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DEPARTMENT OF COMMERCE  
Foreign-Trade Zones Board  
[B-13-2020]

Foreign-Trade Zone (FTZ) 124 – Gramercy, Louisiana,  
Notification of Proposed Production Activity,  
Offshore Energy Services, Inc.  
(Line Pipe with Weld-On Housings and Connectors),  
Broussard, Louisiana

The Port of South Louisiana, grantee of FTZ 124, submitted a notification of proposed production activity to the FTZ Board on behalf of Offshore Energy Services, Inc. (Offshore Energy), located in Broussard, Louisiana. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on March 5, 2020.

Offshore Energy already has authority to produce API specification 5L line pipe with welded on pin and box connections within FTZ 124. The current request would add two finished products and three foreign status materials/components to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials/components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Offshore Energy from customs duty payments on the foreign-status materials/components used in export production. On its domestic sales, for the foreign-status materials/components noted below and in

the existing scope of authority, Offshore Energy would be able to choose the duty rates during customs entry procedures that apply to API specification 5L steel line pipe with steel weld-on high pressure wellhead housings and pin or box connectors, and to API specification 5L steel line pipe with steel weld-on low pressure wellhead housings and pin or box connectors (2.9%). Offshore Energy would be able to avoid duty on foreign-status components which become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The materials/components sourced from abroad include steel weld-on pin and box threaded connectors, steel weld-on high pressure wellhead housings, and steel weld-on low pressure wellhead housings, for use in oil and gas drilling operations (duty rate ranges from duty-free to 2.9%). The request indicates that certain materials/components are subject to special duties under Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41).

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: [ftz@trade.gov](mailto:ftz@trade.gov). The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection in the "Reading Room" section of the Board's website, which is accessible via [www.trade.gov/ftz](http://www.trade.gov/ftz).

For further information, contact Juanita Chen at [juanita.chen@trade.gov](mailto:juanita.chen@trade.gov) or 202-482-1378.

Dated: March 6, 2020.

Andrew McGilvray,  
Executive Secretary.

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