

***Application for a Scope Ruling on Insulated and Vacuum  
Insulated OCTG Tubing ("IT/VIT") with reference to Measures  
in Force of OCTG 1 and Seamless casing.***

***submitted by Western Alliance Tubulars Ltd./  
Victoria International Tubular Corporation  
to the Canada Borders Services Agency***

***April 08, 2019***

***Please note this Application for Scope Ruling is made pursuant to the Canada Border Services Agency “How to Apply for a Scope Ruling” and is organized as such.***

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## APPLICATION

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### 1. IDENTITY OF THE APPLICANT:

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Email: [larry@westernpc.com](mailto:larry@westernpc.com)

Address: 9510-56 Avenue NW, Edmonton, Alberta

Western Alliance Tubulars Ltd. ("WAT") is an Indigenous Company with Moosomin First Nation (signatory to Treaty 6) being a major shareholder. WAT has both an active operating interest and a 49% equity option in Victoria International Tubular Corporation ("Victoria"), an energy pipe finishing facility located in Edmonton, Alberta. Victoria was established in May of 2015.

Our facility is the only **API5CT certified independent** pipe processing facility north of Houston Texas with the capability to upset, heat treat, and thread steel pipe. Other non-independent steel facilities of this nature in Canada include EVRAZ, Tenaris, and Welded Tube of Canada.

Aside from energy tube processing, we manufacture **Insulated and Vacuum Insulated Tubing** utilizing API5CT casing/tubing (**seamless or ERW**) as the core components.

### 2. APPLICABLE MEASURE

The measures in force that our request for a scope ruling relates to are; Oil Country Tubular Goods ("OCTG") 1: Dumping & Countervailing (China) and Seamless Casing: Dumping & Countervailing (China). The definition of subject goods in each case is:

#### OCTG 1:

"Oil country tubular goods, made of carbon or alloy steel, welded or seamless, heat treated or not heat-treated, regardless of end finish, having an outside diameter from 2 3/8 inches to 13 3/8 inches (60.3 mm to 339.7 mm), meeting or supplied to meet American Petroleum Institute (API) specification 5CT or equivalent standard, in all grades, excluding drill pipe and excluding seamless casing up to 11 3/4 inches (298.5 mm) in outside diameter, originating in/or exported from the People's Republic of China."

#### Exclusions

- Pup-joints, welded or seamless, heat-treated or not heat-treated, in lengths of up to 3.66m (12 feet);
- Coupling stock.

#### SEAMLESS CASING:

"Seamless carbon or alloy steel oil and gas well casing, whether plain end, beveled, threaded or threaded and coupled, heat-treated or non-heat-treated, meeting American Petroleum Institute (API) specification 5CT, with an outside diameter not exceeding 11.75 inches (298.5 mm), in all grades, including proprietary grades."

Footnote: We acknowledge that for OCTG 2: Dumping (Chinese Taipei, India, Indonesia, Philippines, South Korea, Thailand, Turkey, Ukraine, and Vietnam) while the scope ruling request would apply there has been no evidence of production of IT/VIT in those Countries.

### 3. GOODS FOR WHICH THE RULING IS REQUESTED

Insulated tubular products, also known as insulated steam injected tubing and Oil production tubing products, including double walled tubing, with or without insulation ("**IT**") and vacuum insulated tubing ("**VIT**"), which are outer casing/tubing and inner casing/tubing made of carbon or alloy steel, **welded or seamless**, heat treated or not heat-treated, regardless of end-finish, supplied to meet American Petroleum Institute (API) specification 5CT, API 5DP, API 5L or equivalent and/or enhanced proprietary standards, in all grades,

Please see Public Attachment 1 for product literature on Chinese produced IT

Please see Public Attachment 2 WAT Brochure for product literature of VIT

Please see Public Attachment 3, for product literature from Victoria

Please see Public Attachment 4, for product literature from TMK

Please see Public Attachment 5, for product literature from Vallourec

IT/VIT was developed in the 1960's with early forms of insulation that consisted of calcium silicate, sodium silicate, and gelled oil. Improvements in the 1970's addressed conduction and radiation controlling by utilizing multilayer insulation.

The base of technology that we use today was formed during the 1980's.

#### USES IN OIL AND GAS IN PLACE OF BARE CASING AND TUBING

VIT has been used for many years for thermal-enhanced oil recovery of extremely viscous crude oils. Since the 1980's, millions of meters have been sold in the U.S. and Canada. IT/VIT is used in steam injections wells in Steam Assisted Gravity Drainage ("SAGD") operations in the Oils Sand and also in Cyclic Steam Stimulation ("CSS") in heavy oil fields.

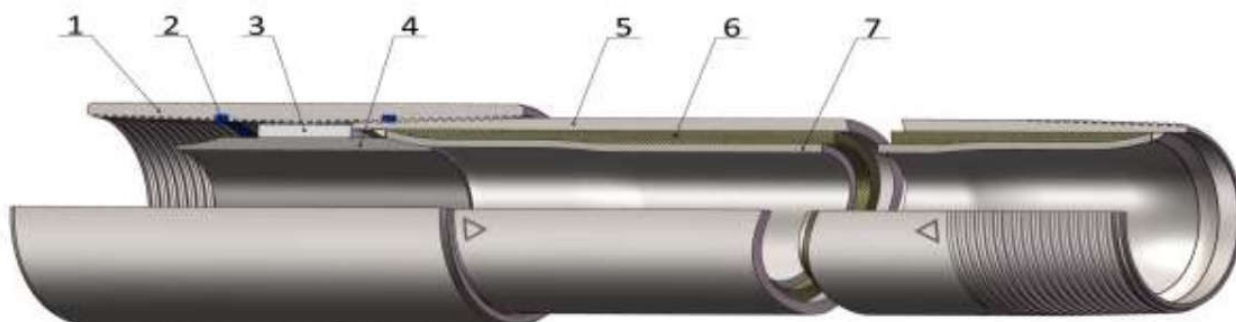
SAGD operations have a well pair consisting of a steam injection and production wells. IT/VIT can be used in both the steam injection and production wells in place of bare API5CT casing and tubing. CSS operations is one well where IT/VIT can be used both for steam injection and oil production in place of bare API5CT casing and tubing. The use of IT/VIT in some cases resulted in a significant 1/3 reduction of water volume requirements when used in a steam injection applications and also significant overall reductions in greenhouse gas emissions compared to using regular casing and tubing.

IT/VIT can also used in conventional oil deep producing wells in place of bare API5CT casing and tubing. The product will assist the oil to maintain temperatures above 80F to avoid paraffin and wax deposition which causes the production well to plug.

#### COMPOSITION

There is **no standard** in the manufacturing of IT/VIT. Aside from the outer tube and inner tube meeting API5CT specifications, IT/VIT can be anything from a double walled casing/tubing to having a vacuum with insulation that is prestressed. IT/VIT production processes are all proprietary and the composition is all dependant on what insulation value one would wish to achieve. For this reason, IT/VIT can come in the form of double walled pipe (no insulation or vacuum), double walled pipe with insulation, double walled pipe with vacuum, double walled pipe with insulation and vacuum. Note that all versions of IT/VIT can be prestressed to avoid thermal expansion of the pipe that would cause pressure on the welded ends to break if introduced into a high temperature environment of 150C or more.

Sample Drawing



1. Coupling (for Outer Tube Thread)
2. Seal Ring (for API Thread only)
3. Insulator
4. Insulation Sleeve
5. Outer Tube
6. Vacuum Annulus, Getter Material and Refractory Insulation Wrap
7. Inner Tube

1. **Coupling** - All IT/VIT will have a coupling that is either manufactured to API Specifications or a proprietary semi or premium connection.
2. **Sealing rings** - Some IT/VIT manufactures use sealing rings others do not. We offer a [ ]
3. **Insulator or sealing donut** - Used only in outer connections where it is sold separately. It is not always used as it is meant to flush up the ID and act as insulation in the connection area. It does not enhance thermal conductivity at the connection to any great degree. It is composed of the same grade of steel as the casing/tubing and is wrapped with teflon.
4. Explained above as this is the steel part of the donut..
5. **Outer tube** - Casing or tubing manufactured in accordance to API5CT.
6. **Annulus** - may or may not contain - vacuum, getter material, refractory insulation wrap.
  - a. **Vacuum** - Offers best insulation value. Heat transfer of conductivity and convection, in a perfect vacuum, cannot occur.
  - b. **Getter material** - Absorbs gases such as hydrogen that compromise the vacuum. *Bulk getter* – sheets, strips, wires or sintered pellets of gas absorbing metals which are heated, either by mounting them on hot components or by a separate heating element. It is proprietary as to what the VIT manufacturer would use if they do use getter at all. We use in our process [ ]
  - c. **Refractory** - Radiation is the only form of heat transfer that can travel through a vacuum. Typically aluminum foil in wrapped on the inner tube to reduce the Beta particles of radiation being transferred.
  - d. **Insulation wrap** - Additional insulation is sometimes wrapped on the inner pipe to give an overall better insulation value. The type of insulation used is different for each manufacturer and considered proprietary. We use a [ ] combined with [ ]. We also use [ ] in IT and with [ ].
7. **Inner tube** - Casing or tubing manufactured in accordance to API5CT

**SOME STANDARD SIZES OF IT/VIT**

IT/VIT	Outer tube OD	Inner tube OD	Length
10 3/4" X 8 5/8"	10 3/4"	8 5/8"	API Range 2 or 3
9 5/8" X 7"	9 5/8"	7"	API Range 2 or 3
8 5/8" x 7"	8 5/8"	7"	API Range 2 or 3
7" x 5 1/2"	7"	5 1/2"	API Range 2 or 3
5 1/2" x 4 1/2"	5 1/2"	4 1/2"	API Range 2 or 3
4 1/2" x 3 1/2"	4 1/2"	3 1/2"	API Range 2
4 1/2" x 2 7/8"	4 1/2"	2 7/8"	API Range 2
3 1/2" x 2 3/8"	3 1/2"	2 3/8"	API Range 2

**Notes:**

1. For the Petroleum Industry in Canada and abroad, both outer and inner tubes used for IT/VIT are made in accordance to API5CT latest edition and includes all outer diameters, all grades, and all wall thickness (weight in kg/m or lbs/ft) which API5CT latest edition covers.
2. Chart above is an example of some standard sizes of IT/VIT. Other sizes, grade, and wall can be made by request.

**PRODUCTION/PACKAGING PROCESS:**

1. Both inner and outer tubes are selected according to API5CT
2. Material is [ ] if required.
3. [ ] inner tube and [ ] outer tube is [ ].
4. Outer tube is [ ].
5. [ ] of both tubes.
6. [ ] insulation on inner tube.
7. [ ] the outer and inner tubes.
8. [ ].
9. [ ] inner tube [ ]. Only if [ ].
10. [ ].
11. Test the [ ].
12. Induce [ ].

- Please see Confidential Attachment 6 "IT/VIT PRODUCTION PROCESS".

The main Countries of production for IT/VIT are: China, USA, Canada, Russia, and France.

There is no tariff classification number specific to IT/VIT. The closest would be 7304.29.00.19 (OCTG Seamless casing) which most importers have been using

There has been several 100,000'S of meters of IT/VIT imported into Canada since 2010.

Please see our completed chart below that identifies the importers, manufacturers, exporters, and Canadian producers of IT/VIT:

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Address	66 Wujin Avenue West Road, Wujin District, Changzhou, Jiangsu <b>CHINA</b>	9510-56 Ave Edmonton, Canada
Email	93932082@qq.com	<a href="mailto:info@waenergy.ca">info@waenergy.ca</a>
Telephone	86 519 86222218	780-417-5117
Website	<a href="http://www.sun-run.cn/en_default.asp">http://www.sun-run.cn/en_default.asp</a>	<a href="http://www.waenergy.ca">www.waenergy.ca</a>
Name	<b>Unknown</b>	<b>IMEX Canada Inc.</b>
Address	<b>CHINA</b>	800, 700-4th Ave SW, Calgary, AB T2P 3J4
Email		<a href="mailto:sales@imexcanada.com">sales@imexcanada.com</a>
Telephone		1(403)269-9999
Website		<a href="http://imexcanada.com/">http://imexcanada.com/</a>
Name	<b>Unknown</b>	<b>Core Design</b>
Address	<b>CHINA</b>	3908 – 71 Avenue Leduc, AB T9E 0R8
Email		<a href="mailto:office@coredesignltd.com">office@coredesignltd.com</a>
Telephone		(780) 986-4049
Website		<a href="http://coredesignltd.com/">http://coredesignltd.com/</a>
Name	<b>Unknown</b>	<b>Petro Industries</b>
Address	<b>CHINA</b>	Edmonton, Vancouver, Beijing
Email		
Telephone		780-221-8837 Edmonton
Website		<a href="http://www.petropi.com/vacuum-insulation-tubing.html">http://www.petropi.com/vacuum-insulation-tubing.html</a>
Name	<b>TENERGY</b>	<b>UNKNOWN</b>
Address	Rm.1103,DC Center, Tongzhou, Beijing, <b>China</b>	-
Email	<a href="mailto:nick@petrotenergy.com">nick@petrotenergy.com</a>	-
Telephone	86-10-65503026	-
Website	<a href="https://www.petrotenergy.com/product/product_9_1.html">https://www.petrotenergy.com/product/product_9_1.html</a>	-
Name	<b>Vallourec Tube-Alloy Vacuum Insulated Tubing</b>	<b>Hallmark Tubulars Ltd.</b>
Address	Houston Texas, <b>USA</b>	308 4 Ave SW #400, Calgary, AB T2P 0H7
Email		<a href="mailto:info@hallmarksolutions.ca">info@hallmarksolutions.ca</a>
Telephone	1 713 462 7613	403 266 3807
Website	<a href="http://www.vallourec.com/COUNTRIES/USA/EN/ACTIVITIES">http://www.vallourec.com/COUNTRIES/USA/EN/ACTIVITIES</a>	<a href="http://www.hallmarksolutions.ca/contact/">http://www.hallmarksolutions.ca/contact/</a>
Name	<b>ITP INTERPIPE</b>	<b>MAJUS</b>
Address	11 Quai Conti, 78430 Louveciennes, <b>FRANCE</b>	130 Shaftesbury Avenue   2nd Floor UK - London W1D 5EU
Email		<a href="mailto:p.ollier@majus.co.uk">p.ollier@majus.co.uk</a>
Telephone	33 (0)1 39 18 00 00	
Website	<a href="https://www.itp-interpipe.com/">https://www.itp-interpipe.com/</a>	<a href="http://www.majus.co.uk/">http://www.majus.co.uk/</a>
Name	<b>TMK</b>	<b>TMK IPSCO Canada Sales Office</b>
Address	Sinarsky Pipe plant, <b>RUSSIA</b>	150 6-th Avenue SW #5100 Calgary, AB T2P 3Y7, Canada
Email		<a href="mailto:nhagen@tmk-ipsco.com">nhagen@tmk-ipsco.com</a>
Telephone		(403) 538-2185
Website	<a href="https://www.tmk-group.com/VIT">https://www.tmk-group.com/VIT</a>	<a href="https://www.tmk-group.com/media_en/texts/379/TLT.PDF">https://www.tmk-group.com/media_en/texts/379/TLT.PDF</a>



**CANADIAN MANUFACTURER**

Name	<b>Western Alliance Tubulars Ltd./Victoria International Tubular Corp.</b>
Address	9510-56 Ave Edmonton, Canada
Email	<a href="mailto:info@waenergy.ca">info@waenergy.ca</a>
Telephone	780-417-5117
Website	<a href="http://www.waenergy.ca">www.waenergy.ca</a> / <a href="http://www.vitcorporation.com/">www.vitcorporation.com/</a>

Note, there is an additional producer named OTSI located in the US that we are unable to retrieve information for.

**5. APPLICANTS POSITION**

Industry has been using Vacuum Insulated Tubing ("VIT") and Insulating tubing ("IT") as casing and tubing, ("energy tubulars"), in steam injections wells for SAGD projects in the Oil Sands for over a decade. **Vallourec** was predominantly the initial supplier of IT/VIT to Industry in Western Canada, to ConocoPhillips ("Conoco"). Conoco, from 2008 - 2011, was proving up the use of IT/VIT in place of OCTG casing and tubing in their Surmont 1 project. Given IT/VIT showed some success during the Surmont 1 project, the IT/VIT OCTG product became more popular for SAGD producers. In 2011, Chinese IT/VIT manufacturers began to export into the market and currently completely dominate the IT/VIT market in Canada.

During the time of the dumping cases of OCTG 1 and Seamless Casing there were no manufacturers of VIT/IT in Canada. At that time, only the US, China, Russia and France were manufacturers. At the end of OCTG 2, there was one VIT manufacturer in Canada. Because of this, we see that the product definition under these measures did not identify VIT or IT as it did with green tube and other proprietary products that may not fall under API5CT, but are considered OCTG. The Chinese manufacturers have taken advantage of IT/VIT not being included in the product definition of these dumping cases.

**IT/VIT IS CONSIDERED AN OIL COUNTRY TUBULAR GOOD ("OCTG"):**

Industry and IT/VIT manufacturers consider IT/VIT in the OCTG category as it does substitute for casing and tubing. Both the inner and outer tube of the IT/VIT used in SAGD and production wells are made to API5CT specifications. This includes diameters, wall thickness dimensions, and grades (J55, L80, P110), as well as all other governing specifications.

As an example, this can be clearly seen in a confidential quote request from [ ] showing outer and inner tube requests to API5CT spec. Please refer to the figure below for the details.

[

]

FIGURE 1. API5CT SPEC EXAMPLE FOR INNER AND OUTER TUBE

[ ] was consulted on whether IT/VIT would be considered OCTG. [ ] is part of the [ ] and we are pleased to present these comments as they would have extreme validity. Please see quote below:

"[ ]."

[ ], PEng | [ ]

Drilling & Completions

[ ]

[ ]

To add further to proving IT/VIT would be considered OCTG we include two links below to the Canadian Oil Sands Innovation Alliance ("COSIA"). The first link shows COSIA's Greenhouse Gas projects and the second link shows Vacuum Insulated tubing as one of COSIA's GHG projects. The second link specifically points out Outer casing on the VIT.

<https://www.cosia.ca/initiatives/greenhouse-gases#projects>

<https://www.cosia.ca/initiatives/greenhouse-gases/projects/vacuum-insulated-tubing>

Further, we enclose two letters from Industry supporting IT/VIT as OCTG.

Please see Public Attachment 7 letter from Hunting Energy Services Ltd.

Please see Public Attachment 8 letter from Hallmark Tubulars Ltd.

#### **IT/VIT CAN BE EASILY DISASSEMBLED TO ITS ORIGINAL API5CT CASING/TUBING**

As it is known, IT/VIT consists of API5CT outer and inner tubes that are welded on each end. As a pipe processor, we are very concerned that imported IT/VIT from China can be easily disassembled to its original casing/tubing components and then distributed into the market as API5CT casing or tubing. Our concern is that our domestic tubing plant, if this was done, would be competing against goods that have circumvented anti-dumping duties and countervailing duties. This and the fact that IT/VIT does not have its own HS code; there is no idea as to the amount of IT/VIT is imported that could be transformed into basic API5CT casing and tubing.

To disassemble IT/VIT, you would simply cut off the end of the IT/VIT and separate the two tubes. This can be completed at any machine shop with a saw or an independent OCTG threading facility.

As an IT/VIT manufacturer and pipe processor, we can confirm the process of disassembling IT/VIT is [not difficult and the cost of cutting and separation in the [ ]CAD/Metric Tonne range.

We enclose two letters from Industry supporting the ease of disassembling IT/VIT.

Please see Attachment 7 letter from Hunting Energy Services Ltd.

Please see Attachment 8 letter from Hallmark Tubulars Ltd.

**SUMMARY OF APPLICANTS POSTION**

There are two very strong supporting arguments to accept IT/VIT under the current product definition for OCTG 1 and Seamless casing: 1) IT/VIT is generally considered as OCTG and used as OCTG in the field, and, 2) IT/VIT can be easily, and at a low cost, disassembled into its original basic API5CT casing/tubing components. This rises concern of imported IT/VIT from subject Countries under OCTG 1 and Seamless Casing as a product that could/or has circumvented anti-dumping duties, countervailing duties.

**6. QUESTION OF ORIGIN**

The name of the subject Country in cases OCTG 1 and Seamless Casing is the People's Republic of China. We do not know if a third Country has been involved. The description of goods at the time of export from the subject Country is Insulated Tubing or Vacuum Insulated Tubing. The Manufactures and Exporters from China can be found in section 4. We do not have any information on any intermediary or third Countries that may be involved.

**List of Attachments**

<b>Tab #</b>	<b>Description</b>
Public Attachment 1	Product literature for Chinese produced IT
Public Attachment 2	WAT Brochure for product literature of VIT
Public Attachment 3	Victoria IT product information
Public Attachment 4	Product literature from TMK
Public Attachment 5	Product literature from Vallourec
Confidential Attachment 6	IT/VIT Production Process
Public Attachment 7	Letter from Hunting Energy Services Ltd.
Public Attachment 8	Letter from Hallmark Tubulars Ltd.