

# TUBULAR SYNERGY GROUP, LP

---

May 30, 2017

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

Re: Section 232 National Security Investigation of Imports of Steel: Comments

Dear Mr. Botwin:

I submit this response to comment specifically on seamless (Oil Country Tubular Goods – “OCTG”) production tubing. I am the retired CEO of Lone Star Steel Company who sold to U. S. Steel in June 2007. As such, I have testified in many trade cases in support of limiting imported OCTG that were threatening our employees and the longevity of our company, and we prevailed in many of those actions. That said, I have a great concern that the possibility of a favorable 232 ruling because of the possible threat on national security would be (in my view) an error in judgment.

Seamless OCTG production tubing capacity in the USA is limited. In fact, there is even very little welded OCTG production tubing capacity available at this time. Many domestic OCTG producers abandoned tubing production over the last few decades in favor of loading their equipment with larger diameter heavier wall, higher strength, higher margin tubular products, therefore, requiring their customers to source most of their production tubing offshore. This is particularly the case with “finished” seamless tubing. My fear and genuine concern is that Section 232 with good intentions, would result in harming our national security if it were to limit imports of seamless production tubing. Many U.S. based oil and gas companies prefer or even require “seamless” production tubing because of the harsh and sometimes hazardous environments they encounter in well completions and limiting supply could limit our country’s ability to produce oil and natural gas without seamless tubing.

While domestic producers will lead you to believe there is ample domestic tubing production capacity, the fact is most of it is shuttered, written off, or repurposed to produce higher value added / margin products.

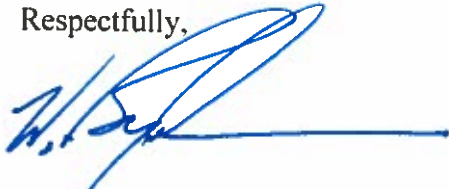
Mr. Brad Botwin

Page 2

Due to the near void of domestic tubing capacity, we engaged an idle seamless mill in Thailand to begin production to fill the gap in demand. As the drilling rig count has expanded recently and, therefore, the demand for seamless tubing to complete those new wells, only one company has added capacity in response. Interesting to me is that it was a German-headquartered company which invested the capital to do so and even then, they can only produce semi-finished product and must rely on several tubing finishing facilities to complete their production process.

I urge caution in your 232 investigation as it pertains to seamless (OCTG) production tubing. Any action in limiting such products could threaten rather than ensure our national security.

Respectfully,

A handwritten signature in blue ink, appearing to read 'W. Dunn', with a long horizontal line extending to the right.

W. Byron Dunn  
CEO

WBD/mgw