

May 31, 2017

VIA ELECTRONIC MAIL TO: Steel232@bis.doc.gov

Mr. Brad Botwin
Director, Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue N.W.
Room 1093
Washington, DC 20230

Re: Comments on Section 232 Investigation of Steel Imports

Dear Director Botwin:

On behalf of National Oilwell Varco and its drilling products subsidiary, Grant Prideco, Inc, we appreciate the opportunity to present our comments with respect to the pending national security investigation. As the Department completes its investigation, we urge you to consider carefully the importance of certain critical imported inputs we use in the production of drilling pipe and other components used to drill for oil and gas. Without these imports, we would not be able to produce our superior seamless drill pipe. This would then result in a severe shortage of seamless drill pipe, disrupting U.S. drilling for oil and gas and hindering our drive to achieve energy security in the United States. It would also severely damage Grant Prideco's US operations.

National Oilwell Varco is one of the largest oil and gas energy and drilling equipment companies in the world. Headquartered in Houston, Texas we have over 13,000 employees in the United States. Our drill pipe manufacturing operations are conducted by Grant Prideco, LP. (GP). GP has offices in Houston, Texas and drill pipe manufacturing operations in Navasota, Texas. GP employs over 490 people in Texas and Louisiana. The seamless drill pipe GP manufactures is considered world class, and is used for the most demanding drilling applications, including sour gas service and highly deviated wells used to develop shale oil and gas resources. Our drill pipe is ideally suited for directional drilling because it will bend and still maintain strength. We sell both to US drilling contractors and export substantial quantities overseas to more than 40 countries. We compete on the basis of quality and have a world class reputation for our products in the oil and gas community.

GP also has had a joint venture in Austria for the past 20 years with Voest Alpine A.G., an Austrian manufacturer of highly engineered steel. GP owns half of the Austrian mill. The joint venture makes an intermediate seamless product for GP called green tube, which is then processed at our mill in Navasota which upsets, heat treats, and welds tool joints and tubes to assemble completed drill pipe. The finished product made in the U.S. is ready for use on drilling rigs, and is generally worth 2 to 3 times the value of the imported Austrian green tube. We rely on the Austrian product for most of our supply because the green tube must be made to exacting standards, and must meet our demanding delivery requirements. We have tried many other alternatives, but the Austrian green tube has been the only consistent, stable high quality supply option for our premium applications. The Austrian

joint venture also makes specialty seamless oil and gas casing and tubing which is used in the same demanding downhole applications such as directional drilling for shale oil and gas.

The green tubes are imported from Austria under the Harmonized Tariff Heading 7304.23.6045 and 7304.23.6030. For the last 2 years, imports have been depressed due to the severe recession in the oil and gas industry, but in recent months, activity has begun to improve and imports are starting to rise back to pre-recession levels as drilling activity increases.

NOV and GP are both very concerned that any restrictions or tariffs imposed on steel products would directly and adversely impact our ability to continue to import green tubes from Austria. To be clear, this green tube source is critical to our US manufacturing operations. If green tube supply is disrupted or costs increased significantly, production operations at our mill in Navasota would be curtailed and more US jobs lost. We would lose the ability to provide US made drill pipe to US drillers, and our ability to export drill pipe to locations around the globe. NOV would be adversely affected financially as well. We just now see a glimmer of life in the oil and gas industry. We cannot afford another set-back as we struggle to regain our prominence as the world's top provider of oil and gas drilling equipment.

As you proceed with your deliberations on these important national security issues, we urge you to consider the importance of these inputs for our U.S. manufacturing operations, as well as balancing our national security need to promote energy independence and energy security. The U.S. wants and needs to be energy self-sufficient. We submit that the need for energy security is at least as important as steel production capacity. You need energy to manufacture steel. Please do not constrain our ability to manufacture the very products that are critical to our energy security.

Please contact me at 281-921-3603 if you need any additional information.

Respectfully submitted,



Brett Chandler
President-NOV Grant Prideco