

Perspectives

TMK Ipsco plans to play hard for shale turf

Michael Cowden

560 words

14 November 2008

American Metal Market

AMM

English

Copyright 2008. American Metal Market

Ipsco Tubulars Inc. and NS Group Inc. Chairman Piotr Galitzine may not plan to rock the boat much at a company that has already been sliced in three as a result of recent mergers and acquisitions.

But that doesn't mean TMK Ipsco won't compete hard against conventional pipe and tube players, especially in unconventional natural gas plays like the Marcellus Shale, company executives said.

TMK Ipsco is made up of Ipsco Tubulars Inc. and the [NS Group Inc.](#)

The company aims to compete "head on" with [U.S. Steel Corp.](#) for marketshare on the Marcellus Shale, said Ipsco Tubular Inc. and NS Group Inc. President and Chief Executive Officer Vicki Avril. Drilling on the shale is already happening in areas around Pittsburgh, [U.S. Steel's](#) headquarters. TMK Ipsoc is providing product to operators on the shale and is also competing with other major players, not just [U.S. Steel](#), Galitzine noted.

"I think (the Marcellus Shale) is going to be an algorithm-changing field," Galitzine said. "It's going to be a major new oil and gas province for the United States. ... I think it's going to change the landscape in that part of the world a lot." The shale also happens to be "practically in the backyard" of TMK Ipsco operations near Pittsburgh, he said. "The first drilling is basically happening over the mountains from Koppel," Galitzine said.

TMK Ipsco makes continuous cast round billets from its Ipsco Koppel Tubulars Corp. in Beaver Falls, Pa. The billets are used to make seamless tube at the company's mill in nearby Ambridge, Pa. Ambridge is about 20 miles from Pittsburgh and less than an hour's drive from Hickory, Pa., and other areas where Marcellus Shale drilling is already occurring.

And while U.S. Steel makes larger diameter seamless products, TMK Ipsco plans to compete hard in diameters up to 5 1/2 inches, Avril said.

And with its acquisition by TMK, the U.S. operations of the former Ipsco are taking a broader view of what potential markets may be. That includes Canada--and possibly competing with the former Ipsco tubular assets acquired by Russia's Evraz Group SA, Avril said. "(TMK) is helping us think more broadly, that's one thing I'm seeing already," Avril said. "We were very domestic. Our production was domestic, our sales were domestic, and (TMK) is making us more aware of the outside world."

And TMK Ipsco is also eyeing export markets outside of North America, she said. "We exported extremely little before. It was something we weren't particularly sophisticated in," Avril said. "Our primary purpose will be to continue to support the U.S. market. But (the acquisition) will give us greater capabilities if there is weakness in the U.S. market to play in other markets as well."

Svenskt Stal AB ([SSAB](#)) in March agreed to sell its North American Tubulars unit—Ipsco Tubulars Inc.—to [Evraz Group SA](#), in a deal valued at about \$4.025 billion (AMM, March 18). At the same time, Russian steelmaker Evraz entered a deal to hand off the U.S. portion of Ipsco's tubular and seamless business—including some assets of the former [NS Group Inc.](#)—to OAO TMK, Russia's largest tubular player.

137527

Metal Bulletin Holdings Corporation

Document AMM0000020081115e4be000k