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**From:** Meera Kothari  
**Sent:** Tuesday, January 18, 2011 2:12 PM  
**To:** Russell Wong; Matt Cetiner  
**Cc:** Evan Vokes; Suman Basak; 'dhodgkinson@telus.net'; David Taylor; Darryl Sandquist; David Penning  
**Subject:** Re: NDE Contractors - Phase 3 and Phase 4

we are going to proceed with weldsonix on the list for phase 4 and they will continue as the nde contractor for michels phase 3.

We are not going to qualify oceaneering for any keystone related work.

Please stop these emails. This is a project engineering decision.

Thanks  
Meera

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**From:** Russell Wong  
**Sent:** Tuesday, January 18, 2011 02:08 PM  
**To:** Matt Cetiner  
**Cc:** Evan Vokes; Suman Basak; 'dhodgkinson@telus.net' <dhodgkinson@telus.net>; David Taylor; Darryl Sandquist; David Penning; Meera Kothari  
**Subject:** FW: NDE Contractors - Phase 3 and Phase 4

Matt

I spoke with Dave Hodgkinson today to get background information on Weldsonix. The start of using Weldsonix for TransCanada projects was back in 2004 for Peerless I project and the conclusion of their performance was poor. Since then TransCanada Keystone signed a contract with Weldsonix on March 1, 2008. Weldsonix was later disqualified probably around spring 2009 by Dave. H. I suspect a letter was never issued to Weldsonix notifying them of their disqualification. The reasons for disqualification of Weldsonix can be found in the Supplier Management System and according to Dave H. the reasons are still valid today.

Dave H. who has had experience working with Weldsonix is advising TransCanada and Keystone never to use them again with the following reasons:

1. Lack of management support for the project
2. Lack of technical support for the project
3. High turnover of employees
4. Lack of proper maintenance on equipment
5. Lack of QA/QC competency / commitment
6. Operates the project at the least cost
7. Broken promises that they will perform better next time

Based on the following points it is my opinion that Weldsonix poses high risk to the project from a supplier performance and pipeline integrity perspective. Due to shortages of AUT suppliers, we should proceed with pre-qualification of Oceaneering as recommended by Eng. Gov.

Russell

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**From:** David Taylor  
**Sent:** Saturday, January 08, 2011 03:53 PM  
**To:** Matt Cetiner; Evan Vokes  
**Subject:** RE: NDE Contractors - Phase 3 and Phase 4

What are the issues with we had with Weldsonics? What experience has Oceaneering have with AUT systems on land, that would lead us to qualify them?

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**From:** David Penning  
**Sent:** Thursday, January 06, 2011 6:23 AM  
**To:** Darryl Sandquist; Alan Lietz  
**Cc:** Stephen Marr; Evan Vokes; Meera Kothari; Jesse Bajnok; Matt Cetiner  
**Subject:** RE: NDE Contractors - Phase 3 and Phase 4

I thought we had discussed this to death already and decided that Weldsonics was a contractor that we were sufficiently experienced with after phase 1 and that we could manage them via Michels to get the performance we desired.

As for Oceaneering, what is the cost to qualify them versus the alternatives? Did the other contractor supply alternate prices for previously approved vendors? With all the schedules being compressed, regardless of the permit date, do we need another NDE vendor in the southern US to cover the volume of work on Keystone (phases 3 and 4 going simultaneously)? My guess is yes, we should qualify them. I have no experience with UT Quality, but haven't had great luck with TEAM and last time I checked on RTD their prices were so high and performance so slow that I would struggle going down that path.

*Thanks,*  
*David L. Penning, PMP*  
*Keystone Pipeline Phase III*  
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**From:** Darryl Sandquist  
**Sent:** Wednesday, January 05, 2011 5:02 PM  
**To:** David Penning; Alan Lietz  
**Cc:** Stephen Marr; Evan Vokes; Meera Kothari; Jesse Bajnok; Matt Cetiner  
**Subject:** NDE Contractors - Phase 3 and Phase 4

In discussion with Matt Cetiner and Evan Vokes with regards to the NDE Contractors for the Phase 4 RFP, it came to light that Engineering Governance has delisted Weldsonics as approved Supplier. Even though we generally do not rely on Engineering Governance/Supplier Management approval for subcontractors, NDE plays a large role in the quality of the project so we should consider the issues.

Evan is recommending that Weldsonics not be included in the Phase 4 RFP as an approved Supplier (limit to the 4 approved – TEAM, Shaw, UT Quality, Applus/RTD) and that Phase 3 request Michels to propose an alternate subcontractor for Spread 1-4 from one of the approved Suppliers. In the Michels contract, Meera did write a specific scope item to address previous issues that we had with Weldsonics.

We also discussed Oceaneering for Spread 5 & 6, and Evan is willing to qualify them in early February or March and will also provide some support in contesting the increase in costs that Sunland is quoting for AUT vs RT.

Alan – I believe we came to this agreement yesterday, with the exception of Weldsonics – we had planned to leave them on for Michels to propose.

David – what are your thoughts on Michels using Weldsonics as a subcontractor?

Darryl Sandquist  
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