

BEFORE THE COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEE ON ENERGY AND POWER

HEARING ON “H.R. 3, THE NORTHERN ROUTE APPROVAL ACT.”

APRIL 10, TH 2013

TESTIMONY OF KEITH F. STELTER, CO-OWNER OF DELTA INDUSTRIAL  
VALVES, INC.

**SUMMARY OF TESTIMONY**

- BRIEF BACKGROUND OF MYSELF AND MY COMPANY
- HISTORY AND CURRENT STATUS OF CANADIAN OIL SANDS  
PROJECTS
- IMPACT OF KEYSTONE XL PIPELINE DELAYS ON US AND CANADIAN  
COMPANIES
- CHINA’S INCREASING INVOLVEMENT IN CANADIAN NATURAL  
RESOURCE PRODUCTION
- PERSONAL OPINIONS AND REQUESTS

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VALVES, INC.

Good Morning,

My name is Keith Stelter, and I am the president and co-owner of Delta Industrial Valves, Incorporated, located in Niles, Michigan.

We are an American manufacturer of industrial valves, with a focus on producing the highest quality, AMERICAN MADE valves from AMERICAN parts and components.

I have been with the company basically from its start in the mid-1980's. I was initially hired as a salesman, and after about a year was promoted to general manager, then President about a year after that.

I have served the company in that capacity since then, and was blessed (along with my business partner Mr. Mark Johnson) to have the opportunity to purchase the company in 2003.

Prior to my coming to Delta Industrial, I worked for several companies in technical sales and engineering.

I grew up on a small, family farm in Baroda, Michigan, where I was taught to work hard, and to take advantage of every opportunity to learn and better myself through honest effort.

Delta Industrial Valves, has also been very blessed in that we have been able to grow and prosper for the past ten years through careful, controlled expansion of our sales throughout the world. A significant amount of this growth has occurred in the oil sands producing area of Western Canada, where the high quality of Delta Industrial Valve's products are both needed and appreciated by the valve users there.

Not only has this increased business helped Delta Industrial Valves, directly, but because of our growth we have also been able to increase our purchases of goods and services with other companies in our area (which has been seen a substantial decline in manufacturing and jobs in general). Companies from large corporations like Parker Hannifin down to small, two or three man shops in our town have seen their orders with us double or triple in the past few years because of our increased business in the Canadian oil sands.

The specific reason for my testimony this morning is my concern regarding the continued delay in building the Keystone XL pipeline from Western Canada to the US. I have been making regular business trips to Western Canada since the early 1990's. I have seen the oil producing companies there go from a group of "crazy" speculators whose cost of production for a barrel of oil was four or five times the production cost of OPEC, to being

the world's low cost producer of crude oil, with all of the "major players" in the oil business now involved.

Up until a few years ago these oil companies were growing at a tremendous rate, with large, billion-dollar projects taking place as quickly as logistically possible given the limited access to manpower and materials (such as valves) in the Alberta area.

But when the US Government failed to move forward with the Keystone XL pipeline many of the large projects were put on hold or cancelled. MANY US companies were hurt by this, including Delta Industrial. We had just moved from our 25,000 square foot manufacturing facility to a "new" 90,000 square foot plant, and had begun to fill it with additional equipment, and more importantly, the WORKERS to operate that equipment. We were lucky in that both Mr. Johnson and myself are very conservative financially, and had managed to purchase the larger facility and equipment without incurring any additional debt. Many other companies who supply the oil sands with goods and services were not as fortunate and had to either lay off workers or close entirely because of the projects that were cancelled or delayed due to the US not moving forward with the Keystone XL pipeline.

Delta Industrial was also blessed that we were able to find new business in other parts of the world where we had not been selling our valves previously and therefore didn't have to lay off any workers or scale back on production.

Although Delta Industrial Valves are not actually used IN oil pipelines, our valves are used extensively in the facilities on both ends of the pipelines. So the completion of the Keystone XL pipeline is very important to us and MANY MANY other American companies! If the Keystone XL pipeline can be built, I would see my company probably

doubling in size over the next ten years because of the oil sands projects that were cancelled or put “on hold” being brought to life again.

But the bigger picture that needs to be realized and understood by the current administration and congress is that because of what the Canadians perceive as the US “thumbing their nose” at Canada, Canada has allowed PetroChina to become more and more involved in the oil sands. I have included new articles that detail PetroChina’s increased foothold in the Alberta oil sands. As the US continues to delay the Keystone XL pipeline, the Canadians feel both justified and obligated to allow PetroChina to invest more and more, to the point where PetroChina now fully owns several oil producers in the Alberta area, in addition to making very significant investments in natural gas producing operations in Canada as well.

This is (or should be) VERY concerning to the US government, the current administration, and also the US population in general! Especially since this is an alarming trend that started a decade or so ago with the Chinese purchase of several large mining operations in Canada that produce a significant amount of the world’s natural resources such as Copper and Nickel.

Everyone knows that China has money to spend, and the US has a hard enough time competing with them for things like minerals and oil that are VITAL to our national security and economy, without HELPING them by insulting our Canadian neighbors....

Because of the perceived American attitude regarding the Keystone XL pipeline, several plans are currently moving forward for updated and new pipelines across Western Canada, so that the oil sands crude can be moved to Vancouver for transport via tanker ship to China.

Although I understand the environmentalist's concerns regarding the Keystone XL pipeline, I'm sure that data would show that both the number and severity of environmental issues involving crude oil are much higher for oil that is transported via tanker trucks, tanker rail cars, and tanker ships than oil that is transported via pipeline. I'm frankly amazed that the Canadian people would allow the Vancouver harbor to be used for oil loading and transport due to its beautiful and somewhat "pristine" nature. So it seems like a very logical decision to complete the Keystone XL pipeline for economic, national security, AND "big picture" environmental reasons.

Both Delta Industrial and also me personally feel that the entire world needs to concentrate on new technologies that will eventually move away from our dependency on crude oil. But unfortunately that technology just doesn't exist right now. Things like hybrid cars are getting better, but are still not practical for many people in the US. Especially in Northern climates. And when things like corn or soybeans are used in place of petroleum for plastic production, some data appears to show that MORE oil is used to produce the corn or beans than is saved.

We have learned that "legislating away" things like incandescent light bulbs without first having practical new technology available to replace it just doesn't work.

So until new, legitimate, cost effective technologies are discovered, crude oil will continue to be high in demand not only in America, but all over the world.

I believe that I speak not only for myself and my company, but also for thousands and thousands of other US companies, along with millions of Americans who struggle with the double edged sword of disappearing manufacturing jobs and ever higher oil prices.

Personally I blame the current administration for many of these problems, especially the delay in moving forward with the Keystone XL pipeline. But I also realize that there is plenty of blame to go around.

So in closing I would like to thank the committee and especially Mr. Upton for this opportunity to testify, and humbly ask that the committee do whatever possible to facilitate the Keystone XL pipeline for the good of the American people.