



President Donald Trump
White House
1600 Pennsylvania Ave NW
Washington, DC 20500

March 5, 2018

Dear President Trump,

On behalf of the hundreds of American workers of Canary, LLC, I write to urge you to reconsider your decision to impose tariffs and other restrictions on imported steel and aluminum under Section 232 of the Trade Expansion Act of 1962. While I am a strong supporter of your administration's pro-growth policies and energy dominance agenda, imposing broad tariffs on steel risks unintended consequences that could jeopardize America's resurgent oil and natural gas industry.

Canary is one of the largest private oilfield service companies in the United States with operations in every major shale basin. We serve our customers and the public by providing quality drilling and production services. To do that, we – like the majority of the U.S. oil and natural gas industry – rely on imported steel at our Shawnee, Oklahoma manufacturing facility and across our operations, including drilling and production of our wellheads, pressure control equipment, and specialty parts.

The proposed punitive tariffs would harm our business and slow or even reverse the expansion boom underway in America's energy sector. Drilling has picked up dramatically since the oil price crash of 2014, and output is at an all-time high. Canary and other oilfield service companies are finally starting to come back from a two-year downturn that drove many out of business. But our industry would absorb much of the increase in steel prices if tariffs are imposed. While oil prices have risen above \$60 a barrel, service companies still struggle because of the belt-tightening measures our customers have put on rates.

At Canary, we use as much domestically-produced raw materials as possible, but in many cases, there's not enough high-grade steel in the United States to meet demand. We spend more than \$10 million a year directly or indirectly on imported steel; tariffs will add \$2.5 million to our costs and result in us purchasing more finished products from abroad and doing less of manufacturing at our U.S. facilities. Higher costs for materials will also mean less revenue available to expand our activities and less money for wages and other employee benefits for our American workforce. While that may be music to the ears of the Keep it in the Ground crowd, it is counterproductive to your administration's policy of achieving energy dominance.

As an entrepreneur, I support efforts to create American jobs, but protectionist policies like the proposed tariffs could end up doing more harm than good. Instead, let's continue your plan for unleashing America's energy and robust economic growth by avoiding a damaging trade war.

Respectfully,

A handwritten signature in black ink that reads "Dan K. Eberhart".

Dan K. Eberhart
CEO of Canary, LLC