

Oregon Steel to lift output of large pipe

By FRANK HAFLICH

LOS ANGELES—Oregon Steel Mills Inc. expects to increase its output of large-diameter pipe by at least 50 percent next year to 150,000 tons.

Thomas B. Boklund, president of the Portland, Ore., carbon and alloy plate producer, also said in a telephone interview that Oregon Steel's new Fontana, Calif., mill is due to start production in mid-November at a rate of 150,000 to 200,000 tons per year.

Oregon Steel also announced that its double-submerged-arc pipe facility, Napa Pipe Corp. in Napa, Calif., has begun shipments on a previously contracted, 33,000-ton order for 30-inch gas transmission pipe to Texas and Oklahoma sites of Natural Gas Pipeline Co. of America, a subsidiary of Midcon Corp.

Last month Oregon Steel agreed to buy the idle Fontana plate mill of California Steel Industries that, like the Napa large-diameter pipe mill, originally was built for the old Kaiser Steel Corp. Boklund said this week that while the deal had not closed yet and he could not predict a date for consummation, Oregon Steel was "confident" enough about the deal going through that its people already were in Fontana recommissioning the reheat furnace and undertaking other aspects of bringing the plate mill back on line.

He did not disclose the cost of restarting the mill, which California Steel shut down in 1987.

Boklund indicated that the Fontana plate mill would produce almost exclusively skelp for the Napa pipe facility and roll only a limited amount of plate for outside trade customers. Output will be at an annual rate of 150,000 to 200,000 tons, depending on the width of the trade products.

Noting that there appeared to be "quite a bit of activity" in new transmission pipelines, Boklund indicated that if Napa Pipe was successful in its bidding the company's pipe production could exceed 150,000 tons in 1990 compared with a projected 100,000 tons this year.

The slabs for the Fontana mill will come from domestic and foreign sources as well as from Oregon Steel's own Portland plant. Observers here said that Mexico was a natural source for slabs, and Boklund noted that Oregon Steel had purchased 15,000 tons of "excellent quality" slabs from that country this year, some of it pipe grades. But he pointed out that the primary supplier, Sierca of Mexico, was currently on strike.