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One Supply Source for Syncrude

Tenaris, together with Comco Pipe and Supply, has simplified Syncrude's procurement process reducing the company's full cost of piping materials.

Syncrude Canada Ltd., the world largest producer of crude oil from oil sands, en route to production of 170 million barrels of Syncrude Sweet Blend (SSB) each year, is investing \$8 billion (CAD\$). Maintaining cost and quality controls for such large-scale investments program is essential for success. To this end, Syncrude chooses their suppliers very carefully and considers the full cost of procurement.

As part of their expansion program, Syncrude Upgrader Expansion 1 (UE1) represents 360,000 barrels per year. By selecting Comco Pipe and Supply and Tenaris, Syncrude has simplified the procurement process and thus reduced their full cost of piping materials.

Together, Comco and Tenaris are able to provide one transparent source of material with complete control over specification, production, pipe stencil, mill test reports, logistics, and invoicing. Syncrude receives Tenaris pipes from Comco representing several grades and a complete size range. To date this has included approximately 7,000 metric tons of pipes which range from 2" to 24" in A106-B, A333-6, 359, P9, P11 grades. Tenaris has coordinated production of this broad array of pipes for its AlgomaTubes (Canada), Siderca (Argentina), Tamsa (Mexico), Dalmine (Italy), and NKKTubes (Japan) mills.

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▼ *Syncrude receives Tenaris pipes representing several grades and a complete size range.*



Allan Rock, Canadian Minister of Industry, visits AlgomaTubes

On September 6, 2002, AlgomaTubes officials welcomed Minister Allan Rock. On the occasion, official announcements were made.



▲ *Allan Rock and Bryan Code, from AlgomaTubes.*

Escorted by several company officials, Allan Rock and Mr. Carmen Provenzano, Member of Parliament, toured Sault Ste. Marie's production facility. Jorge Mitre, AlgomaTubes Managing Director, expressed the company's commitment to the Canadian community by announcing an increase in its workforce by 40%, adding more than 100 new workers. The increase is a consequence of the consolidation of Tenaris activities at AlgomaTubes and further development of its operations in Canada.

During the visit, AlgomaTubes executives outlined the company's plan of innovation and continuous investments, including the development of new products and services for the Canadian market.

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Who is Who at Tenaris Canada



Lucas Pigliacampo, Technical Sales and Services Manager, TenarisNetwork.

Lucas has a mechanical aeronautical engineering degree and also earned a Master in Business Management. Lucas has been working in the Group since 1997. In 2000 Lucas integrated the Algoma Steel Tube Division *take over team* which took care of Algoma Tubes' start up. He was Manager of the Technology Department until January 2002.

"The Canadian market presents a very wide and interesting demand in terms of products and services, that makes it very attractive. Tenaris is totally committed to supply its Canadian customers with the best solution at the right time in the right place."



Masa Higuchi, Mill Metallurgist, AlgomaTubes Technology Department.

Masa is responsible of leading and organizing the product development program, as well as providing technical support to production, sales, and quality assurance.

Masa, Canadian citizen born in Japan, has a B.A.Sc. in Metals and Materials Engineering. He joined AlgomaTubes in the spring of 2001.

"We are continuously diversifying our product and size capability ranges to be able to meet our customers' growing and changing demands."



Jen Roch, AlgomaTubes Process Engineer.

Jen earned a degree in Materials Engineering and started working at AlgomaTubes right after graduation in May 2002 as a Process Engineer. She is from Sault Ste. Marie and is responsible for product design and technical procedures.

"I'm excited to be a part of such a large and expanding company that provides both the employees and the customers with great opportunities."



Rick Fremlin, AlgomaTubes Process Engineer.

Rick, Canadian from Sault Ste. Marie, holds a degree in mechanical engineering. He has previously worked as technician for Ford Motor Company cast aluminium research and development facility, and for TI Automotive Systems as project engineer. Rick works in product development, rolling technology.

"I believe team work will be our success because the achievements of an organization are the results of the combined effort of each individual. Achievement is largely the product of steadily raising one's levels of aspiration...and expectation."

The Power to Move Mountains

For the manufacture of hydraulic cylinders fitted to earthmoving machinery, Caterpillar uses custom-designed seamless tubes supplied by Dalmine, Tenaris Italian member company.

Since 1994, Tenaris, through Dalmine, has been supplying Caterpillar with tubes to be used in manufacturing hydraulic cylinders fitted to excavators. Right from the beginning, product specifications were defined in close cooperation with the customer. It was necessary to supply tubes cut to various lengths, according to the type of cylinder and machine to which it would be fitted.

Ernesto Del Col, Senior Buyer at Caterpillar's Belgium branch, underlines, "Our relationship with Tenaris is very good. We work in complete confidence, which is mutual and couldn't be otherwise, as Tenaris supplies tubes for the most critical components of our machines, where all their power is brought to bear."

Caterpillar is a world leader in constructing earthmoving machinery: founded 76 years ago, with its headquarters in Peoria,

Illinois, USA, it employs 65 thousand people around the world and has an annual sales volume equal to 25 billion dollars. The company has a network that covers the whole world: the central European office is located in Geneva, while production sites can be found in Belgium, France, Germany, Italy and England.

The principal plant outside of the USA is in Gosselies, Belgium, where 4 thousand people work. Wheel loaders, excavators, diesel engines, and hydraulic components such as cylinders, directional control valves and transmission axles are produced here. Tenaris has been able to streamline the customer's assembly process with pre-cut parts and just-in-time delivery.

AlgomaTubes is similarly developing product and cutting services to clients in Canada and the United States.

Technological Breakthrough: Introducing TenarisBlue

Tenaris has just announced the launching of a new premium connection for the OCTG market incorporating its new TenarisBlue technology.

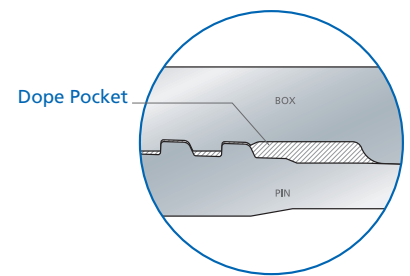
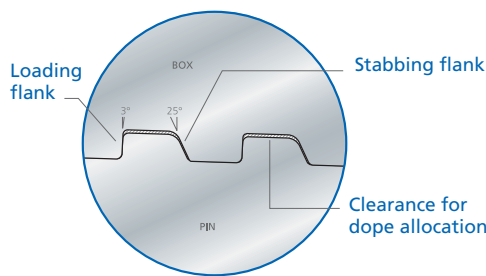
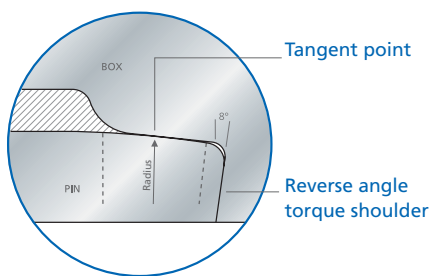
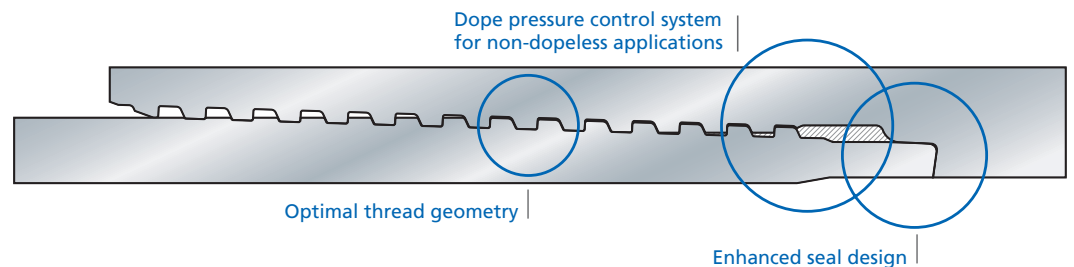
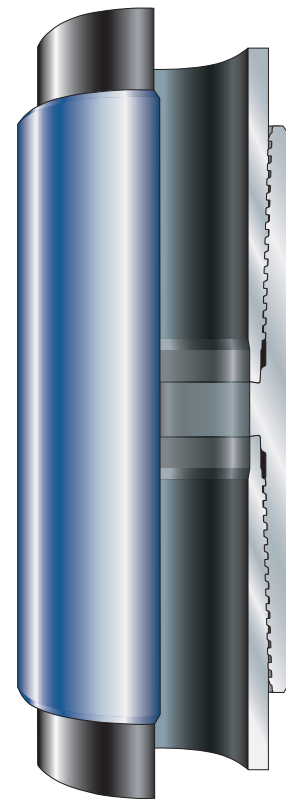
Tenaris introduces its new premium connection technology, carefully designed to provide its customers added value through enhanced all-round performance. TenarisBlue offers increased safety, lowered trouble time and reduced risk. A special feature is a breakthrough dopeless option for enhanced environmental protection.

The TenarisBlue premium connection has been designed for use in today's increasingly complex and environmentally sensitive oil and gas activities.

Jim Aivalis, Managing Director of TenarisConnections, com-

mented, "TenarisBlue, with its outstanding all-round capabilities, will set a new reference standard for premium connection technology and establish TenarisConnections as the primary source of premium connections for the OCTG market."

TenarisBlue will be manufactured at the Tenaris mills and supported by a worldwide network of licensed threading and repair shops with online access to all relevant technical drawings and specifications as well as handling and running services from Tenaris experienced team of field engineers.



TenarisBlue's main features include:

- Robust design with excellent structural behavior and gas sealability under combined loading conditions for reliability and safety in demanding conditions.
- Dopeless option for enhanced environmental protection and an effective dope pressure control system for use with conventional doping.
- Easy stabbing, fast make-up and reduced galling tendency for ease of use and reduced overall costs.
- Equal suitability for both carbon steel and CRA materials for improved versatility in well design programs.
- Availability in a wide range of tubing and casing sizes from 2-3/8" to 13-3/8".

Syncrude Considers Full Cost of Procurement

Maintaining cost and quality controls for major investments programs, essential for success.

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“When pipes are required for a project in such a diverse size and grade range, it is important to be able to turn to one source for scheduling and logistic information”, stated **Russ Strilchuk**, TenarisNetwork Line Pipe Sales Manager. “A separate yard for all of the inbound materials was set up by Comco which further simplified matters for Syncrude”, he added. “The business relationship has been very successful owing to Tenaris and Comco’s ability to utilize the unique capabilities to integrate the pipe Syncrude needed into a single supply source. This allows Syncrude personnel to concentrate on the other aspects of the project”, Mr. Strilchuk concluded.

The Athabasca Oil Sands Deposit is the source of Syncrude’s production. Their Mildred Lake and Aurora facilities are located in Alberta’s north, approximately 40Km north of Fort McMurray.



▲ *Dalmine Pipes arriving to Edmonton.*

Allan Rock at Sault Ste. Marie

AlgomaTubes engaged in long-term investment plan.



▲ *The Industry Minister at the Rolling Mill Control Room.*

In its largest recruiting drive since beginning production nearly two years ago, Canada’s only seamless pipe producer has brought aboard an additional 100 to 110 employees, the majority being unionized production and maintenance personnel.

“It’s part of the business plan,” said **Jorge Mitre**, adding, “these recent hirings will bring the company payroll to 326 employees. As a result of consolidation, and the further development of our operations, we intend to double production and we need more workers to meet that goal.”

AlgomaTubes, whose mill has annual production capacity of 250,000 tons, intends to increase production from 45,000 tons to 110,000 tons annually.

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They also highlighted that AlgomaTubes is engaged in a long-term investment plan aiming to maximize plant capacity, enlarge the product range, diversify the product range into the automotive and industrial sectors and provide tailor-made solutions for each and every Canadian customer. **Jorge Mitre** explains, “A clear example of AlgomaTubes’ use of innovation is the introduction of high value added products such as Premium Connections and Critical Sour Service Tubulars (TN80SS, TN 90SS, TN 95SS, TN 100SS and TN 110SS) designed to meet the most demanding drilling conditions including the Alberta Energy and Utilities Board new Industry Recommended Practices (IRP).”

One recent investment is a locally designed inspection and control unit (Ultrasonic Non Destructive Testing Inspection).

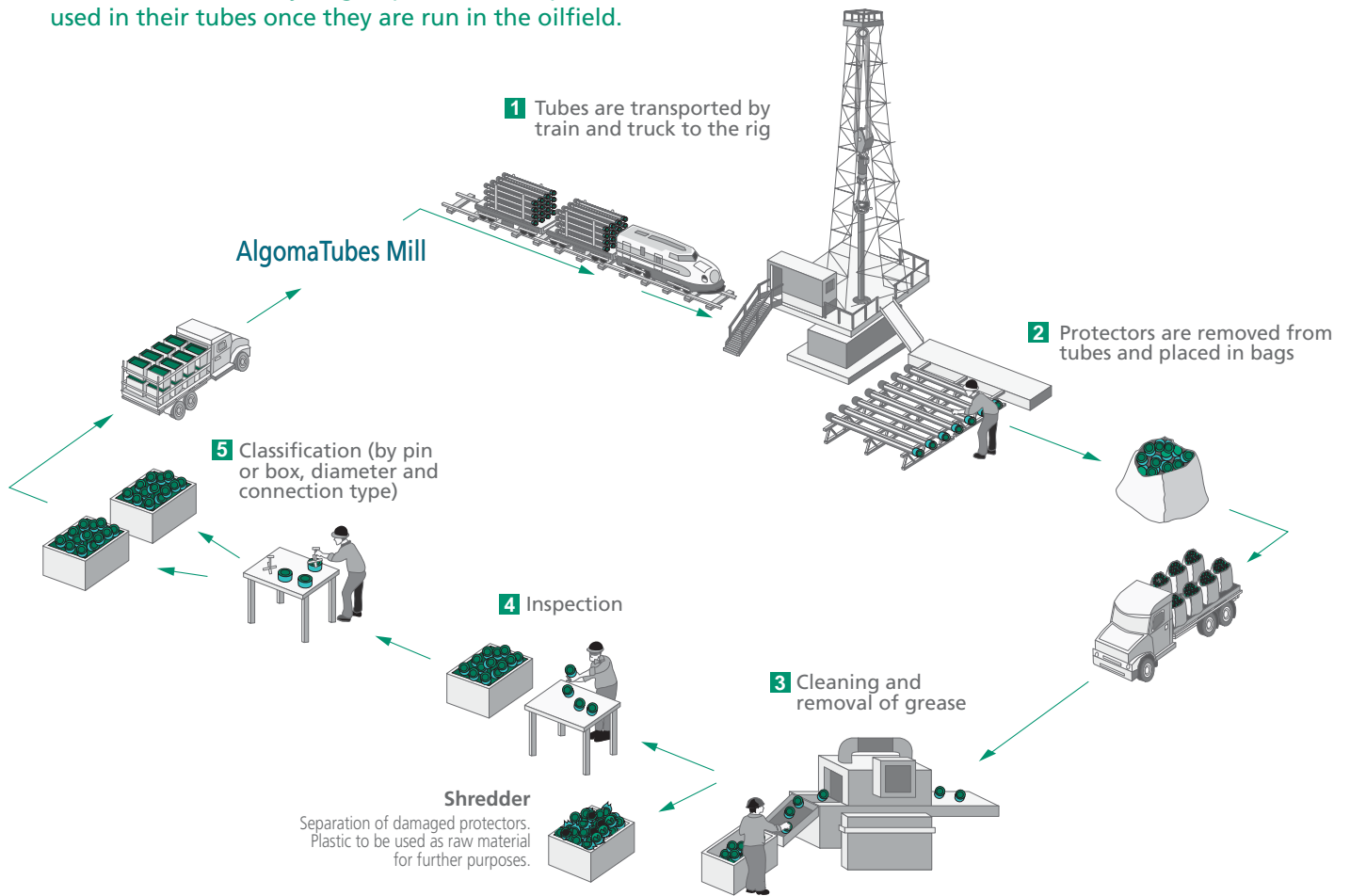
This equipment was developed jointly with a Canadian partner and later commercialized to an overseas Tenaris affiliate company.

Investments also include a comprehensive automation system linking all production processes, manufacturing machinery upgrades, and production line layout modifications. Future investments are planned to continue developing high technology solutions.

During the visit, the importance of the latest measures taken in defence of the Canadian domestic steel market were also discussed, and how such measures influence the development of a viable business environment necessary to sustain growth.

Environmentally Friendly Solutions: Recycling Thread Protectors

AlgomaTubes is in the same track already walked by the other Tenaris mills to help the oil & gas companies in their *zero landfill*: recycling of plastic thread protectors used in their tubes once they are run in the oilfield.



In association with F.I. Oilfield Services Canada, AlgomaTubes is bringing back to the plant in Sault Ste. Marie those thread protectors in good condition, to re-start the process and go with the new threaded pipe back to the oilfields in Western Canada.

F.I. Oilfield Services Canada through its subsidiary Pipe Protector Sales & Service (PPSS) based in Edmonton, has been active for the last ten years applying a process including traceability of the disposed waste material and recycling of plastic for the manufacture of plastic products.

“We found a perfect match to make this work. Our association with F.I. Canada provides real value to the oil patch”, says **Martin Pochtaruk**, AlgomaTubes Procurement and Logistics Manager, who also added, “recycled thread protectors are tested and guaranteed to be in compliance with the Exxon Testing and Performance Requirements for Oilfield Thread Protectors, EPR.37PR.84.”

Oil & Gas companies which have already supported the environmentally friendly solution for the recycling of used thread protectors:

- Anadarko Canada Corp.
- Apache Canada Ltd.
- BP Canada Energy Company
- Burlington Resources Canada Energy Ltd.
- Canadian Natural Resources Limited
- Chevron Canada Resources
- Conoco Canada Limited
- Devon Canada Corporation
- El Paso Oil & Gas Canada Inc.
- EnCana Corporation
- ExxonMobil Canada
- Hunt Oil Company of Canada Inc.
- Husky Energy Inc.
- Imperial Oil Resources Ltd.
- Marathon Canada Limited
- Murphy Oil Company Ltd.
- Nexen Inc.
- Petro-Canada
- Shell Canada Limited
- Suncor Energy Inc.
- Talisman Energy Inc.

With T91, Tenaris Completes its Product Line for the Power-generation Market

Through a consistent program of R&D and manufacturing upgrades, Tenaris can now supply T91 and T911 tubulars in virtually all sizes.

For years the manufacturing industry, research institutes, inspection bodies and universities have worked together on joint projects to develop new steel types with a high chrome content of 9 to 12 percent. Tenaris has actively participated in these projects, contributing to the development of steel grades T91/P91 and later E911, the European version of these alloys, that today is included in the new ASTM standards as T911. Of particular interest to the power-generation market are T91 and T911 tubular products.

T91 steel has an elevated creep resistance (100 Mpa at 600° C and 100,000 hours), good hot-workability for not only manufacturing tubes but also for component production, good weldability thanks to the medium-low carbon content present in the steel and good resistance to oxidation caused by steam and corrosion from melted salts. T91 is used in tubes for steam lines and headers, boiler tubes, tubes for water-wall panels, tubes for heat exchangers and oven tubes.

T911 is an improved version of T91, especially in its creep-resistance properties (100 Mpa at 620° C and 100,000 hours). The improvement has been gained principally by adding tungsten, which improves resistance to higher temperatures.

To produce the T91 and T911 materials in the sizes needed by the power-generation industry, Tenaris has invested \$2.3 million US dollars in a new heat-treating furnace at its Dalmine small size mill in Italy. The furnace, which went on-line at the beginning of September, can reach production temperatures of 2,012° F (1,100° C), guaranteeing not only superior metallurgical qualities but an excellent surface quality in keeping with the requirements for power-generation applications. It is a Nasseuher-type unit with a protective atmosphere and can be used for normalizing, tempering, annealing and stress-relief operations.

The First Mexican Fitting Manufacturer is Part of Tenaris

One year ago the transaction was closed: Tamsa, the Mexican member of Tenaris, acquired 100% of Empresas Riga. The purchase of the company implies a further reduction in the customers' supply chain. Tenaris fitting manufacturer was recently added to the Carbon Steel Butt Welded Fittings section of Dow Acceptable Manufacturers list. Shaw Fabrication initiated the request for Dow to consider Empresas Riga as an acceptable manufacturer. With this approval, Tenaris can supply the carbon steel butt welding fitting products to Dow through any of the Dow approved Suppliers or Contractors.

Roland Balkenende, Director of Tenaris Process and Power Plant Services, expresses, "This was a strategic move to expand Tenaris range of products and services for the petrochemical and power



▲ Tenaris contributes to the development of new steel types.

T23: Refining a concept

For quite some time, T22 tubing has been the product of choice for boiler tubes operating in the temperature range from 986° F to 1,022° F (530° C to 550° C). For higher temperatures, to 1,112° F (600° C), T91 has been widely used, with its 9% chromium content.

Now Tenaris has introduced T23, a new grade of tubing that takes its place between T22 and T91. This new entry to the market covers the temperature range from 1,022° F to 1,076° F (550° C to 580° C), costs less than T91 and is easier to weld. Due to the new tubing's low carbon content, joints welded in T23 have a relatively low toughness and do not require post-weld heat treatment. This property is particularly useful in boiler-wall construction, where tubes are placed in parallel, one next to the other and separated by spacers welded to the tubes, and in boilers in general, both in steam lines and collectors.

generation industries. Now we can easily provide a complete offer, because fittings are essential products in putting packages together." Tenaris fittings comprise bends, "T" connections and reductions. All of them are carbon steel, can be welded, and are manufactured through a hot forging process.

In this way, Tenaris enhances its range of products and services by offering its customers a full tubular solution package, including tubing as well as fittings. Tenaris has more control over the transactions and its customers deal with a single supplier. This is translated into reduced timing and costs. Riga (Tamsa Monterrey) manufacturing plant has an annual production of 18,000 tons and employs 220 people.

AlgomaTubes Stages at Major Canadian Trade Shows

The company was present at the Global Petroleum Show and the International Pipeline Conference.

AlgomaTubes stood out at the Global Petroleum Show, held in Calgary last June. Besides the booth at the exhibition, the company entertained approximately 200 customers in a kick-off party where over 65% of the wells drilled in Canada were represented.

Brad Lowe, AlgomaTubes Commercial Manager, and his commercial team fielded questions from over a thousand visitors to the Tenaris stand. According to Mr. Lowe, “presenting our products and services in this show gave customers the opportunity to see how Tenaris is meeting customers' needs both globally and locally.”

Tenaris Canada also participated at the fourth International Pipeline Conference and Exhibition held at the end of September, where a paper -*Development of seamless quenched and tempered line pipe steel grades for steam lines-*, based on the tailor-made line pipe product developed for Shell's Peace River project in Northern Alberta was presented.

Approximately 300 technical papers from over 30 countries were presented. The complementary exhibition brought together over 130 companies from the pipeline industry.



▲ Brad Lowe and Jorge Mitre, at the Global Petroleum Show



◀ Tenaris exhibition booth.

Tenaris Takes

Jim Aivalis, New Manager for TenarisConnections

Jim has been working in the drilling business for 21 years. Within the oilfield market he has worked in several areas that included various field and management assignments in areas such as Wireline Logging, MWD/LWD and Directional Drilling, Operations and Integrated Project Management, Engineering and Sales/Marketing. Jim holds an engineering degree and has developed his career with the oilfield services giant, Schlumberger.



▲ Jim Aivalis.

Tenaris Process and Power Plant Services: Ready to Perform

“The Process and Power Plant Services business unit is relatively new, having been created about the time we became Tenaris”, states Roland Balkenende, its Director. “The process and power industries are very particular”, he continues, while adding, “the core of our business is better defined as a *risk management and supply chain management*, rather than a purely product supply. We have created an organization that works better. This allows us to do more for our customers.” Mr. Balkenende concludes, “our TenarisNetwork office in Calgary has at its disposal a team and tools to efficiently manage the supply chain from inquiry to production and through to location including the support of our High Alloy P grade materials in Houston.”



▲ Roland Balkenende

Tenaris Commercial Director

Germán Curá, previously Tenaris Oilfield Services Director, is now Tenaris Commercial Director. “Since Tenaris launch over two years ago, we have strengthened our commitment to achieve a strong position in services. Our service proposal has two building blocks. One related to tube production and handling, and the other focused on the web-based service development. The key is people's commitment.”



▲ Germán Curá, New Tenaris Commercial Director.



Tenaris Gold Sponsorship of NOIA 25th Anniversary Celebration

A celebration of Canada's offshore industry was held in November in St. John's Newfoundland as Newfoundland's Ocean Industries Association marked their 25th anniversary.

East Coast offshore drilling is a significant source of oil and gas supply for Canada and is an important market for Tenaris premium grade and premium connection pipes over the last

several years. Through East Coast Tubulars, Exxon-Mobil, Hibernia, Husky, Petro-Canada, and Terra Nova have been important Tenaris clients.

Tenaris acted as a gold sponsor of the occasion and representatives of East Coast Tubulars, Hibernia, Husky, and Petro-Canada joined Tenaris in either the lunch or dinner events.



Christmas Donations

On behalf of all of their customers and other stakeholders, AlgomaTubes and Tenaris decided to make donations to charity rather than send Christmas cards this year.

Donations were made by AlgomaTubes to the United Way of Sault Ste. Marie and by TenarisNetwork to the Mustard Seed of Calgary.

National Hockey League Game

AlgomaTubes donated two tickets for the Toronto vs. Montreal National Hockey League Game in Toronto to IMT's Employee Association.

The draw winner was George Carter, in charge of the Store-room in the Axle Dept.

Four-Year Milestone

The first quarter of 2003 marks the four-year milestone of Tenaris operations in Western Canada with its distribution partners. Comco Pipe and Supply, Hallmark Tubulars Inc., Summit Tubulars Corporation, and Van Leewuen Pipe and Tube have been working closely with Tenaris to provide pipes and service to the company's valued customers. Over this period most of the pipes provided by these distributors

have been manufactured by Tenaris. Brad Lowe, Algoma-Tubes Commercial Manager, expressed, "We want to thank these companies and individuals for their significant contributions to our success."



Managing Director

Jorge Mitre
jmitre@tenaris.com
(705) 946 8134 tel
(705) 946 8154 fax

Commercial Manager

Brad Lowe
blowe@tenaris.com
(403) 514 2276 tel
(403) 290 0619 fax

OCTG Sales

Lorne Vaugeois
lvaugeois@tenaris.com
(403) 514 2289 tel
(403) 290 0619 fax

Line Pipe Sales

Russ Strilchuk
rstrilchuk@tenaris.com
(403) 514 2292 tel
(403) 290 0619 fax

Inside Sales

Angus Somerville
asomerville@tenaris.com
(403) 514 2283 tel
(403) 290 0619 fax

Mechanical and Automotive Sales

John Kearsy
jkearsey@tenaris.com
(403) 514 2282 tel
(403) 290 0619 fax

Product and Quality

Paul Young
pyoung@algotubes.ca
(705) 946 8151 tel
(705) 946 8154 fax

Technical Sales

Lucas Pigliacampo
lpigliacampo@tenaris.com
(403) 514 2291 tel
(403) 290 0619 fax

www.tenaris.com

547 Wallace Terrace, Sault Ste. Marie, Ontario, Canada

Tenaris Marketing Communications info@tenaris.com