



NGD Pipe Customer Update #3

Effective
May 5, 2021

On April 20, Dura-Line announced a pause in the shipping and sale of small diameter natural gas distribution (NGD) polyethylene pipe (specifically, NGD pipe of $\frac{1}{2}$, $\frac{3}{4}$, 1, $1\frac{1}{4}$, and $1\frac{1}{2}$ inch diameter).

As described in our previous updates, we identified some small diameter pipe with short, localized segments that had wall thicknesses below specification. Based on our analysis to date, this appears to be an issue impacting only a portion of our small diameter NGD pipe. At this time, we are not able to specify which pipe was affected (e.g., by batch number or production date), but we are analyzing this question and will provide additional information as soon as possible.

This issue is not related to the resin used to manufacture pipes, and it may impact both our MDPE and HDPE small diameter NGD pipes. We have not observed the issue in larger diameter NGD pipe. This issue also does not affect our conduit products.

We have had no reports of any failures associated with this issue. Based on our testing and analysis to date, we continue to believe it is highly unlikely that the affected pipes pose a risk of a near-term performance issue. We will notify customers immediately if that assessment changes.

We are continuing to conduct testing and analysis regarding (i) the cause of the inconsistent wall thickness issues, (ii) the population of affected pipe, (iii) the impact on performance of the pipe over its expected useful life, and (iv) whether to recall or de-rate some portion of our previously-shipped small diameter NGD pipe.

We are continuing our work to restart production and shipping of small diameter NGD pipe as quickly as possible and currently expect that it will take another 1-2 weeks (although it may take longer and will take additional time to return to a normal pace of shipments). We are committed to providing top-quality products to our customers and as we restart production we will be taking enhanced steps to confirm consistent pipe wall thickness throughout the length of each pipe.

In the meantime, please continue to quarantine any pipe in your inventory in the sizes noted above or return it to Dura-Line, and please pass our communications to your customers. If you have additional questions, you may contact your NGD sales representative or send your questions to: NGD@duraline.com.