



**American  
Iron and Steel  
Institute**

**Steelgram**

**Immediate Attention Requested**

November 13, 2013

To: Members of the U.S. House of Representatives  
House staff assigned to steel and/or energy issues

**SUPPORT H.R. 2728 - THE PROTECTING STATES' RIGHTS TO  
PROMOTE AMERICAN ENERGY SECURITY ACT**

**Background**

Over the past few years, the increased production of natural gas from shale formations in the United States has brought about substantial benefits for the domestic steel industry. While the industry has reduced its energy intensity by 28% since 1990, steel-making remains an energy-intensive process. Energy typically amounts to 20% of the cost of making steel, and in 2012 our domestic industry consumed 304 billion cubic feet (bcf) of natural gas. The increased availability and affordability of domestic natural gas from shale formations has increased the international competitiveness of domestic steelmakers.

Expanded production of affordable natural gas is also providing markets for steel pipe and tube products that are essential to the production and transmission of oil and natural gas. The steel industry is also developing new options and technologies for the production of steel that maximize the use of natural gas. All told, the discovery and production of shale-based oil and natural gas is leading to significant investments, plant expansions, and job creation in manufacturing sectors across the U.S. economy, including in steel.

**Situation**

The Department of Interior has proposed the regulation of oil and natural gas from shale formations on Bureau of Land Management (BLM) lands. The rules would add federal BLM rules on hydraulic fracturing and horizontal drilling that many states currently regulate. These BLM regulations would be a one-size-fits-all approach from the federal government that will almost certainly hinder the economic and energy benefits we are seeing from shale oil and gas production. The end result could limit the potential for an American manufacturing renaissance.

**Request**

*H.R. 2728, the Protecting States' Rights to Promote American Energy Security Act*, introduced by Rep. Bill Flores (R-TX), would maintain state predominance in the regulation of shale oil and gas production. Many states in which shale oil and gas production is taking place have strong regulatory programs in place and others are updating existing regulations. H.R. 2728 would allow these state-based approaches, which are crafted to particular geologic specific conditions of the various shale formations, to continue. It would also permit the economic and energy benefits from domestic shale resources to continue to be realized. AISI urges all Representatives to support H.R. 2728 when it is considered by the House this month.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas J. Gibson".

Thomas J. Gibson  
President and CEO