

March 12, 2020

The Honorable Larry Kudlow
Director, National Economic Council
1650 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Kudlow:

On behalf of the over 400 members of the National Stone, Sand & Gravel Association (NSSGA) and its Industrial Sand Division, we are writing to express our strong support for frack sand and the companies that produce it be included in Administration or legislative action to provide relief to the U.S. shale oil industry.

NSSGA is the leading voice and advocate for the aggregates industry, with member companies representing more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. Our members are responsible for the essential raw materials found in every home, building, road, bridge and public works project, employing over 100,000 working men and women. The Industrial Sand Division represents industrial sand producers that mine, process and sell industrial sand, including frack sand.

We would like to thank President Trump and the Trump Administration for considering relief to the shale oil industry. As you know, shale oil has been a great success in the U.S. under the Trump Administration. U.S. oil production in 2019 set a record and exceeded 12 million barrels per day by the end of the year. Texas, New Mexico, Colorado and North Dakota set new records for oil production in 2019. The record setting oil production was driven largely by shale oil. Shale oil has allowed the U.S. to achieve energy independence and become an exporter of oil. The development of shale oil has led to thousands of good paying American jobs across the country that are directly or indirectly in the oil and gas industry. The success of U.S. shale oil is the envy of the world; unfortunately, some countries have responded by an attack on it.

Frack sand and the companies that produce it are an indispensable part of the shale oil industry. As you know, shale oil is extracted through horizontal wells drilled thousands of feet into oil-bearing shale formations. The oil-bearing shale is then fractured, and the fractures in the shale are kept open with “proppants”, which are almost always frack sand. U.S. shale oil production could not exist without frack sand and the companies that produce it.

Sand mining and processing facilities are concentrated in Wisconsin and Texas, and to a lesser extent Illinois, Minnesota and Oklahoma. These companies not only employ thousands of people in good paying jobs, they are an integral part of their communities. The positive economic impact of frack sand operations are multiplied by supporting the local and national business community.

The impact of the attack on U.S. shale oil will hurt U.S. frack sand producers along with oil and gas producers. We have already seen the impact of the attack in various financial metrics as shale oil companies announced reduction in their drilling budgets. We expect to see a contraction in

economic activity among the companies that produce frack sand through not only employee layoffs, but also other spending cutbacks are expected if the current foreign price war continues.

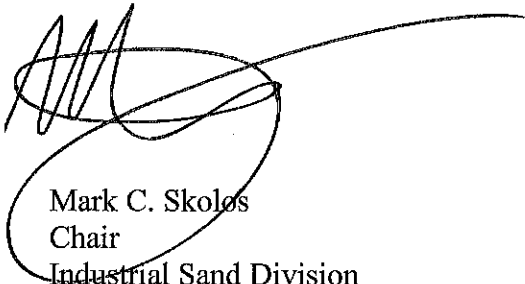
The sand companies want to compete in a fair marketplace. However, we are now confronted with actions by foreign governments to destroy U.S. shale oil which is not a fair fight. We are an integral part of U.S. shale oil – it cannot be produced without us – and our industry is being dramatically impacted by these foreign actions. Therefore, we request that frack sand and its producer companies be included in shale oil relief.

We appreciate your consideration of our views and stand ready to provide further information to assist you as you seek to protect U.S. industries and workers.

Sincerely,



Michael W. Johnson
President and CEO
National Stone, Sand & Gravel Association



Mark C. Skolos
Chair
Industrial Sand Division
National Stone, Sand & Gravel Association