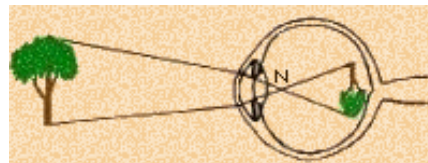
We are into 2006 with a reasonable start to safety, but we need to further improve and remove the minor incidents such as foreign body, nicks/cuts, sprains and strains. Though only in minor numbers compared to industry average, they still impact on your family and social life and your ability to carry out work tasks.

Let's take a look at one re-occurring injury that impacts on a part of the body that if seriously damaged, is lost forever and even with the advances in medical science and technology of today, **cannot** be replaced.



The human eye and how it functions?

The human eye is the organ which gives us the sense of sight, allowing us to learn more about things around us than we do with any of the other four senses we have. We use our eyes in almost every activity we perform, whether reading, working, watching television, writing a letter, driving a car and in countless other ways. I think you would all agree with me that sight is the most valued gift that we have. The eyes allow us to see and interpret the shapes, colours and dimensions of objects around us by processing the light they reflect or emit.



Light waves from an object (such as a tree) enter the eye first through the **cornea**, which is the clear dome at the front of the eye. The light then progresses through the pupil, the circular opening in the centre of the coloured **iris**. Next, the light passes through the **crystalline lens**, which is located behind the iris and the pupil. Initially the light waves are bent or converged first by the cornea, and then further by the crystalline lens to a nodal point located immediately behind the back surface of the lens. At that point, the image becomes reversed (turned backwards) and inverted (turned upside down). The light continues through the **vitreous humor**, the clear gel that makes up 80% of the eye's volume, and then back to a clear focus on the retina behind the vitreous.

Within the layers of the retina, light impulses are changed into electrical signals and then sent through the optic nerve to the brain. Here, the electrical signals are interpreted or "seen" by the brain as a visual image.

If the iris is seriously damaged then visual impairment occurs immediately, but have you given any thought to the accumulative damage that occurs to the surface of the eye each time there is a minor trauma such as a foreign body (say grinding matter) in the eye. The eye's surface as with the whole surface of the body develops scarring when damaged. Minor scars all add up and eventually the scar tissue on the surface of the eye distorts the light entering the eye just as chips and scratch marks do on general or prescription safety glasses. As we go through life we give little thought as to the consequences of what this will do to our vision in later life, but the sad fact remains that numerous minor scars on the eyes surface will hinder your vision as you get older and into retirement.

Don't risk your eyesight, consider the consequences to impaired vision or not having sight at all, use your double eye protection for all activities that could cause damage to your eyes.

Remember that –

NO JOB IS THAT IMPORTANT THAT YOU NEED TO TAKE RISKS TO CARRY IT OUT, THINK BEFORE YOU ACT, YOUR SIGHT MAY DEPEND ON IT.

John Gawthorne

Since our last newsletter the workshop has continued to be extremely busy, only now slowing to catch our breath and get set for the upcoming projects. During this time we have completed an extremely large quantity of fabricated components for our jobs at Kellyville, Mackay, Gladstone, Hastings and ALMC Brisbane. Some of the major items have been the riser for Kellyville, which was supplied in two halves, painted internally and dressed out with stair sections, both roof structures for Mackay and Hastings and large amounts of pipe spooling assemblies. The paint shop has also had its most productive period of recent years with our crew of three kept well and truly on the go.

The ongoing work from the Maintenance Division has been steady with numerous items supplied and fabricated for all our sites including the servicing, packing and shipping of the tank jacking system to Mobil New Caledonia over the Christmas/New Year break, the diffuser assembly and strakes for Caltex Kurnell's up-coming shutdown and a new floating roof for TK 218, we are also in the process of fabricating a complete new tank 4D29 for Kurnell, which will involve final assembly/painting in the Condell Park yard to minimise site work.

Our roll and press shop whilst catering to our own needs has also been providing a steady flow of work to outside clientele and this has also noticeably picked up at present which bodes well for the coming months ahead.

Wayne Regan



Kellyville dry riser being moved to Saunders yard



Completed riser prior to shipment to site



Kellyville roof being positioned