



Texas Independent Producers & Royalty Owners Association

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Submitted electronically:
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BIS Regulatory Docket
Regulatory Policy Division
Bureau of Industry and Security
U.S. Department of Commerce
Room 2099B
14th Street and Pennsylvania Avenue NW
Washington, DC 20230

Requirements for Submissions Requesting Exclusions From the Remedies Instituted in
Presidential Proclamations Adjusting Imports of Steel Into the United States and Adjusting
Imports of Aluminum Into the United States; and the Filing of Objections to Submitted
Exclusion Requests for Steel and Aluminum

Docket: BIS-2018-0006

RIN 0694-AH55

These comments are filed on behalf of the Texas Independent Producers & Royalty Owners Association (TIPRO). TIPRO represents nearly 3,000 members, including independent oil and gas producers and royalty owners, who would be negatively impacted by implementing steel and aluminum tariffs with Mexico and Canada under the authority of Section 232 of the Trade Expansion Act of 1962. If enacted, the unintended consequences of such a regulatory action on the U.S. oil and natural gas industry, and the nation's economy as a whole, would be significant.

As the leading producer of oil and natural gas in the country, Texas operators would see a significant increase in the cost for material used in exploration and production activities, including Oil Country Tubular Goods (OCTG) and Line Pipe (LP), which will result in layoffs and a slowdown in the industry's recovery following years of low commodity prices. If quotas were to be negotiated, the consequences could be worse if these key products are made unavailable. For example, the quota basis in the South Korean bilateral agreement uses a 2015-2017 time period – a period when American oil and natural gas development suffered severe setbacks. The resulting limits on South Korean OCTG are about 32 percent of 2014 imports. Such a framework poses an enormous challenge and a similar approach with Mexico and Canada could be devastating. TIPRO members, who are responsible for producing more than 85 percent of the oil and natural gas within Texas, and thousands of additional operators and service oriented companies in the state, would bear an inordinate financial burden if these tariffs are allowed to take effect.

Between 2014 and 2016, the U.S. oil and natural gas industry lost over 220,000 jobs due to depressed crude oil prices. Thanks to President Donald Trump's *American Energy Dominance Agenda* and improving market conditions, our industry has added back tens of thousands of jobs, showing a net positive increase in employment at the state and national level last year, the first

time since 2014. Eliminating overly burdensome regulations and supporting pro-American energy policies has allowed the oil and natural gas industry to increase production, exports, tax revenue and employment, while decreasing our country's dependence on foreign oil. Implementing these tariffs at a time when the industry is still in recovery mode will reverse much of the progress that has been made over the past 17 months. The enormity of cost increases for domestic oil and natural gas operators and its ripple effect to our state, local and national economy should not be taken lightly.

Additional concerns resulting from new imported steel and aluminum tariffs include an excessively complicated and invasive product exclusion process for imported steel and the creation of alternative trade agreements potentially leading to import quotas that could cripple expansion of U.S. oil and natural gas production because of supply restrictions.

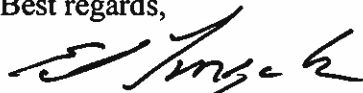
TIPRO requests that any negotiated trade agreements recognize the limits of current domestic steel production. The U.S. Department of Commerce should immediately consider granting categorical exclusions for products that are not readily available in the U.S. or whose supply is not sufficient enough to meet current and future demand. The United States needs a clear country exemption structure and product exclusion process that is straightforward and includes blanket exclusions for everyone once a product qualifies. TIPRO also requests that no import quotas for oil and natural gas steel goods be considered and that relief is granted for purchases made before tariffs were announced.

With regard to the North American Free Trade Agreement (NAFTA), this has been a success story for energy integration in Mexico, the United States and Canada that has led to the creation of many new opportunities to improve trade relations across North America. TIPRO supports a modernized NAFTA that builds on the success of the program, including the preservation of investor-state dispute settlements (ISDS), a key provision that serves to protect multinational companies that invest abroad. Expanding trade in North America supports increased production of domestic oil and natural gas and expands both economic and geopolitical benefits for our country.

We appreciate the leadership and positive progress that has been made on NAFTA and believe any decisions with regard to steel and aluminum tariffs with Canada and Mexico should be delayed until these negotiations are successfully completed.

Thank you for the opportunity to submit comments. If you have any questions, please contact me directly by phone or email.

Best regards,



Ed Longanecker

President

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