

Mexico Blast a Blow to Pemex's Improving Safety

MARK STEVENSON, Associated Press



MEXICO CITY (AP) — An enormous blast that killed 30 workers at a pipeline facility in northern Mexico was a big setback for the state-owned oil company, which up to this year had been reporting strides in its safety record at once accident-prone plants.

Petroleos Mexicanos and prosecutors were still combing the burned-out rubble and twisted wreckage Thursday at the pipeline metering center near Reynosa, across the border from McAllen, Texas. But it was already clear Tuesday's blast and fire marked a serious reversal in what Pemex has said was a declining accident rate.

The death of 30 workers in one accident was the largest-single toll in at least a decade for the company.

Only about one-sixth of those killed and half the 46 injured were Pemex employees. The rest worked for a half-dozen private companies doing operational and maintenance work at the station, which is next door to a larger and more flammable natural gas-processing plant.

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Some analysts pointed to Pemex's huge reliance on subcontractors as a possible contributing factor to the disaster, while others defended the outsourcing.

Pemex figures say contractors are slightly less prone to be involved in accidents than the company's own staff.

Carlos Ramirez, an analyst at the Eurasia Group who formerly worked at Pemex, disagreed.

"My experience was always that contractors were lagging behind overall Pemex procedures. It was always a challenge to get them up to speed," he said.

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Pemex officials have said that an accidental leak appears to have caused the fire and that there were no signs so far of sabotage.

Executives said a valve apparently failed as workers performed routine testing where pipelines from gas wells in the Burgos basin converge near the border with Texas. The plant distributes the gas into a processing plant next door that produces fuel for domestic use.

Large gaps remain in what is known about the events that led up to the Reynosa explosion, including exactly what the contractors were doing at the facility, said George Baker, a Houston, Texas-based industry analyst who runs an energy newsletter focused on Mexico.

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"Blaming contractors is an easy out for any company," Baker said, noting that such accusations frequently mark disasters like the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.



Pemex had been reducing accidents in the 2000s, following a series of incidents in the 1980s and 1990s, according to company figures. The number of accidents per million hours worked dropped by more than half, from 1.06 in 2005 to 0.42 in 2010. That is in line with the international average of about 0.43 per million, according to the U.K.-based International Association of Oil and Gas Producers, which does not independently verify company numbers.

But Pemex acknowledged in a report that starting in late 2011, a series of smaller blasts and fires, mainly at refineries and petrochemical plants, had "seriously impacted" its safety rate. It said the rate of injuries per million hours had risen to 0.54. No figures are available yet for 2012.

Pemex "doesn't have a bad safety record, or they haven't had until recently," said

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David Shields, an energy analyst based in Mexico City.

The company has been under steady pressure to open its operations to outside firms, either through contractors or near-concessions known as "multiple services contracts," because government investment money has become scarcer and demand is growing for duties that can be performed better or cheaper by non-Pemex workers.

A large number of sub-contracted workers were also involved in Pemex's last big accident in 2007, when a sudden storm hit an offshore oil rig, killing 22 workers. Three-quarters of them were employed by outside contractors. Poor emergency training was faulted as one of the main causes of those deaths.

Pemex arranged for an outside investigation, which concluded the company should have had better procedures for anchoring platforms and better weather monitoring systems.

Pemex has suffered other enormous accidents, such as a fireball from an illegally tapped pipeline in the central state of Puebla in 2010 that killed 28 civilians, including 13 children. But that and other disasters were not at company facilities and the accidents were caused by illegal acts, such as thieves drilling risky taps into fuel pipelines.

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