



THE TREE LINE

News for Sunland Construction & Affiliates

Our Year in Review: 2017

Gulf Coast Division

As we close out 2017, the Gulf Coast Division still has (3) large projects working toward completion. The Cameron Access Project, the Coastal Bend Header Pipeline, and the RGP Pipeline project have all faced extreme challenges related to weather. Multiple named storms impacted all the projects, as well as historic flooding in several areas. The Coastal



Duane Gremillion Jr.'s crew works to tie-in 36 inch pipe under a 42 inch foreign line crossing in Hackberry, Louisiana.

Bend Header Project encountered over 80" of rainfall between January and November! In addition to these large projects, numerous other projects were completed for new clients, and we hope to continue those relationships in the coming months. We owe a huge debt of gratitude to our superintendents and field crews for persevering through such challenging conditions. In addition, our office staff has done an amazing job keeping the documentation straight and navigating the ever changing landscape of AP/AR. As we close the year, we would also like to welcome Sunland Field Services Division 50. In an effort to more efficiently provide our clients the best service and remain the contractor of choice in the Gulf Coast region, we have merged Division 50 into Division 17.

Superintendent Carl Ledet is head of the Cameron Access Project which scope consists of 6.7 miles of 30", 27.4 miles of 36", 3 drills, multiple bores and fabrication at 5 valves sites.

Randall Humphers, Shorty Prater, Derek Prater and crew began construction on 67 miles of 36" pipeline southwest of Houston in January. Throughout 2017 the site has recorded over 80" of rain, and as shown below, the flooding from Hurricane Harvey was catastrophic and unprecedented to the region. Even with the historic flooding, which resulted in mandatory evacuations for the area, Randall and the

crew persevered and were able to make final tie-ins less than (2) months after the flood. Amidst all the flooding and terrible conditions, the pipeline was installed and upon the caliper tool inspection, there were ZERO anomalies requiring repair. In addition, upon completion of the DCVG survey, there were ZERO coating repairs necessary. That is an amazing accomplishment, and a testament to our commitment to quality and integrity.



Hwy 35 near Bar X Ranch Angleton, TX



From left to right: Nathan Pittman, Pelie Calcote, John Paul Sullivan, and Rocky Green during backfilling of the drill entry hole.

Bernes “Pelic” Calcote and crew began a project in Little Rock, Arkansas in August for Enbridge. The project consists of drilling approximately 3,000 feet of 24 inch pipe across the Arkansas River.

Sunland-Kori Services

Sunland-Kori Services manufactured eight (8) amphibious undercarriages for U.S. based contractors and equipment dealers in North America. Spare parts sales were very good and were distributed to meet U.S. demands as well as internationally to equipment dealers and/or contractors in South America. Sunland-Kori employees should be commended for their safety focus.

Station Division

Station Division finished 2017 profitable and safely!!! For the fourth straight year, we exceeded our revenue goal, and also exceeded the past years in total man hours worked with a total of 1,071,230 MH. This is the first time that Station Division has exceeded 1 million man-hours total, with a combined TRIR of .40. Station had several projects for a variety of customers taking place in Louisiana, Texas, Alabama, Ohio, Tennessee, Kentucky, Virginia, and North Carolina. Projects ranged from Lump Sum, Grassroot Compressor Stations, to flow reversals, to compressor emission upgrades, to T&M pig launcher and receiver projects. Our division office would like to thank the hard work our field teams perform, day in and day out, working long hours in cruel weather, to get the job done. Many of our projects are coming to an end, but Station Division is looking forward to a very promising 2018, with several projects already under contract negotiations.



Installing blow down piping and installing site rock and cleanup.

DHB Division

Congratulations to all employees with DHB for another year of performance excellence.

Eastern Division

Much of the work rounding out 2017 for Sunland’s Eastern Division has been centered in the tri-state area of Maryland, Virginia and West Virginia. Additionally, multiple jobs with clients in Florida have kept our crews working steadily.

Brian Ward along with Foreman Scott Rumrill, Luke Hudson and Welder Foreman Tim Anderson and a crew of 22 have completed a difficult project in the streets of Adelphi Maryland. The project consisted of a new Pressure Reducing Station with dual 22” lines starting and extending into and down Adelphi and Metzertt Roads. The project was a very restricted, congested lay with a four phase traffic control plan crossing six lanes of traffic behind over 2,500 feet of Concrete Barricades. The crew had to install approximately 850’ of sheet piling to make a Triple Stopple Tie In. Our client has offered nothing but high praise for the safety and quality of the work on the project. The Eastern Division would like to commend the crew for working through tough project constraints and maintaining a safe project with top quality workmanship.

A special thanks to Site Safety Coordinator Dallas Pepitone. Dallas has been the fortunate one (he may have a varied opinion) to work as the Safety Coordinator on all of these projects. Dallas has been instrumental to our success with our client not only as Site Safety but also functioning as an integral liaison on Project Safety, OQ, Business Development and Quality Control.



Sheet Pile and Plate installation being overseen by Jason Claypool, Louis Hernandez and Dallas Pepitone,

George Spratlin and a crew of about 20 employees installed a 24” Main Line and a bypass to a Pressure Reducing Station near Alexandria Virginia. This project presented some unique challenges due to the layout of the surrounding landscape. The site was contained to a church parking lot, being boxed in on all sides by condominiums, a funeral home and a driving range.

The crew had to accommodate weekly shut downs due to services for the funeral home and church traffic. Every Saturday they would have to move all equipment and materials off-site to make way for the church services on Sunday. Each Monday the crew would move everything back into place for the work week. The client has expressed their gratitude to George's crew for the extra work that went into coordinating those efforts.

Brian Ward along with Foreman Scott Rumrill, Luke Hudson and Welder Foreman Tim Anderson and a crew of 22 have completed a second project for the same client. The Brandywine Gate Station modification consisted of an additional station by pass with launcher / receiver modifications with the installation of a new 24" valve.

Dennis Nichols and crew successfully completed a 24.1 mile Hydrotest project in Appomattox Virginia. The testing revealed a rupture in the line. The work to repair the line converted over to T & M per the contract design. Dennis Nichols and team members Damon Nichols, Kris Crosby and Pam Nichols worked together to identify the damage, make repairs, and perform a successful test of the pipeline. Following the crew's efficient work to make the necessary repairs, the line was put back in service. The success of this project led to a subsequent award for another emergency project in the same area of operations. Congratulations to Dennis and crew for the great job they did on this project!



Marty's crew carrying the first Drill Section to the hole.

Marty McNease along with Foreman Chad Walters, Jeff King and Welder Forman Brad Raymond have knocked out the St Pete 18" Relocation Project in record time. The Project consisted of an 18" replacement by HDD with an offset lay and tie in. Marty contributes the successful project to quality hands and good subcontractor support but we must add that another key component was Marty's attention to detail and good planning on the part of him and his crew.

Eastern appreciates the attention to quality workmanship but also the attention to providing a good safe working environment and providing us with another Quality Project.

Landle "Bubba" McGee and Foreman Louis Hernandez and a crew of 14 are working on the Virginia Mainline "A" Replacement Project. Our client approached us looking for a crew to perform a 30" Emergency replacement in Manassas Virginia. The crew was demobilizing from another job and the guys volunteered to take care of the project and work through the Thanksgiving Holiday to get the line back up and flowing gas.

Jim Hebert and crew showed their diverse talents in 2017 by successfully completing anomaly investigations, pipeline integrity, station work, and mainline construction. After each project, regardless of the type, the Gas Company complemented the crew and indicated they would like this crew to do more of their upcoming work. The client awarded Jim's crew with their early season anomaly investigations. This work should keep Jim Hebert and crew busy into the spring.



Kelly Gourdon's Crew on a Tie-In outside Lincoln, Kansas

Rocky Mountain Division

In FY17 the Rocky Mountain Division oversaw the closing of SFS Division 20 in the Piceance Basin due to low work volume. We also set up operations in the Greely, Colorado area as well as in Chickasha, Oklahoma in an effort to make ourselves more competitive in those markets.

The Rocky Mountain Division continued to work for our core client base as well as added numerous new clients, which included some old clients from the past. Despite some of our struggles on a couple of projects we have managed to continue building on our relationships with clients and added several key folks to our team to include Superintendents and PM's that will help us going forward into FY18 on our project work. The Rocky Mountain division looks forward to laying FY17 to rest, but learning from our lessons, and carrying them into a prosperous FY18.

Foremost

Throughout the winter months, Foremost was able to stay relatively busy and successful. December was a little slow, but fortunately, as in recent previous years, we got really busy into the spring and summer months, and this trend has remained into the fall as we head towards the upcoming winter. All of this work and stellar performance allowed us to maintain 60+ crews working in South Carolina and western North Carolina.

We certainly want to recognize the following regions for completing FY2017 with no recordable or lost-time incidents: Abbeville, Charleston, Florence, and Asheville/Hendersonville.

As we push forward to finish Calendar Year 2017 on a high note, work on the gas and electric blankets remains relatively steady. Despite all the challenges (both usual and unusual, seen and unforeseen), we continued to work together as a team (and with our clients) and persevered with the end result being another very successful year. We foresee our opportunities for work and chances of success remaining good for FY2018. For that, we are truly blessed and thankful. We are pushing forward in the hopes of a safe and prosperous 2018.



Foremost's Tyler Matthews and Kevin Metcalf install a gas service in Asheville, NC.

Buffalo Gap I&E

Our year in the Industrial Division, has been full of ups and downs. Early in the year we were down in our work activity and got into the very competitive market to get our share of work with tight margins. Then the market began to pick up on our EPC projects, and our last six months have been some of our all-time busiest exceeding over 500 employees. This has brought some challenges in maintaining our Safety and financial goals.

On the other hand, our Commercial Division had a very overall successful year! They tackled their largest project to date in building a sizeable college stadium. They continue doing various school projects and getting their share of work at Dyess AFB. They exceeded their financial goal and had a good safety performance as well.



Dionicio Jasso and Martin Alanis.



Chuck Rush and Jose Ferreriz-Castilleo.

On August 25, 2017, Hurricane Harvey, a Category 4 Hurricane with winds up to 130 mph., the most catastrophic flood disaster in southeast Texas history hit Rockport dead on. Our job location at Sinton Texas was only 32 miles from the eye. Recognizing three stages to an emergency: Preparedness, Response and Recovery, this crew stepped up and took care of every stage.



Starting bottom row left to right- Eduardo Cantu(JM), Carlos Menchaca(JM), Matias Maldonado(JM), Noe Hernandez(APP), Jose Ortega(JM), Jose Cantu(Helper), Juan Martinez (APP), Javier Beltran(Helper), Yancy Farmer(JM). 2nd row left to right- Geronimo Galvan(JM), Heriberto Perez(JM), Ronnie Gallegos(JM), Dimas Maldonado(Assistant Super), Jose G Ferreriz(JM), Jesus Martinez Jr(APP), Aldair Hernandez(Helper), Domitilo Cantu(JM-OP), Dionicio Jasso(JM), Adolfo Alanis(JM), Julio Solis(JM), Miguel Ferreriz(General Foreman), Jacinto Reyes Jr(APP). Back Row left to right- Jesus Alaniz Jr(JM), Peter Gagne(Operator), Mark Salyer(QA/QC), Martin Moore(Inst Fitter), Chuck Rush(Super), Scott Farmer(JM), Martin Alanis(JM), Josue Portillo(JM) and Jose De Jesus Ferreriz(JM)

Sunland Field Services – Permian Basin

Sunland Field Services Permian Basin has had many opportunities during the year 2017. Since the beginning of the year we have seen a drastic increase in the flow of the Oil and Gas industry. This increase has allowed us to strengthen our relationships with our current customers allowing us to gain continuity in our work flow. We have also been given many opportunities to develop relationships with new clients. We look forward to developing strong relationships with these new clients as well.

We continue to maintain and strengthen our current employees. We have been able to add many talented individuals to our team since the beginning of the year. We are excited for the future of the Permian Basin division as we continue to grow and develop both our employee and customer base.

Sunland Field Services – Bakken Operations

Over the last 6 months, Sunland Field Services has experienced multiple changes within the organization as well as in the local industry. In August, the Bakken Group welcomed Michael Knudsen as the new Division Manager and Katie Jackson as the new Office Manager. Along with management changes, the Bakken Group has been able to align themselves with the current market as well as develop the leadership team to ensure success within the division. The Bakken has also moved into a new facility, combining the Stanley and Williston offices into one location. The consolidation has helped unify the team, promote collaboration, and build a stronger foundation for the division.

Working consistently with the Bakken's largest client in the Williston area, Leo Wagner has had a year full of growth. Due to the success and growth of Leo's crews, he has re-structured his supervisory group to better serve the client. This season started out with crews mainly focused on preventive maintenance and has since added tank battery crews on the construction side. With winter approaching, construction is beginning to transition to more maintenance work which will keep Leo's team busy throughout the winter months. We predict that the work will stay steady with this group's client, and in doing so we should be able to finish the quarter strong.

The I&E group has had a busy and productive year. Bill Zunino leads the I&E group which serves the Bakken with instrumentation and electrical services expanding to a variety of clients within the region. I&E crews have been working on maintenance, FGE, facility builds, winterization and heat tracing, as well as other services. Bill and his team are on track to have a productive year with new business opportunities along with maintaining strong relationships with current clients.

Travis Troutner was promoted to a superintendent in August, overseeing multiple types of projects. He and his team have been actively building and servicing pump sets as well as painting and maintenance for current customers. We have revived the insulation services with two full time crews that have the potential to grow into five crews by the end of the year. For insulation, we have started using a pre-fabricated product that the client seems to be very happy with, which has brought us more opportunities for insulating. Travis is continuing to develop both current and past customer relationships.

Mike Parmeter has re-built a relationship with one of the Bakken's older clients. His team has been removing bypass lines, installing tube meters, relocating blanket gas regulators and discharge lines, and installing two phase separators. He has been working closely with the client to create more construction jobs that will keep his team working on upcoming builds. Mike has been actively pursuing new clients as well as working to boost relationships with current and past clients.

With the relocation of the facilities to the Williston area, there have been multiple changes with the office staff. Over the last few months we have been able to add Brittnee Richardson and Renee Hastings as our AR billing clerks, Christina Kurucz as the AP clerk, Brittani Jenkins as payroll clerk and Tatiana Navarrette as safety/equipment admin. Although the team is new, we continue to develop and grow stronger as an office group. The team is working internally and with clients to improve processes which will ultimately increase efficiencies.

With an optimistic and determined staff in the Bakken, we are prepared for the current market and have strategically placed ourselves for future endeavors. Several doors have opened with new clients that have not been opened before. Along with the market, the Bakken has been able to adjust and make the necessary modifications to stay competitive and meet the changing expectations of the clients. As the Bakken continues to provide quality services to its customers and develop the business, opportunities to maintain and grow in North Dakota will only increase despite the changes in the market.

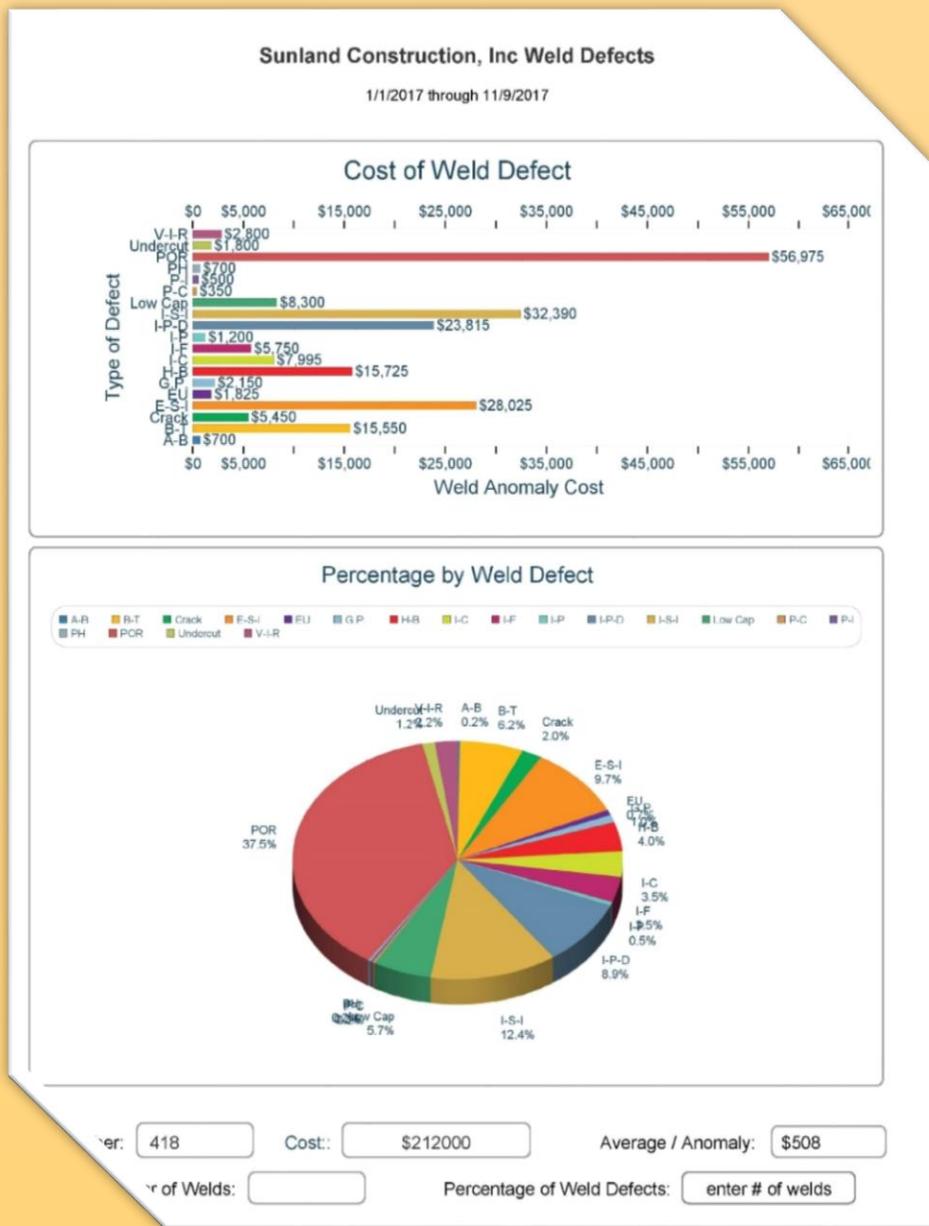
Quality Management Department "Year in Review"

Late last year, the Quality Department completed the process of developing a *Quality Management System* ("QMS") for Sunland Construction, Inc. ("SCI") and Affiliates. The QMS was developed and designed per the ISO 9001:2015 requirements and outline. SCI does not intend to seek certification for its QMS at this time but does intend to carry out all functions of the other aspect of ISO 9001:2015. This includes: internal audits, managers meeting, customer satisfaction evaluations, and continual improvements.

The continual improvements part of the QMS is a large portion of the QMS and the piece of the QMS that will directly affect and involve operations the most. This year, as part of that process we have begun the tracking of welding defects (repairs), coating defects, and dent / ovality anomalies on some projects. The goal is to ultimately have this done on all projects.

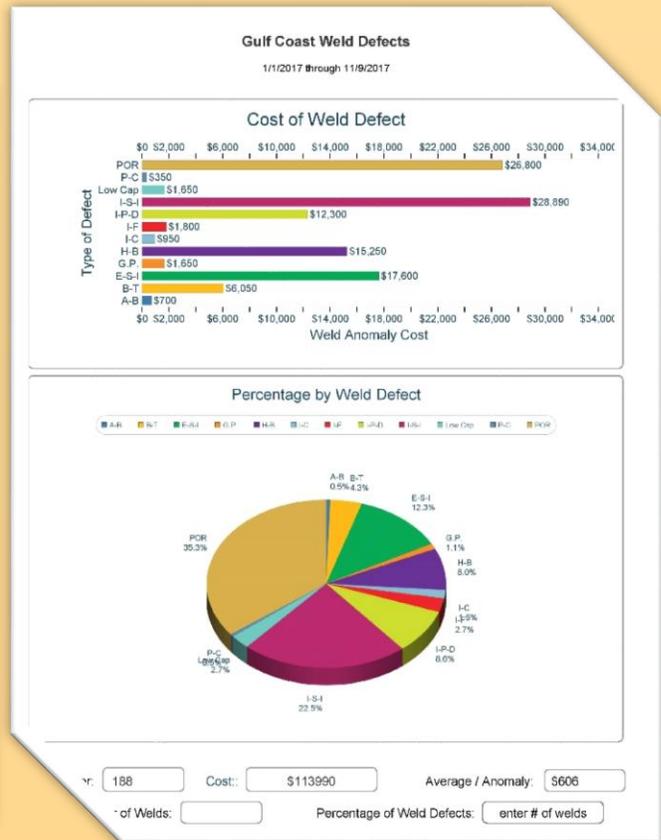
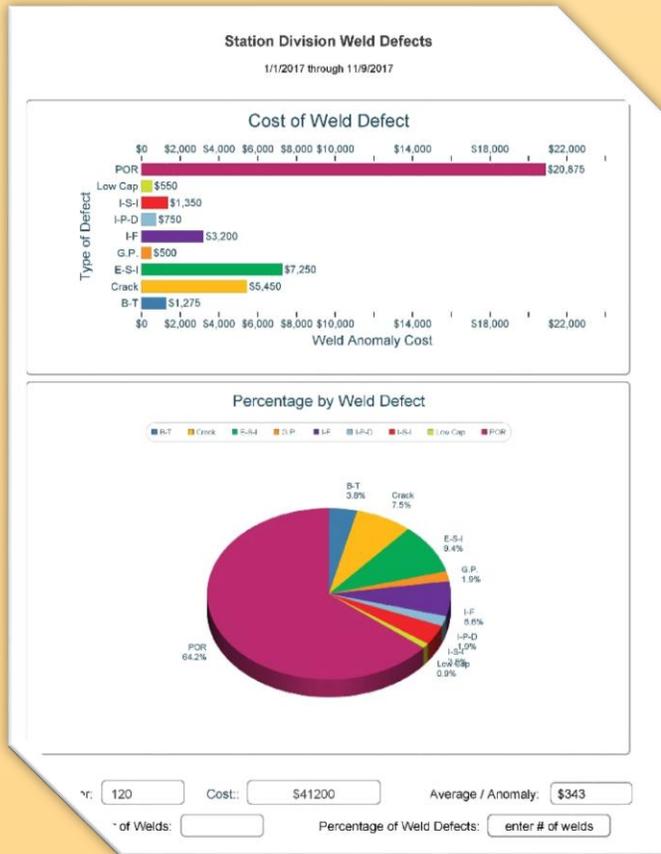
All of the tracking is done in a database and allows us to breakdown the information in a variety of different ways. The hope is that this will help us better understand where we need to focus our Quality management efforts as well as identify, formulate a plan internally, and start to remedy any areas of concern on projects as they arise. This will help us better answer the question "what is being done about this?" that is sure to come from our clients, as it always does, when something is not going according to plan.

Below are some examples of the information we can and have pulled out of the database from what has been entered.



This first report is for Sunland Construction, Inc. overall. The report / graphs shows

- 418 total defects or repairs have been entered for the year to date.
- . The total estimated cost for those repairs is \$212,000.
- We can also see that Porosity (38%) and Slag (22.1%), ESI and ISI, account for 60% of our repairs.



In the two reports above, we obtain the information that was entered into the database and filter it down by divisions. For examples, I have produced a report for Gulf Coast Division (div. 17) and one for Stations Division (Div. 26).

Gulf Coast – 186 Repairs – Porosity 35.3% and Slag 35.1%

Stations – 120 Repairs – Porosity 64.2% and Slag 13.4%

Again we can see that Porosity and Slag are our two most common defects / repairs experienced on our projects.

We can also produce reports breaking the information into a variety of different formats including reports: by project, by client, by pipe size, by date range, and more. This can be helpful when talking with a client about performance on a project, showing issues to a project manager or welding foreman, or performing root cause analysis into issues of concern.

This effort will, however, only be as good as the information we put into it. The more information we can get, for example: more accurate cost data, more accurate time per occurrence, more timely information, etc. will make the program and our data more valuable and helpful in getting to the bottom of our quality issues and better identify our true “cost of poor quality.”

The same is true for our customer satisfaction surveys and vendor evaluation surveys. More surveys equal more data, more data equals a better overall picture of our customer’s perception of Sunland Construction and Affiliates. I look forward to 2018 and working with everyone to really get these efforts expanded to all projects and all divisions. I believe that Sunland Construction is the Premier Pipeline Construction in the Country, but we can always get better and these efforts are designed to help us do just that. I look forward to and appreciate your support in these efforts, this only works if we do it as a team. Please contact me with any questions or comments.

Thank you,
Jason W. Leger
Manager of Quality

Buffalo Gap I&E



Happy Holidays from our family to yours. A VERY Special "Thank You" to all of you that have supported our Toys-For-Tots drive. We believe every kid deserves a toy at Christmas and you guys make it happen.



Foremost Pipeline



Foremost's Tim Haechten and Ben Aton at Foremost table-top display at the 2017 Midlands Utilities Coordinating Committee (MUCC) Annual Contractor Seminar.



Foremost's Pipeline PEOPLE



Kevin Metcalf on a job site in Asheville, NC.



Tyler Matthews carries a 2-in.-service missile-hog and oiler while performing a gas service in Asheville, NC.



Foreman Dylan Stephenson, Chase Frisbee and Earl Leonhardt on a job in Western NC.



Robert Praytor

Area Manager/Superintendent



In September 2017, Foremost was pleased to promote then-Foreman Robert Praytor to Area Manager/Superintendent of our Western North Carolina Operations. Prior to Foremost, Robert spent a decade as a Senior Equipment Operator for a major gas operator in North Carolina. Afterwards, for six years, he was the owner/operator of Praytor Tractor Repair and Restoration based in Mills River, NC. In his spare time, Robert also currently serves as the Chairman of the Board for WNC Tractors for Tots, an organization that he has been involved with for over five years. WNC Tractors for Tots is a 501(c) (3) non-profit organization dedicated to providing needy children in Western North Carolina with toys for Christmas. Last year, WNC Tractors for Tots raised over \$10,000 and collected approximately 1,700 toys. In conjunction with the Marine Corps Reserve Toys for Tots program, they are able to provide toys to open on Christmas morning to an average of 10,000 children. Foremost thanks and salutes Robert for his hard work and selfless dedication to such a worthy cause.



Brian Ward

Superintendent

Eastern Division



A man always remembers his first love, and his first car. Brian Ward started dating his first love Tracy, at the age of 14. His first car came a couple years later and was a 1966 *Ford Galaxie 500*. He may not have the car anymore, but he does still have the girl.

Brian and Tracy Ward have now been married for 39 Years. In those years they have built a beautiful life and family together. Playing a major role in that life, is Brian's job in the pipeline industry. There have been times when Brian's job took him far away from home, while wife Tracy stayed behind to raise their two daughters. Now that schoolteacher Tracy is retired, she travels with Brian and serves as his night watch for the sites.

Brian began his career on the pipeline at the age of 17, when he went to work for his father's company. Brian's big brother Walter Ward, who you also might know through his role as *Vice President*, recalled the first job they worked on together, "It was a small diameter pipeline job in North Louisiana.

We were both learning and enjoying the whole thing. I was spacing pipe and Brian was tailing." Over the years Brian Ward has just about done it all. He's been a Laborer, Operator, Foreman and Superintendent, a position he's held within the Sunland Organization since 2003. He's also sought after for his expert skills at engineering pipe.

Brian has worked all over the east coast, from Florida to Maryland. When asked which he preferred, Brian said, "Definitely the southern states, they both have their challenges, but I would prefer to be warm if I had my choice." That must be why, when it came time for Brian and wife Tracy to choose the location of their vacation home, they chose Perdido Key, FL. The Wards have a beautiful place there, described by Brother Walter as, "The perfect getaway, somewhat secluded but near the beach. It has a great pool and tiki bar."

Brian began his work this year in Bowling Green, FL, overseeing the installation of piping to accommodate a temporary launcher and receiver. Since May, Brian Ward and crew have been based in and around the Adelphi, MD area. There they have been tasked with the fabrication of a pressure reducing station, as well as the installation of 1200ft of 22" pipe. Brian and crew also worked an extension of that project in Brandywine, MD, where they installed a 12" crossover pipe and automated 24" valve. When asked about his work in Maryland, Brian said, "The biggest challenge I have faced there is dealing with all the Washington, DC traffic. We have had to work closely with the Maryland Department of Transportation while digging up portions of a 6-lane highway."

An added bonus to working in the D.C area is that Brian and Tracy were able to invite their family up for a visit. It was special to be able to share that experience with their daughters and four grandsons. "The kids really enjoyed site seeing and exploring our Nations' Capitol," said Brian. "When we're not working, our favorite thing is to travel with our family. We love to go skiing. We have been to Colorado, but the last couple times we took the family to New Mexico." Another passion in Brian's life is fishing. "Tracy lets me go fishing after I finish up my honey-do list," said Brian with a smile.

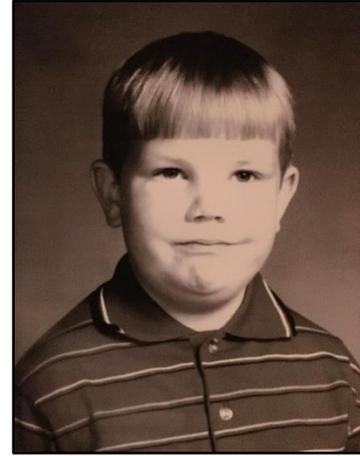
Pipelining is not just a job, it's a lifestyle. When the Ward family gets together they might talk shop a little. Brother Walter, said, "We will likely talk about work, family, the past and sports. Brian is an LSU fan and I am an Alabama fan, so we have *not* talked about that a lot in the last six years." When we told Walter Ward that we were featuring his brother Brian in the December issue of *Treeline*, he had nothing but the highest praise. "He is a great guy, husband, dad, grandfather and I am proud to be his brother."



Co-worker Connection



Tim Fussell
Senior DBA/Developer
Sunland Construction
Corporate



Which company do you work for and how many years of service? Sunland Construction...a little over 2 years.

Tell us about your family! My wife's name is Ellen Fussell. We have been married for almost 6 years. My daughter's name is Mary Ellen Fussell and she is 5 years old. She just started school at St. Michael Catholic School in Crowley, LA.

What do you enjoy doing in your spare time? I mostly enjoy spending time with my family in my spare time. I am a huge LSU fan and try to make it to as many football and baseball games as possible when I have time. I also am a big fan of craft beer and local craft beer breweries. I try to visit as many as I can when I have time.

Where do you see yourself (career-wise) in 10 years? In 10 years I certainly still see myself with Sunland. I hope that we get the opportunity to grow the IT development department over the next 10 years here. I hope to be involved on the front end of something like that. Technology is ever changing and I hope we can build a culture at Sunland that welcomes technology developments and is able to use them to make Sunland the best energy related construction service provider that we can be.

This year, what has been your biggest work-related challenge? Multiple software system implementations at the same time while the company is facing real business challenges. We have implemented Workday changes, the Time and Materials Billing System, Automated Background Checks, and Concur to name a few over the last year. At the same time, our user base is focusing on the challenges that Sunland and our affiliates experience in the field on a daily basis. This has made it difficult to say the least to get these systems implemented with our users on a timely and cost efficient basis.

This year, what has been your biggest work-related achievement? The biggest achievement is the same as the biggest challenge. In most cases, we worked as a team with our user base to get these systems in the field as timely and efficiently as possible. I am most proud of the teams that worked with us to make this happen. It would be a mistake to not mention the support we have received from our users. Without the support of these folks, these systems would never get off the ground. I definitely think that accomplishing these software system implementations was my biggest work related achievement over the last year.

If you could have dinner with anyone past or present, who would it be and why? This would probably be my maternal grandfather. He passed away when I was 10 years old. I can remember vividly thinking back then that the stuff that he talked to me, my sister, and my cousins about would never apply to us (of course not at 10 years old). I'd like to have the opportunity to tell him that everything he told me was right and helped me greatly to get where I am today.