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National Association of Steel Pipe Distributors, Inc.

Second Issue 2022



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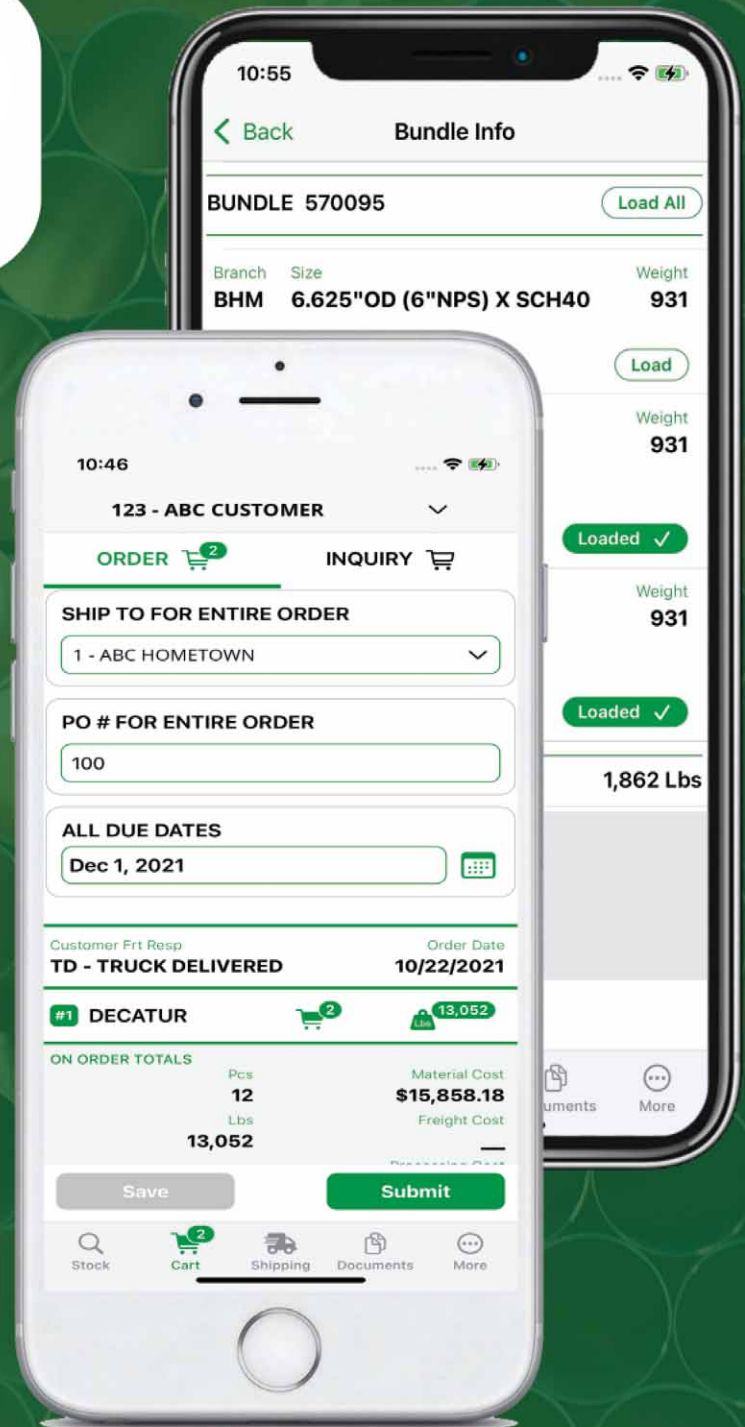
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THIS ISSUE

President's Message	3
Executive Director	4
Upcoming Events	4
Cybersecurity	6
Lions, Tigers and \$2000 Per Ton Steel - Oh My!	8
Dolty Cheramie - A Legendary Pipe Career	14
Thank You Sponsors	24
Annual Convention Photos	26
Summer Conference Program	28
Welcome New Members	30
Out & About	31

Hello, NASPD family! The first quarter has been a busy one for the NASPD. In addition to a very successful Annual Convention in Austin, we launched our second Leadership Development Program, hosted our first ever sporting clays shoot, and most recently held a Zoom pop-up call to address the impact of the Russia/Ukraine war on the global steel supply chain. The last three months have also been a roller coaster for our industry as we saw steel prices trending downward only to spike back up after the start of the conflict in Ukraine. Together with the help of a quick-to-act Executive Committee and the NASPD office, we organized a Zoom call with Rye Druzin, who updated us on the everchanging dynamics within the steel industry. With over 75 participants, it is clearly an issue impacting our businesses.

The market has certainly become tighter since our convention in Austin, where lead times, logistics, and ESG were the main topics of discussion. The convention kicked off with AW

Narayan Bhargava
NASPD President



Armstrong speaking to our group about the impacts and application ESG has on pipe distribution. It was followed up by a lively presentation from Samir Kapadia, lobbyist, who highlighted the primary steel movers and shakers in DC. He also had a lot to say about trade regulations and President Biden's new infrastructure bill. Becca Followill from US Capital gave us a midstream snapshot, and Barry Shneider, Steel Dynamics, updated us their new EAF in Sinton, TX. Long-time member and logistics expert, Ralph Castille presented on the current, supply-demand imbalances within the road transportation industry. Austin was as

(PRESIDENT continued on page 27)



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Susannah Feux Porr
NASPD Executive
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"May you live in interesting times." Whether you subscribe to the belief that it was an ancient Chinese curse or not, we can all agree we have been living in interesting times. Between unprecedented natural disasters, a global pandemic, an attack on the US Capitol, and the invasion of Ukraine, we have weathered some treacherous terrain. All of those incidences have had their impact on our economy, our supply chain, our world outlook and our daily lives in ways few could have

imagined. While there is a lot of uncertainty out there, we are learning resilience, the value of being self-reliant, and well prepared.

I was excited by the incredible turnout we had for our Zoom meeting on the impact the Russian invasion of Ukraine would have on the steel industry. While we always try to cover the timeliest issues in our industry at our conferences, the ability to call a meeting of our members with little notice is a new tool that we intend to use whenever it serves our members. Meeting in person is always preferable. We learned to appreciate those in person gatherings even more after our time in lockdown, but virtual meetings are a great alternative option in a time crunch. While self-reliance is important, it is through the shared perspective of others that you can best

prepare yourself. That is at the core of what we hope to bring to our membership throughout the year.

In addition to our three annual conferences, happy hours, and newly initiated stand-alone sporting events, some of our most valuable programs came from member suggestions. Our Education Program and Leadership Development Program are great examples of programs developed by our membership for our membership. We will continue to ask you, our members, for more ways we can serve you. Please give us your thoughts, we are here to serve you. In times like these, we hope to bring you all the reassurance of a broad variety of perspectives and the sense of community that comes from people working together for a greater good. •

PIPELINE STAFF and NASPD CONTACT INFO

Executive Director/Publisher

Susannah Feux Porr

Office Administrator

Devery Koehl

NASPD MEMBERSHIP AND SERVICES:

NASPD Headquarters
1501 E. Mockingbird Lane, Suite 212
Victoria, TX 77904
Phone: 361-574-7878; Fax: 361-574-9347
E-mail: info@naspd.com
Office hours: 8:30 a.m. CST - 5 p.m. CST
Website: <https://www.naspd.com>

Editor/Publishing Services

Linda W. Key: phone 361-649-5562
e-mail: lwk@key-assoc.com

Designer/Advertising Sales

Brian Key: e-mail: brian@key-assoc.com

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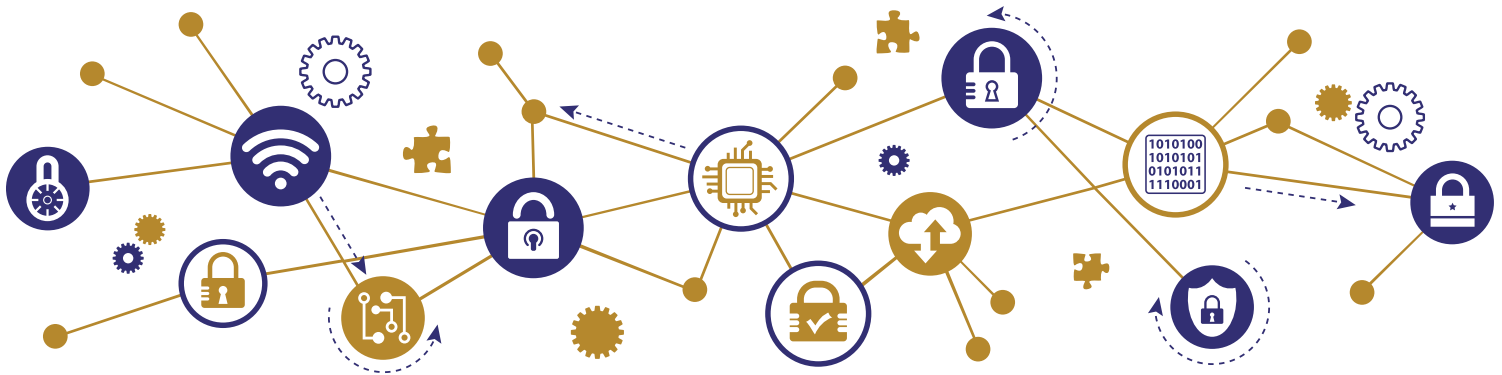
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By Paul Tiao, Esq.
 Partner, Hunton Andrews Kurth LLP
 Chair, Hunton National Security Practice
 Co-Chair, Hunton Energy Sector Security Team

The Transportation Security Administration (TSA) is overhauling its strategy for cybersecurity in the pipeline sector. Since 2007, Congress has authorized TSA to issue prescriptive pipeline cybersecurity requirements, but until May of 2021, TSA instead adopted a collaborative approach with industry using voluntary Pipeline Security Guidelines, reviews and assessments of pipeline facilities, and technical recommendations. During this period, U.S. pipeline companies participated in TSA's voluntary programs, developed collaborative arrangements with TSA, and improved overall cybersecurity risk management in the face of increasing attacks by adverse nation-state and criminal actors. Nevertheless, the worsening cyber threat, and pressure from Congress and other agencies led to the widespread belief among most industry insiders that a prescriptive regulatory scheme from TSA was imminent. The May 2021 ransomware attack on Colonial Pipeline, which threatened the fuel supply to the east coast, likely served as the straw that broke the proverbial camel's back.

TSA took action in May and July of 2021, issuing two distinct Security Directives, respectively, both independent of existing TSA cybersecurity program or guidelines. Notably, the Directives do not rely on TSA's 2007 pipeline security authority, which would have required notice-and-comment rulemaking. Instead, TSA utilized general transportation emergency security directive powers granted it when Congress first formed TSA in 2001.¹

However, TSA has long been criticized for being under-equipped to oversee even voluntary pipeline security standards. A recent Government Accountability Office (GAO) report highlighted these operational staffing deficiencies. As a result, the DHS Cybersecurity and Infrastructure Security Agency (CISA) is assisting TSA's staff with enforcement of the Security Directives, and DHS has been hiring additional staff with substantial cybersecurity expertise at both agencies. Other government agencies are also actively supporting TSA's work on the Directives.

The Security Directives create a set of mandatory oversight and reporting obligations that apply to "critical" pipeline owner/operators. According to TSA's May 2021 Security Directive, an owner/operator of a hazardous liquid and natural gas pipeline or liquified natural gas facility will be considered "critical" for the purposes of these Security Directives if notified by TSA of this

designation. In other words, TSA has sole authority to make this determination. The first Security Directive states that TSA is required by law to "review pipeline security plans and inspect critical facilities of the 100 most critical pipeline operators" and that "in general, criticality is determined based on factors such as the volume of product transported, service to other critical sectors, etc."²

The May 2021 Security Directive requires critical owner/operators to report "cybersecurity incidents" to CISA within 12 hours of identification. Such incidents may include unauthorized access of information technology or operational technology systems, discovery of malware, denial of service activities, physical attacks against network infrastructure, and any cybersecurity activity that results in or has the potential to cause operational disruption. The Security Directive also required owner/operators to designate a Cybersecurity Coordinator to be available 24 hours a day, seven days a week. Finally, this Directive required owner/operators to review and assess their current practices against Section 7 of the 2018 Pipeline Security Guidelines, and identify any gaps and related remediation measures to address cyber-related risks, all within 30 days of the issuance of Directive. Since its issuance, affected companies have almost universally achieved complete and timely compliance with the first Security Directive's mandatory requirements. TSA announced in late January that it had received 644 notifications pursuant to this Directive, of which CISA rated one as having a "Low" impact and the rest having "Negligible" or "Minor" impacts.

The second Security Directive, issued in July 2021, is shielded from public disclosure because it contains Sensitive Security Information. Nevertheless, TSA provided some public insight into the Security Directive's contents. Specifically, the DHS announcement of this Directive states that it requires "TSA-designated critical pipelines to implement specific mitigation measures to protect against ransomware attacks and other known threats to information technology and operational technology systems, develop and implement a cybersecurity contingency and recovery plan, and conduct a cybersecurity architecture design review."³ DHS also stated that CISA advised TSA on cybersecurity threats to the pipeline industry, as well as technical countermeasures to prevent those threats, during the development of this second Security Directive. This second Security Directive has required a very significant level of effort by critical pipeline owner/operators, with many if not all dedicating thousands of person-hours, scores of employees, and millions of dollars to compliance efforts.

(CYBERSECURITY continued on page 30)

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By Gerald Merfish

Chairman, Merfish Advisers, LLC

DEC. 2022 - Originally published in the February edition of *The Wholesaler Magazine* - Like the title line of this article, first spoken in the “Wizard of Oz” about fear and surprise, today’s steel prices are full of surprise and fear of what steel prices will be in the future.

Steel Manufacturing has been a key and especially important industrial activity in the USA since the late 1850s. In this article we will trace the history of steel making in the USA and explain why the industry has changed in the last two years resulting in the highest price ever for steel including pressures that may impact steel prices in the future. We will focus on Hot Rolled Coils (HRC—also referred to as Hot Rolled Band (HRB)) as the production of Hot Rolled Coils represents over 75% of the steel production in the USA and is the base raw material for welded steel pipe and many other products.

Background - From 1875 to 1920 the production of steel in the USA grew from 380,000 tons to 60,000,000 tons annually. The most common method of manufacturing at the time was open hearth, a method that through the combination of coal or coke with pig iron, limestone, and other elements results in a chemical reaction that over time cooks the impurities out and the liquified steel is poured into ingots. The ingots are then reheated and rolled into slabs and eventually into Hot Rolled Coils. The process of Open-Hearth steel making is quite polluting, and it also produces slag and other waste that is often considered hazardous. One-sixth of all steel in the World is still made by the open-hearth methodology.

The next decades witnessed the advent of the basic-oxygen furnace which although similar to the open hearth used oxygen as the fuel. Steel made in a basic oxygen furnace was of better quality and purer leading to higher yield and tensile strengths. An offshoot of this technology was the blast furnace. All of these methods use processed iron ore as the metallic charge resulting in what is considered virgin steel, steel that is manufactured for its initial use as compared to steel manufacturing processes that rely upon steel scrap for the metallic charge.

Companies like Bethlehem Steel, US Steel, Jones-Laughlin, Inland Steel, Armco, National Steel, Wheeling-Pittsburgh, Lykes-Youngstown, Republic Steel, to name a few, built large steel making facilities located substantially in Pennsylvania, Indiana, Michigan, Ohio, Kentucky and Illinois. Some of these steel mills are now over 100 years old while many are well over 60 years old. Looking at these names the only entity that is still viable is US Steel, while most of the other mills have had numerous owners with many being permanently closed. More on the ownership of the surviving blast furnaces (integrated mills) later in this article

Electric Arc Furnace (EAF) steel production was invented in the late 1880s, but the first advent of this technology was limited to small batches of steel manufacturing. An EAF uses a refractory lined vessel with a removable roof. The roof is removed to fill the vessel with recycled steel scrap metallics and then the roof is put back in place. Then, three electrodes are inserted through the roof so that

when an electrical charge is applied to the electrodes, an arc is formed between the electrodes and the heat caused by the arc melts and liquifies the scrap.

An EAF may cost as little as one third of the cost to build as compared to a Blast Furnace and unlike the virgin steel furnaces, can be located anywhere there is enough scrap generated or where scrap can be easily transported to feed the EAF. Of course, a reliable electricity source is also required. Due to the ability to be located near a scrap source and also near steel users, EAF’s were given the nomenclature of being a “mini-mill” with 75% to 90% of an EAF’s metallic charge being steel scrap.

The most recognizable EAF based steel manufacturer in the USA is Nucor. Nucor built its first EAF mill in 1969 which was followed by rapid expansion with its third mini mill being opened in 1975. Initially EAFs were considered to have limits as the scrap source often left the steel dirtier than integrated mill steel and therefore qualified for fewer uses, however Nucor was not to be deterred and was able to find ways to refine and clean the liquid steel so that EAF steel could be used for almost all applications. Nucor, the largest overall steel manufacturer in the US, was also the international leader in developing continuous casting which substantially lowered the person-hours per ton (now at 0.5 man-hours per ton) and drove down costs.

Former Executives of Nucor opened new EAF ventures, like Steel Dynamics and Big River which coupled with the permanent closing of some of the integrated mills resulted in more than 50% of the Hot Rolled Steel Coils in the USA being manufactured in EAF mills. EAF mill economics have such substantial advantages over an integrated mill it is unlikely that a new integrated mill will ever be built in the USA.

Currently there is 27.55 million tons of EAF HRC Capacity and 43.85 million tons of Blast Furnace Capacity. There are under construction, announced and planned increased EAF HRC Capacity of over 12 million tons bringing the total to just under 40 million tons. There is 13.85 million tons of Blast Furnace capacity that is labeled as closed and it is likely that this tonnage will never come back on-line leaving Blast Furnace Capacity at 30 million tons. Interestingly, US Steel resisted joining the flight to EAF steel making for almost 4 decades until they purchased a 49% interest in Big River in late 2019, then buying the balance of Big River in early 2021. They also recently constructed an EAF mill in Fairfield, AL and recently announced a 3.0 million EAF to be located at a location yet to be determined. On top of that Big River is building a 1.65 million EAF mill in Brownsville, Texas.

HRC in the Plumbing, Heating and PVF Industry - examples of how HRC is used to manufacturer products sold by Wholesalers.

- HRC is the raw material for Welded Carbon Steel Pipe. In fact, HRC represents approximately 80% of the cost of manufacturing steel pipe.
- HRC is converted into Cold Rolled Steel (CRS) and is used, for example, to form Water Heater tanks as well as the exterior of Water Heaters; the exterior casement of Air Conditioning Compressors and Air Handlers.
- HRC is used to make different kinds of pipe hangers

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HRC Pricing - Today's steel prices are 3x what many consider to be the expected average price of HRC, so how does today's price compare historically?

Below shows the average price per metric ton of HRC over the last 7 years based on information from SteelBenchmark's twice a month report:

2015:	\$567
2016:	\$519
2017:	\$615
2018:	\$821
2019:	\$599
2020:	\$713
Jan-June 2021:	\$1,448
July-Nov 2021:	\$2,034

Matters impacting steel prices - Below are a number of factors that impact the current steel price levels.

Trade Laws and Duties - The US has a set of trade laws to prevent unfair trade. Many countries have similar laws in place to protect their domestic industries. We often hear that imported steel, and in particular, unfairly traded steel is destroying the steel industry and the goal of these trade laws is to protect the US steel industry and create fairly traded steel. These include:

Anti-Dumping Duties (AD) purpose is to penalize producers for product being sold to the USA at a fob shipping point price lower than their cost or what that same or similar product sells for in the foreign country's domestic market. If the country of origin does not have a market economy (i.e.-China) the law allows the US Department of Commerce to find a market economy with a similar cost structure to use to develop costs and market information. The AD duty rates are analyzed and reset yearly. Uniquely in the World, the US has importers make a deposit estimate of the AD Duties and then retroactively sets the AD rate upon data review resulting in a higher or lower actual rate along with the resulting financial settlement. As the setting of the final rate is retro-active, there is additional risk to the importer which adds a layer of obedience to the process.

Countervailing Duties (CVD) are tariffs on imported goods that are imposed to offset subsidies given by the exporting country's governments. Like AD, CVD is calculated retroactively. The steel industry must file suit against the exporters in a particular country to begin the process of a country having an AD and/or CVD. Following the filing of the lawsuit there is a protracted study and analysis by the US Department of Commerce to confirm if there is dumping or countervailing duties, with the US International Trade Commission having the final say that a US industry has or is likely to be injured by unfairly traded steel. The steel industry has over 50% of the total AD/CVD orders currently in place.

Section 232 Duties are duties that the President of the USA can impose if a domestic industry's existence, which is critical to national security, is threatened by imports. The first President to impose Section 232 Steel Tariffs was President Trump in 2017, although other Presidents previously considered but failed to impose 232 tariffs. Trump ordered tariffs of 25% on steel products and 10% on aluminum products being imported into the US. The Section 232 tariffs are currently in effect except for Mexico, Canada

and Korea however President Biden has agreed in principle to enter into an agreement with the European Union to eliminate the 232 tariffs in exchange for a quota or other trade matters. The amount of HRC steel being imported into the USA has declined since Section 232 tariffs were implemented.

Supply & Demand under COVID - When the COVID pandemic began in March-April 2020, steel mills reduced steel making activities and as well the Steel Service Center industry lowered their inventory levels to reduce their inventory value risk. Steel prices, like many other commodities, fell by 20% in the period of January to August 2020, an amount that would be reflected in financial losses to Service Centers' financials and difficult to digest.

As businesses returned to work in the third quarter of 2020, steel demand increased and with Steel Service Center inventories being reduced, the steel mills were inundated with orders not only for the steel needed to fulfill immediate needs but also orders to allow the Steel Service Center to rebuild their inventories. The steel mills geared up, but demand exceeded supply and delivery schedules stretched out to as long as 5 to 6 months. This scenario allowed the mills to increase prices dramatically and as a result the mills became very disciplined about holding prices firm. Within a two-week period in late November into early December, HRC prices increased over 20%. An increase that set the stage for steel prices almost doubling from early December 2020 to now.

Industry Consolidations - In 2020, Cleveland Cliffs, traditionally a mining company of iron ore and related metallurgical processing, acquired both AK Steel and ArcelorMittal USA as well as buying Nippon Steel's interest in an Alabama based rolling mill that ArcelorMittal and Nippon had joint ventured. This resulted in Cleveland Cliffs becoming the largest flat-rolled steel producer in North America with integrated manufacturing capacity of 26.55 million tons of which 18.35 million tons is from active facilities. Current production from these plants approximates 9 to 10 million tons per year. The consolidation of AK Steel and ArcelorMittal into Cleveland Cliffs leaves Cleveland Cliffs and US Steel as the only integrated Blast Furnace steel producers in the USA.

EAF HRC steel production consolidation over the last decade has left only six EAF HRC steel manufacturers. Nucor is the largest with Steel Dynamics the second largest and US Steel the third largest. Please note that EAF steel making is also used to manufacture a number of other steel products that this article does not focus on, for example, reinforcing bar, round bar, merchant steel shapes, beams, and round billet to name a few. Nucor is active in these products as well along with Commercial Metals (CMC).

What may impact the price of HRC in the future - Historically US manufactured steel is the highest priced steel in the World. As of the composing of this article, US HRC prices are 82% higher than HRC in the European Union; 123% higher than the World HRC price excluding China and the EU; and 222% higher than HRC in China. There is no Chinese HRC coming to the USA because the in-place Chinese AD & CVD duties collectively exceeds 150% with no assurance of the final actual duties that must be paid as previously explained. China is also subject to Section 301 trade duties, not explained herein as the application of 301 is not often used for steel products and for now only impacts product from China.



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Imbalance of steel demand across international economies - if international economies slow and prices in other producing countries decline, steel producers from other countries may ship larger quantities of HRC into the US and the US steel manufacturers might lower prices to prevent loss of market share.

Impact from the building of recently added and planned new domestic steel making capacity - The addition of the below additional US steelmaking capacity in tons, which are all EAFs, will increase supply. For the market to stay in balance, existing mills will have to reduce their shipments. The question is will the mills accept reduce the quantity manufactured to support a higher price level.

- US Steel - (Alabama or Arkansas) - 3.0 million
- Big River Steel - (Brownsville, Texas) - (Owned by US Steel) - 1.65 million
- Nucor - (Ohio, Pennsylvania, or W. Virginia) - 3.0 million
- Nucor - Gallatin - 1.4 million
- North Star BlueScope - 1.0 million
- JSW - (Ohio) - 1.5 million
- Steel Dynamics - (Sinton, Texas) - 3.0 million

Unwinding of Section 232 tariff - After the US has negotiated Section 232 relief with the EU, other countries will come forward seeking relief. The Section 232 tariffs have political power - for example, if Taiwan, a key enemy of China, comes to the US and asks for 232 Relief, how do we turn them down, or Oman, where the US has key military bases in the Middle East, asks for relief how do we turn them down. Section 232 also has some political challenges as the advent of the tariff in 2017 has not been proven to deal with national security. There were 83,000 people in 2019 working at steel mills in the US while there are reportedly over 6 million jobs associated with using steel to manufacture a product. With the US steel using industries paying so much more than their offshore competitors for steel, the 232 tariffs are actually creating a hardship on many companies.

Cleveland Cliffs scrap load - One of the challenges that any steel manufacturer has to deal with is the sourcing of their metallic charge. To mitigate this challenge, in 2007 Steel Dynamic purchased OmniSource and in 2008 Nucor 2008 purchase David J. Joseph Company. Interestingly, although steel scrap might provide 10% of the metallics for a blast furnace, Cleveland Cliffs, having their own iron ore deposits and not owning a scrap based EAF, in October bought Ferrous Processing and Trading for \$775 million. Perhaps the thinking of Cleveland Cliffs was that one way to help support HRC prices was to have an investment in a metal recycler and under certain circumstances increase scrap prices by increasing scrap demand via having a higher scrap charge into the blast furnace. This increased scrap charge would create more scrap demand that would result in higher scrap prices, an arbitrage position of sorts.

Industry consolidations - Currently with US Steel and Cleveland Cliffs owning all of the HRC Blast Furnace facilities in the USA it is natural that each participant can more accurately predict pricing. Please understand this is not suggesting there is any price collusion, rather it is a natural occurrence when the number of competitors declines to two companies within a business sector.

Decline in demand - A decrease in HRC consumption/demand may lead to lower prices as supply might exceed demand. As interest rates increase to slow inflation, demand may also decline.

International transit of HRC - Ocean freight rate moderation and ocean freight congestion detanglement will reduce the total cost of imported HRC resulting in less demand for US manufactured HRC.

In summary, in the short term, US manufactured HRC prices are expected to remain elevated and when or what causes the prices to decline is unknown, however there are a number of possible toggles that might result in lower US HRC prices.

LATE JANUARY 2022 - Beginning in mid-December, Domestic Hot Rolled Coil prices began to decrease. This is a result of less supply-demand imbalance. Steel Service Centers had rebuilt their inventories which substantially impacted the imbalance. Additionally, buyers became price decline sensitive further limiting the volume they were willing to purchase.

As a result, Domestic Hot Rolled Coil deliveries that had been in excess of 12 weeks for most of 2021, are now in the more normal range of 5 to 6 weeks. As of mid-January, the decline has approached \$400 per ton.

Hot Rolled Coil prices in the European Union have decreased from \$1,360 per metric ton in August to around \$1,000 per metric ton in December. World Hot Rolled Coil prices, defined as World prices excluding Domestic, EU and China, have fallen from \$970 per metric ton to \$800 per metric ton over the same time period.

Considering this information, it seems reasonable to expect that Domestic Hot Rolled Coil prices will continue to decline in the near future. How much or how long it will take to reach the bottom is anyone's guess considering the shift in ownership explained previously in this article.

APRIL 2022 - Domestic Hot Rolled Coil prices trended downward in the first quarter of 2022 reaching the \$1,000 per NT level and then due to Russia's invasion of Ukraine HRC prices began to rapidly increase. In fact, before Russia's invasion the HRC futures contract offerings and transactions for May were in the \$850 per NT range. Russia's invasion of Ukraine impacted the US HRC market because the steel coming from Russia and Ukraine was curtailed, not only were orders that had not been shipped curtailed but anything on order was also stopped. The Russian steel mills have received USA-Europe sanctions and almost all of the Ukrainian mills have stopped operating. One of the largest Ukrainian mills, located in Mariupol, Ukraine has reportedly been bombed and may be destroyed. Even if this unfortunate conflict is soon resolved it will take months for whatever is left of the Ukrainian steel mills to restart, and it is likely that the sanctions imposed on Russia will remain in place for long past the conflict's resolution.

Russia and Ukraine combined exports are 43.8 mm tons of steel per year with Russia being the World's third largest exporter and Ukraine the World's eight largest exporter. Of course, this is not just HRC but as we all know the prices of different steel product tend to move in tandem.

Keep in mind that the USA market can absorb the curtailment of the regular shipments of steel from Russia and Ukraine, however the ripple effect to Europe and the rest of the World is significant. Colin Richardson, head of steel at Argus, a price reporting agency, reckons that Russia and Ukraine together account for about a third of the EU's steel imports, or nearly 10% of the region's domestic demand.

(\$2000 PER TON STEEL continued on page 30)



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Timing, Hard Work and Honesty: Dolty Cheramie's Formula for a Legendary Pipe Career

Dolty Joseph Cheramie, III was born in Houma, Louisiana on July 10, 1950. He was the first child born to Dolty, Jr. and Mae Frances Cheramie, the third of the namesake, after his father and grandfather. Houma is located in Terrebone Parish, about 50 miles southwest of New Orleans. Isolated by surrounding swampland, Cajun culture and cuisine thrived in the area. Well into the 20th century, French dominated the dialect with social calendars and morality directed by ardent Catholicism. The Intracoastal Waterway runs directly through the city of Houma and Dolty's father was in the marine towing business. Facilitating area canal traffic was a 24/7 job and Dolty describes his father as a "workaholic". For the first four years of his life, "It was mostly me and my Mom". Soon thereafter, they welcomed a baby girl to their family, Jerry Lynn. Two years later, tragedy struck on the road to New Orleans, when a drunk driver hit their car head on. Several people were killed, including Dolty's baby sister.

What began as a sunny day trip to the big city would cast a pall over the Cheramie family for years. Coping with the wreckage, his father devoted himself to work. Dolty and his mother struggled through daily life at home. He shared, "My Mom went into a deep depression." As was customary in area Catholic households, they observed a period of mourning and contemplation to honor Jerry Lynn's death, wearing black clothing and eschewing television and radio. Leaning on her faith for strength, "My Mom devoted



herself to reading the bible, taking care of me and looking forward to what God had in store for our family." This period was formative for Dolty and the foundation of the spirituality he observes to this day. Their prayers were answered in July 1957 when, "God blessed us with another little girl, Roxann. As you can imagine, we totally spoiled that little girl and it gave us all new life."

When Dolty was twelve, his father decided to relocate the towing business to the Harvey Canal Lock on the West Bank of the Mississippi River. New Orleans marked a new way of life for the Cheramie family. Dolty got off on the wrong foot in his first exposure to big city living outside the close knit community of Houma. He started hanging with a rough group of kids and had an abysmal school year, "I flunked". Dolty's school Principal, Warren Cason, "Recommended that I be sent to a private boarding school to put me back on the right track". It was decided that Dolty would attend the 7th grade across Lake Pontchartrain in Covington at Saint Paul's Catholic High School. Dolty recollected "It was like a 12 year old boy being sent off to the military" with "rules of behavior, discipline and consequences". Away from home, the regimented lifestyle at Saint Paul's was instrumental in Dolty's development. "I owe a lot to that period of time." The following year, Dolty transferred to Holy Cross High School in New Orleans which allowed him to be home with his family on the weekends.

Back on the straight and narrow, Dolty would spend the last four years of his high school

education at home attending Archbishop Shaw. His life would be forever changed a short time later in Feb. 1966 while walking home from school. "I saw this girl about to enter the house on the corner" and "to this day I tell you, she glowed", Dolty went on "I knew right then that girl was going to be my wife." The girl stopped, looked at Dolty and smiled. "I froze and smiled back - and that is how my beloved Cici and I started our journey through life together." They were both 14 years old at the time and ended up dating all through high school. The couple celebrates Feb. 24th each year, the day they started dating. Dolty played football and baseball and Cici was on the drill team. Toward the end of their Senior year, they found themselves unsure what the future might hold, save for the understanding that it would be together.

They decided to get married and on Aug. 2, 1969, Charlene Marie Rivet, became Charlene Cheramie. The newlyweds moved back to Houma where Cici went to work for CIT Financial Services and Dolty started his freshman year at Nichols State College. Dolty recalled "When the summer came after my freshman year, Cici got me a job in the finance industry at XL Finance. I worked the summer, made a few bucks and decided to skip the first semester of my sophomore year, to make a few more bucks. When second semester started, I thought I might as well just wait until next fall to start my sophomore year. Well the short of it, I never went back to college." Charlie Badeaux, the

"Having met Dolty over 35 years ago, at the beginning of my career, it has been an honor knowing him. Over these years, he has become a dear friend. Working together at Pipe Exchange has rounded out our professional connection. I admire Dolty's professional growth. Witnessing his love for faith, family and friends makes me thankful that he has allowed me to share his journey. Dolty is one of those people you meet once in a lifetime that becomes your lifelong friend."

Mary Carson - CFO
Pipe Exchange



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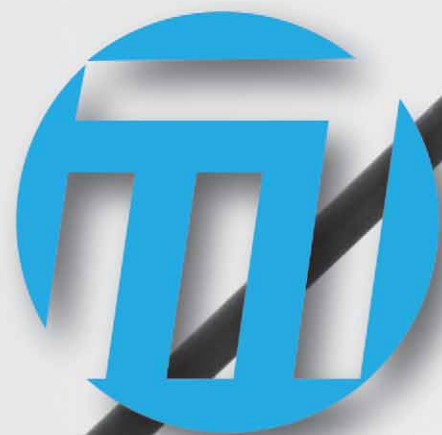
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owner of XL Finance, approached Dolty that summer and inquired about his career intentions. Owing to his conservative nature, Dolty was a natural fit for the finance business and expressed how much he enjoyed the work. Charlie confessed that as a one man shop, XL wasn't the place to advance his career in finance and helped Dolty get a job with Industrial Finance and Thrift (IF&T). It was there that Dolty began his finance career in earnest. Two years later he was promoted within the company and took over management of a newly acquired finance business.

After ten successful years at IF&T, he was starting to feel a little burned out. It's common in family run businesses for fathers to envisage a future spending work days with their children. The Cheramie family marine towing business was no exception and Dolty joined his father by running the administrative and finance portions of the organization. "After three years, I was not a happy camper. I didn't like the business. I didn't like the family style atmosphere. I just was not trained that way." The day after his 31st birthday, on July 11, 1981, Dolty walked into his Dad's office, gave him a big hug and kiss and said "Dad I love you but my butt's out of here". His father immediately asked

what he was going to do, to which Dolty replied, "I don't know, but this is not what I want to do the rest of my life." He took the next few weeks off at home and started looking for a new job.

During his freshman year at Nichols State, Dolty met Dennis Beck. Dennis was already friends with some of Cici's family from the West Bank and the two quickly became best pals. Beck similarly worked in finance before making a career in the oil patch. Upon hearing that he had left the family business, Dennis called up Dolty and asked if he'd ever thought about moving. At the time, Beck was the VP of Sales for Williams-Patterson, an OCTG Distributor for Nippon Steel through Mitsui & Company with eight branch offices around the country. Dolty hadn't really considered the prospect of moving out of Louisiana but told Dennis that he was open to the idea. So they flew him into Houston to interview with Ed Williams, the owner of the company, for the position of credit manager. They offered Dolty the job on the spot, he accepted and immediately called Cici declaring, "Put the for sale sign in the yard, the Cheramies are moving to Houston, Texas."

Moving to a big city like Houston, Dolty explained, "was a total culture shock". In addition to the culture shock of leaving small town life in Louisiana, the early '80s would present another shock to Williams-Patterson's new credit manager, in the form of crashing markets. In Nov. 1981 the oil patch was booming with 4500 drill rigs operating in the United States. Just four months later the market started its historic downward spiral. As Dolty puts it, he spent the next three years "living in bankruptcy courts representing the company and sitting on creditor committees". As a sizable company associated with a rash of bankruptcies occurring across the country, Dolty also spent a lot of time on the road. One day in March of 1984, the decision was finally made to shut down Williams-Patterson.

A week later Mr. Sid Teshima called and asked Dolty to come work for him as controller in the Matsui Tubular department. In the Japanese business system, the title of controller has nothing to do with accounting. Dolty humbly described the position as "more or less, office manager". He accepted Sid's offer and spent the next eleven years with Matsui Tubular, crediting the experience with his first education in pipe. At Matsui they handled "OCTG, drill pipe, line pipe... everything that was a pipe" and Dolty also "learned about international trade, documentation, imports, the whole ball of wax".

During this time he became acquainted with Pipe Exchange, a distributor of line pipe for Mitsui that they supported through consignment and financing. The relationship between Mitsui and Pipe Exchange fell under Dolty's purview as controller. In 1994 with over a decade of pipe experience under his belt "Mitsui and all Japanese companies were going through a historic cultural transformation and I started to feel insecure in my position." In Nov. 1994, the owners of Pipe Exchange asked Dolty to join them as a partner and to take control of the company. At the time, Pipe Exchange was a small operation with five employees and a couple million in sales annually. Dolty's background to that point was primarily in OCTG and he relied on his small staff's line pipe experience to revamp the company and grow the distribution business. In December 1998, Dolty became the sole owner and operated that way until April 2004. In early 2004, Mitsui decided to get out of the carbon grade business and delivered the news to Dolty. As he explained, "I was like a son to them, so they came to me and said you need to find some different product support. Take your time. The only thing we ask is that you take all of this inventory with you."

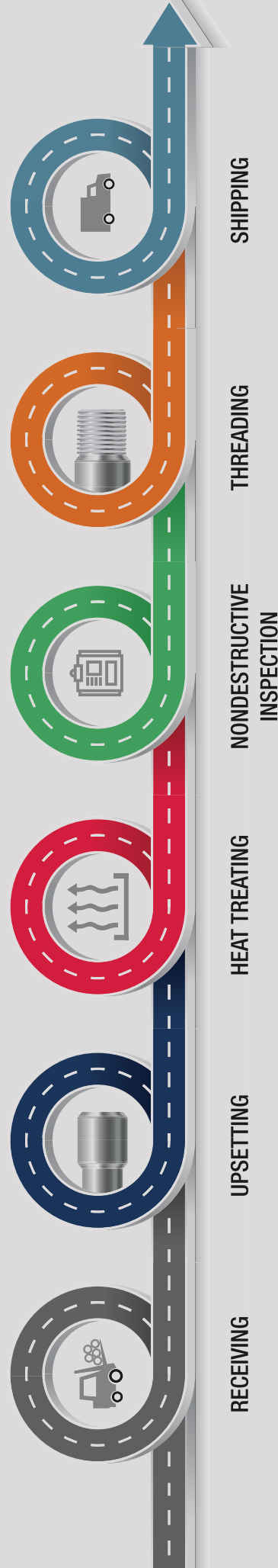
Everyone in the tubular business understands that growth is very money intensive and Dolty did not have the financial backing to grow and take Pipe Exchange where he wanted it to go. Over the years, Dolty had worked with Gerald Merfish as one of Tex-Tube's biggest customers. Gerald had a real eye for talent and occasionally made gentle inquiries about Dolty's satisfaction with his Japanese supplier relationship. So when the time came to find a new arrangement, Dolty called Gerald and said "You always asked about Pipe Exchange - are you serious?", to which Gerald emphatically replied "Yes I'm serious. Meet me at my house tonight, we'll have dinner and talk about it." The next day Gerald discussed it with Rochelle Merfish Jacobson and together they made the decision to personally invest in Pipe Exchange and restructure the partnership.

2004 was the beginning of a historic boom in the oil patch. With \$5MM in Mitsui inventory at an average of \$500 per ton and two freshly minted financial partners backing continued operations, Pipe Exchange was poised for major growth and grow they did. Their inventory quadrupled in value over the next few years and they were off and running. Those years put Pipe



Dolty and Cici enjoying their first dance as a married couple.

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Exchange on the map as a distributor and opened up new opportunities. Dolty shared, "I've always told all our people, you have to be honest and you have to work hard. But being at the right place at the right time is such a big factor. Gerald and Rochelle were comfortable with me because they knew that I'm a good honest guy. And that's why they were comfortable putting up their own money to invest in the company." At the height of the market in 2008, in addition to being U.S. Steel's largest ERW distributor, Pipe Exchange had programs with XTO, Chesapeake and Anadarko that pushed annual sales to \$250MM. In December 2012, Rochelle decided to retire and JP Morgan Chase/One Equity purchased the company. Gerald and Dolty stayed on to run Merfish Supply and Pipe Exchange. In 2016, One Equity sold Pipe Exchange and the last part of Dolty's ownership to Jorge Woldenberg and Idel Woldenberg. "They asked me to remain involved, so I took on the position of Senior Analyst and Advisor. I love it. It keeps me active and still involved within the industry."

Some people claim timing is everything. While Dolty concedes that timing is a big factor in success, it's not the sole key to the success Pipe Exchange has enjoyed over his near 30 year tenure. Soon after he joined Pipe Exchange, Dolty secured an audience with Charlie Hall, the head of purchasing at Tenneco. Dolty inquired about an opportunity to handle their line pipe business and Charlie replied "Dolty, I've been dealing with these guys for 25 years, why the hell do I need you?" Struggling for an answer, Dolty politely explained that he'd appreciate

a chance and left it at that. Walking down the hall at Tenneco after the meeting, Dolty realized at the heart of Charlie's question was the question he needed to ask himself and it's the same question he poses to employees today - "What do you do different than anybody else?"

The days of oil companies stacked deep with purchasing agents are long gone. And so with them, the days of deals sealed over dinner or on the golf course. The pipe business is still based on relationships, but today, input from engineering and finance impacts purchasing decisions and the question asked of distributors has increasingly become - "What can you do to make my job easier?" Purchasing agents are younger and raising families on dual incomes. And when they have free time, it's subsequently spent at home.

Dolty understands better than most how those changes have precipitated an update in the nature of information sharing between mills, distributors and buyers. To help navigate the fluid environment in which pipe is moved, Pipe Exchange distributes a free weekly newsletter "From the Oil Patch", packed with market information in one digestible bundle. Dolty further elaborated on his personal business philosophy "I have always told all of my employees, family and friends - if you live your life in faith with discipline, honesty and hard work, you will never be out of a job. Everyone wants a good, honest, hardworking person. In my 40 years of working, I have never been out of work, nor looking for a job. I have always been contacted and asked to join them. God has always taken care of me and my family." Dolty reiterates his recruitment philosophy to Pipe Exchange employees in way that may seem odd from the outside looking in. "It's our job to ensure that you're making a good salary, that you have a future, you can provide for your family and you have a good working environment. That's our burden to keep you here. But if people aren't trying to recruit you all the time, it means you're not making your mark on this industry. It's that simple."

Honesty, hard work and professionalism are qualities that have been advocated throughout Dolty's life, beginning with his Catholic upbringing and expanded upon during his first real pipe experience at Mitsui. It is subsequently no surprise that he counts his mother and Mr. Sid Teshima amongst his mentors. Dolty shared a few character building examples Teshima impressed upon him early on at Mitsui. "I learned so much from him. He was like an elder statesman, cold and

direct. He strictly followed company policy and so you knew where you stood at all times." When he had been at Mitsui for a few weeks, adapting to the Japanese open concept office layout system, Dolty had primarily managed to deduce the location of the office supply closet and the bathroom. With little idea what day-to-day duties were expected of him, Dolty approached Teshima one desk over and asked, "Teshima San, what exactly is it that you want me to do?" Sid turned to him and replied "Do Chan, me and the men, we will go sell. You handle all bullshit." Taken aback, Dolty returned to his desk slightly more confused. Having seen the exchange, Sid's second in command, Mr. Satoro Miura, who would become like Dolty's older brother, pulled him aside and said "Don't worry, I'll show you."

What Miura explained, and Dolty would come to understand, is that in Japanese business culture, staff is rotated out every five years. Mitsui had recruited him to be an anchor employee. Dolty was to learn the business and remain a constant representative in an otherwise continually transitioning workforce. He subsequently handled everything other than actually selling pipe.

Sometime later, Dolty again approached Sid's desk with a travel request to check in on customers that went like this "Teshima San, I would like to go to Midland". Sid's initial reply was simple, "No." As Dolty began to turn back to his desk, Sid elaborated "No no no, Do Chan. You're a grown man. You're very talented. You should know if you should go to Midland. You don't have to ask me. When you come back, let me know what you did. But that's your decision." It wouldn't be the last time Mr. Teshima left him with a lasting impression. To the contrary, Sid would call Dolty over to his desk at least once a month to share a discovery. On one such instance, Sid had noted a seventeen cent error on a sizable pipe contract and scolded "Do Chan, you should value your signature more than this."

Teshima's unwavering professionalism and adherence to company policy afforded him respect everywhere he went. It also left an impact that Dolty impresses upon Pipe Exchange employees, "The company you work for is a little line on your resume. Your reputation is what counts. You get one chance at making a good first impression. You ought to value that."

Dolty's first experience with the NASPD came in 2004. His new business partners,

"During one's business career, there are always a few people we meet that just stand-out and for me, Dolty Cheramie is one of those people. A man that is deeply religious, a wonderful Husband, Father, Grandfather and Great-Grandfather, a principled man that has spent the majority of his life in the Pipe Distribution industry. Dolty just exudes Integrity and class, someone that lifted himself and his family to a higher level. His commitment to the NASPD is extra-ordinary and deserving of the Knowles-Rubenstein Award for his devotion and sacrifices for the benefit of the NASPD."

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Gerald and Rochelle, were already active in the association and encouraged him to get involved. They thought it would be good for both Dolty and Pipe Exchange. As he says "When I get involved in something, I really want to be a part of it." Dolty's attendance record over the past 18 years is clearly indicative of his earnest desire to be involved. Since joining in '04, the only event he has missed was the 2019 Fall Conference in Scottsdale, when he and Cici were celebrating their 50th wedding anniversary on a river cruise.



Dolty and Cici visiting the Notre Dame Cathedral during their trip to Paris in 2018.

In late 2013, Bill Buckland called Dolty and shared the news that the nominating committee had chosen him as the new President of the NASPD. Dolty had no idea this was coming and it's safe to say the Cajun boy from a small town in Louisiana was floored. Bill asked if he would accept the office and Dolty replied "Oh F***." Bill quipped, "That's not exactly what we thought you would say." He and Bill still laugh about the moment. Today he defines the period as an enjoyable one that checked a big box on his career. "Being able to say you were the President of an association that represents what you do is tremendous. It was really cool. And thank God for Susannah and Gail."

Dolty described the overall impact of his decision to join the NASPD as, "One of the most meaningful, rewarding, decisions I have made in my working career. There are certain things in life that you just can't put a money value on. Being a member of the NASPD is one of those things." The industry relationships NASPD membership allows you to develop are truly unique because it offers "The ability to have your wife with you and the wives build relationships." Dolty joked about one of those relationships with Ray Davila, Axis Pipe & Tube and his wife, Patricia. "When I need a good deal, I tell Cici, she tells Patricia, Patricia tells Ray to give me a cut. It doesn't quite work that way, but it helps." More seriously, "It's nice know a helping hand is there when you really need it." The Cheramies and Davilas often make time for

"I have had the pleasure of working alongside Dolty for over 15 years. I could not have had a better leader, mentor, and friend to help guide me along my career path. The values and ethics he instilled in all of us at Pipe Exchange over the years still resonate today. Dolty's dedication and "Whatever It Takes" approach has delivered so many successes and benefits for our company, our industry, and the NASPD. We are all fortunate to have him as part of the fabric of our lives."

Mark Bihm - SVP & General Manager
Pipe Exchange

dinner together before or after NASPD events and "It's something you look forward to."

NASPD similarly offers unique value on the education side. In Dolty's case "A lot of the organization are not API pipe business, per se, but it gave me the ability to learn structural, pile and other types of business." Strictly from the travel perspective, NASPD extends a variety of memorable experiences. Dolty and Cici's favorite destination is Coeur d'Alene. Dolty half-joked, "It ought to be our annual convention every year. You get out in the beauty of Mother Nature. The whole convention is together. Like you're on your own planet, spending more time together as a group. It's just different than anywhere else we go quite honestly." Dolty comfortably estimated "I've been a part of a lot of organizations over the years, the NASPD is by far the strongest. My membership and my active involvement has been a highlight of my working career. Not only for me, but for my CiCi and family."

Speaking of which, Dolty maintains that despite a legendary career, family is the thing for which he is most proud. Dolty and Cici have two now married daughters, Nicole to Tim Swift and Natalie to Jeff Benzman. They also have six Grandchildren: Kate (24), West (21), Sean (17), Elliot (10), Twins - Molly & Jake (6) and one Great Grandchild: Lindan (2). "All of my grandchildren call me Pal. When I tell them my real name is Dolty, they simply laugh. They all call her CiCi. When we tell them her real name is Charlene, they simply laugh again."



The extended Cheramie and Goodart families enjoying a big get together.

Dolty and Cici live in Hearthstone Country Club and used to play a lot of golf. But since buying their Galveston bay house; affectionately christened "Parrot's Cove", they spend every minute they can enjoying the area with all the kids. In Oct. 2019, they celebrated their 50th wedding anniversary with lifelong friends, Gary and Cheryl Goodart on a Viking River Cruise down the Danube, that took them from Germany all the way to Hungary. It's rare for people to find their soul mate so early in life and Dolty feels blessed to have had Cici come into his life that day in Houma. "The two most meaningful persons in my life have been my Mother and my Wife. My Mom gave me my foundation to build on, both in faith and in life. CiCi took me from there and has gotten me to this point in my life. We both kid that we raised each other, but that is being gracious. She raised me, took care of me, raised our daughters and kept the household pointed in the right direction. It allowed me to devote my time to building a career to support our family and now our remaining time on this earth. She is such a great, compassionate person. I know no one else like her. Yep, she has been the love of my life, from the first time I laid eyes on her, until I see her each morning. It has been God's blessing for me in this life."

"My congratulations to Dolty for receiving the Knowles-Rubenstein award...well deserved! I have known Dolty for over 52 years. We met in Houma, Louisiana, when he was a newly married college student and his wife, CiCi, and I worked together. They moved to Houston in 1980 and began (what we all know now) a very successful career in the pipe business. I have watched him grow and mature his business acumen while remaining devout in his faith, dedicated to his family and loyal to his friends. It is a privilege to be one of Dolty's best friends and part of his family!"

Gary Goodart - lifelong friend

"Dolty is one of those people who probably always got picked first in a sandlot ball game because, win or lose, your team was going to have a lot of laughs and a great time with Dolty on your side. His unselfish loyalty to NASPD as well as his service to the entire oilfield tubular industry makes Dolty well deserving of the Knowles-Rubenstein Award. I've known Dolty for 40 years and consider him a true friend. And of course, he had more than just a little support from his wife, CiCi, in achieving such success in his business career!"

Karen and Steve Fowler

formerly of Tubular Synergy Group and Lone Star Steel

At the 2022 Annual Convention in Austin, Dolty received yet another blessing when the Knowles-Rubenstein Award of Excellence was presented by his dear friend, Gerald Merfish. The Knowles-Rubenstein award has only been bestowed upon a dozen pipe professionals to honor their careers of integrity, tenure and impact of their leadership on the NASPD. As Gerald stood at the podium reading off the details of someone's life, it began to dawn on Dolty, "By God, it's me he's referring to. It still brings me to tears." Neither he nor CiCi knew beforehand and when asked about her own moment of realization that he was being awarded, she pointed to Dolty and said "When he started crying." It's a moment that was well earned and one the two of them will never forget. Dolty Cheramie is a fine example that being a good honest guy can take you a long way in life, through a pipeline if you prefer. ●



Dolty being presented with the Knowles-Rubenstein Award at the 2022 NASPD Annual Convention with (left-to-right) Don Karchmer, Narayan Bhargava and Gerald Merfish.



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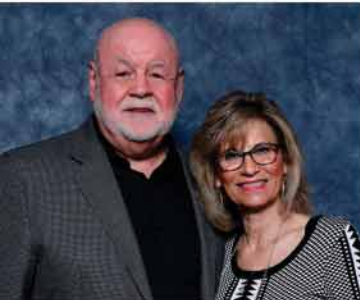
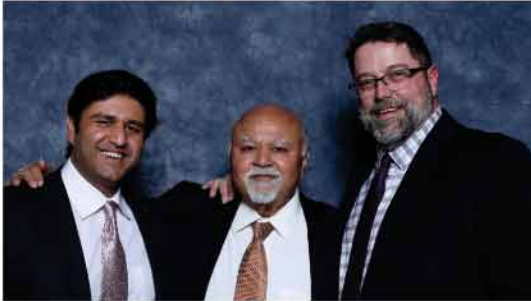
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(PRESIDENT continued from page 3)

energetic as ever, and this was evident during our wonderful Welcome Reception at Michelada's, where we had live music and a balcony view. Perhaps the biggest show-stopper from our convention was the presentation of the Hall of Fame and coveted Knowles-Rubenstein Award. Industry legend, Wally Wilson's induction into the NASPD Hall of Fame was commemorated by a wonderful video displaying the deep, meaningful impact he has made on his employees and current industry leaders. Dolty Cheramie, past NASPD president and current board member, was the recipient of the well-deserved Knowles-Rubenstein Award, which recognizes members for their exceptional service to our organization. It was an emotional evening with great food, drinks, and company. Dolty, you have played a huge role in the NASPD's success and deserve to be one of twelve people to have ever received this award. Congrats!

By the time we meet up in Chicago this June, the pipe market will be one and a half years into the current bull run, so I'm excited to hear what our speakers have to say! Timna Tanners, Equity Analyst for Metals and Mining, will shed some light on raw materials trends and their ultimate impact on pipe. Mike Regan, global supply chain expert, has a lot to share about the current, fractured state of ocean and road logistics. We will also hear from our old friend, Dr. Don

McNeeley, CEO of Chicago Tube & Iron, who always leaves a lasting impact. Finally, we have invited John Iannarelli, former FBI, to speak about the very serious and relevant issue of cybersecurity. The Chicago Summer Conference will be bookended by an optional mill tour sponsored by Atlas Tube on thursday morning and an optional Architecture Boat Tour and Highlights Tour on saturday. We also look forward to hosting the second session of leadership cohort during this summer conference.

Before I wrap up, I would like to extend a few words of thanks. First, to Scott McCalla, for his hard work in developing and teaching the curriculum for the 2022 Leadership Development Program. The current leadership cohort consists of dynamic future steel champions and Scott's thought-provoking course challenges them in all the right ways. Secondly, to all the participants in our first NASPD Clay Shoot. We had wonderful networking, perfect weather and an awesome venue. Congrats to the Kingwood Pipe team for taking the win! They brought a ringer, but we won't hold it against them. Unfortunately, there was no award for the lowest score because I would have won that trophy. Lastly, thank you members, for the wonderful turnout in Austin! I'm hoping for the same in Chicago! •



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NASPD 2022 Summer Conference

June 8 - 11, 2022 - InterContinental Chicago Magnificent Mile - Chicago, IL
Join us in person to hear the latest industry news from experts speakers,
participate in committee discussions and catch up with the membership.

Wednesday, June 8, 2022

08:00 a.m. - 06:00 p.m. Leadership Development Program (selected applicants only) - *Burnham*

Thursday, June 9, 2022

08:00 a.m. - 06:00 p.m. Leadership Program (selected applicants only) - *Burnham*
08:15 a.m. - 12:00 p.m. Atlas Mill Tour sponsored by Atlas Tube
12:30 p.m. - 05:10 p.m. Registration - *Streeterville Foyer*
01:00 p.m. - 01:40 p.m. Membership Committee - *Streeterville*
01:45 p.m. - 02:25 p.m. Program Committee - *Streeterville*
02:30 p.m. - 03:10 p.m. Strategic Planning Committee - *Streeterville*
03:15 p.m. - 03:50 p.m. Finance Committee - *Streeterville*
04:00 p.m. - 05:00 p.m. Board of Directors - *Streeterville*
06:00 p.m. - 08:00 p.m. Welcome Reception - *Camelot*
09:00 p.m. - 11:00 p.m. Hospitality Suite - *Tower Lounge*

Friday, June 10, 2022

08:00 a.m. - 10:00 a.m. Continental Breakfast - *Avenue Ballroom Foyer*
08:00 a.m. - 12:00 p.m. Registration - *Avenue Ballroom Foyer*
08:30 a.m. - 12:00 p.m. General Session - *Avenue Ballroom*
08:30 a.m. - 08:40 a.m. Morning Announcements
08:40 a.m. - 08:50 a.m. "Member Spotlight" - Jindal Pipe USA
08:50 a.m. - 09:20 a.m. Timna Tanners, Managing Director Equity Research, Wolfe Research,
"Pandemic, Geopolitical Upheaval, Is This the New Normal?"
09:20 a.m. - 10:00 a.m. Mike Regan, Supply Chain Expert, TranzAct Technologies Inc.
10:00 a.m. - 10:10 a.m. Break
10:10 a.m. - 11:00 a.m. John Iannarelli, Former FBI Agent,
"How to Protect Your Company and Yourself from Cyber Criminals"
11:00 a.m. - 11:50 a.m. Dr. Don McNeeley, Chairman, Chicago Tube & Iron, "Lions and Tigers and Talent ... Oh My!"
12:00 p.m. - 01:30 p.m. Networking Luncheon - *MJ Steakhouse Restaurant*
01:30 p.m. - 03:00 p.m. Member Discussion - *Streeterville*
07:00 p.m. - 09:00 p.m. Closing Dinner - *King Arthur Court*
09:00 p.m. - 11:00 p.m. Hospitality Suite - *Tower Lounge*

Saturday, June 11, 2022

09:30 a.m. - 11:15 a.m. Optional Shoreline Sightseeing - Architecture Boat Tour
01:30 p.m. - 05:30 p.m. Optional Highlights Tour of Chicago



Welcome New Members

Coastal Pipe of LA

Coastal Pipe of LA is a returning Regular member.

Coastal Pipe of LA
PO Box 99
Carenbro, LA, 70520 US
Phone: 337-896-8462

Jake Yentzen is the NASPD Contact
jake@coastalpipeofla.com

DKM Enterprises LLC

DKM Enterprises LLC is a returning Regular member.

DKM Enterprises LLC
PO Box 48
Uvalde, TX 78802 US
Phone: 830-278-7157

Donald McLaughlin, Jr. is the NASPD Contact
donjr@dkmusedpipe.com

Highline Pipe

Highline Pipe is a returning Regular member. Products distributed include ERW, Heavy Wall Pipe, Large OD Pipe, Line Pipe, Low Temp Pipe, Rolled & Welded Pipe, Seamless Pipe, Spiral Weld Pipe, Welded Pipe/ERW/HFS. Product grades/specs are A333, API 5L X, ASME, ASTM, Carbon Steel, ERW, New Prime, Prime Seamless. Product origins are Brazil, Italy, Japan, Mexico, South Korea, Spain, United Kingdom, United States. Size range is 1" - 36" OD. Services include Beveling, Cutting. Specialties are Highline Pipe specializes in X65/X70 high yield grades and A333-Gr6 low temp pipe in ERW, seamless and DSAW.

Highline Pipe
10501 Sheldon Rd.
Houston, TX 77044 US
Phone: 281-456-0382

Diane Fallows is the NASPD Contact
dfallows@highlinepipe.com

TAGL Freight Solutions

TAGL Freight Solutions is a new Professional Affiliate member.

TAGL Freight Solutions
3909 Durazno Ave.
El Paso, TX 79912 US
Phone: 915-540-9225

Sonia A. Villasana is the NASPD Contact
sonia.villasana@thevimogroup.com

Taimen Transport LLC

Taimen Transport LLC is a new Professional Affiliate member. Transportation is by Company Owned Truck, Logistics Consulting Services, Rail, Third Party Logistics Services, Transportation Services

Taimen Transport LLC
1209 Pointe Centre Dr., Suite 205
Chattanooga, TN 37421 US
Phone: 423-693-0280

Ryan S. Daniels is the NASPD Contact
rdaniels@taimentransport.com

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(CYBERSECURITY continued from page 6)

Despite best efforts, however, strict compliance with all of the requirements mandated by the second Security Directive appears not to be attainable. Owners/operators are achieving compliance with the vast majority of the requirements, but for certain requirements, they are requesting extensions pursuant to TSA's established action plan process, or seeking approval of alternative security measures. An owner/operator may also inform TSA that it cannot comply without jeopardizing safe operations or causing an operational disruption, but TSA may respond by requesting more information or an alternative security measure from the owner/operator. TSA has come under criticism from industry leaders and certain U.S. Senators for inflexible and inappropriate requirements, use of emergency authority instead of notice and comment rulemaking, failure to give adequate consideration to input from non-government subject matter experts and stakeholders, staffing shortages, delays, and other issues.⁴

Thus far, TSA has not adopted strict enforcement practices. As long as owner/operators are demonstrating a good faith effort towards compliance, which includes notifying TSA within the time limits prescribed in the Security Directive, TSA has been responsive and receptive to requests for extensions. However, in the last few months, TSA has intensified its enforcement activities by conducting on-site audits, testing responsiveness, demanding evidence of compliance, and issuing warning notices.

Given the mounting concern surrounding pipeline cybersecurity in the U.S., it is not surprising to see TSA move from a voluntary cybersecurity regime⁵ to prescriptive requirements issued pursuant to emergency authority. What remains unclear is TSA's long-term strategy. Members of Congress have proposed alternative compliance regimes, and in the absence of new legislation, others have suggested that TSA consider regular notice-and-comment rulemaking as an alternative that would allow for broad perspectives from a wide range of stakeholders, considered input, greater transparency, and potentially a workable long-term cybersecurity framework that reflects industry, academic and government collaboration. Regardless of what the government decides to do, its prescriptive regulatory approach to pipeline cybersecurity appears to be here to stay. •

Editor's note: This guest commentary first appeared in the January 2022 issue of Pipeline & Gas Journal and is reprinted with permission.

Footnotes:

¹ 49 U.S.C. 114(l).

² Transportation Security Administration, Security Directive Pipeline-2021-01, Enhancing Pipeline Security n.1 (May 28, 2021).

³ U.S. Department of Homeland Security, DHS Announces New Cybersecurity Requirements for Critical Pipeline Owners and Operators (July 20, 2021).

⁴ U.S. Sens. Rob Portman, James Lankford, M. Michael Rounds, letter to The Honorable Joseph V. Cuffari, 28 Oct. 2021. TS.; U.S. Sens. Roger F. Wicker, John Thune, Cynthia M. Lummis, Todd Young, Deb Fischer, letter to The Honorable David Pekoske, 19 Oct. 2021; "TSA has screwed this up": Pipeline cyber rules hitting major hurdles, Politico March 17, 2022.

⁵ See e.g., Energy Product Reliability Act (H.R. 6084) would create a new Energy Product Reliability Organization (EPRO) that would develop reliability and cybersecurity standards for a range of pipelines, including oil and gas and hydrogen. Modeled after the North American Electric Reliability Corporation, standards created by EPRO would have to be approved by the Federal Energy Regulatory Commission (FERC).

(\$2000 PER TON STEEL continued from page 12)

And Russia, Belarus and Ukraine together account for about 60% of total EU imports of rebar. They also have a huge share of the market for slab - the chunky pieces of semi-finished steel.¹

As a result steel prices are surging. The SteelBenchmarker HRC price publication for mid-March indicating the average price for HRC for the previous two weeks showed the following increases:

USA HRC is up 12% at \$1,209 per NT

Western Europe HRC is up 34% at \$1,305 per NT

World HRC (Non-Europe/Non-Chinese) is up 28% at \$1,106 per NT

The HRC contract futures market has turned incredibly Bullish with HRC May futures now at over \$1,600 per net ton. Please note this value is not the price the steel mills are selling May production but is a strong indicator that HRC futures contract sellers think the price in May will be at this level.

In conclusion, it is impossible to accurately predict what the future holds for steel prices but in the near future, HRC prices will rapidly escalate and with increasing HRC prices comes higher ERW prices. •

Footnotes:

¹ Washington Post March 23, 2022

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Out & About

Clockwise from top right: (left-to-right) Annette Kahn, Ted Kahn, Leslie Haupt, Elyse Hansen, Martin Hansen, Tommy Haupt, Jenny Haupt, Jane Haupt, and Bruce Haupt at a networking event hosted by Kahn Steel Co. NASPD members bringing their aim game to the first annual NASPD Sporting Clay Shoot in Katy, TX. Congratulations to the winning team from Kingwood Pipe! Randy and Melisa Hurst enjoying fresh powder turns on the Dolomites during their ski trip in the Italian Alps.





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