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Explosion at Storage Site Again Brings Attention to Poor PEMEX Safety Record

by LADB Staff

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An explosion at an oil storage facility in Mexico state in early November has again raised serious questions about inadequate safety practices by the state-run oil company PEMEX and the poor condition of many of its facilities. The explosion occurred at the San Juan Ixhuatepec complex just north of Mexico City as PEMEX workers were repairing a valve in a tank containing about 80,000 barrels of gasoline. In testimony before the Chamber of Deputies a week after the incident, PEMEX director Adrian Lajous Vargas confirmed that the explosion and ensuing fire was caused by a valve rupture, which occurred while workers were installing equipment. Lajous estimated the damage from the blast, which resulted in the loss of more than 4.2 million gallons of gasoline, at about 40 million pesos (US\$5.1 million). The incident killed at least three PEMEX workers and one firefighter and injured several other persons.

The San Juan Ixhuatepec complex, also known as San Juanico, is one of four PEMEX facilities near the Mexico City metropolitan area. The complex is located near a populated area, which forced authorities to evacuate residents for several hours after the explosion. Lajous, who was summoned to speak before the Mexican Congress after the explosion, accepted responsibility as head of PEMEX. This admission of accountability, however, has not been sufficient for some legislators, who asked Lajous to immediately resign. "I ask that PEMEX director Adrian Lajous resign his position and that authorities launch an investigation to punish with jail sentences those directly responsible for this tragedy," said Sen. Felix Salgado Macedonio, a member of the opposition Democratic Revolution Party (PRD).

Lajous rejected Sen. Salgado's demand, saying he would only resign if this would "help improve the operating efficiency of PEMEX." Members of the Chamber of Deputies and the Senate also demanded that PEMEX relocate the San Juan Ixhuatepec complex and the three similar complexes located near the metropolitan area to areas away from the centers of population. The three other sites are Anil, Barranca del Muerto, and the former 18 de Marzo refinery. According to Mexico's principal private environmental organization (Movimiento Ecologia Mexicano, MEM), an estimated 3,000 small and medium-sized fuel-storage tanks that are located around the city could also pose a danger for many neighborhoods in Mexico City and neighboring Mexico state.

Some legislators pointed out the latest blast was the fourth such incident at San Juan Ixhuatepec in 12 years. The most damaging incident occurred in November 1984, when several liquid-gas tanks ignited, damaging an entire neighborhood and killing 500 persons. As a result, PEMEX was forced to pay the equivalent of US\$4 million in compensation to 2,100 individuals who either lost property, suffered injuries, or lost a family member. In addition, Mexico state authorities paid an estimated US \$3.7 million to rebuild the community of San Juan Ixhuatepec.

At a recent debate in the Senate, Sen. Luis H. Alvarez, who chairs the environment committee (Comision de Ecologia y Medio Ambiente), said the San Juan Ixhuatepec plant should have been relocated after the 1984 accident. Alvarez is a member of the opposition National Action Party (PAN). While the damage from the most recent explosion was not as extensive as the one in 1984, the incident has led residents of San Juan Ixhuatepec to form a special lobby group to seek the relocation of the facility. The group the Union Popular de San Juanico has announced plans to hold a massive demonstration in front of the PEMEX plant on Nov. 19, the 12th anniversary of the 1984 explosion.

Meanwhile, President Ernesto Zedillo, who learned of the explosion while on a trip to South America, has pledged to study the request that the plant be relocated. Speaking to reporters in Buenos Aires, Zedillo said the plant should be relocated unless there is "practically zero" risk of further deadly accidents at the site. "These types of installations are established in isolated places, but urban growth has brought groups of people to within worrisome proximity," the president said during his visit to Buenos Aires. However, Zedillo's statement apparently contradicted earlier comments by PEMEX director Lajous, who said the cost of relocating the PEMEX plants would be prohibitive.

Lajous said PEMEX feasibility studies showed the relocation of the four plants could cost at least 1 billion pesos (US\$126 million). Some Mexico City officials, such as Mayor Oscar Espinosa Villarreal, have expressed opposition to the relocation of the plant. Villarreal told reporters the current location of the San Juan Ixhuatepec plant allows PEMEX to distribute gasoline, diesel, and other fuel to Mexico City on a timely basis. Furthermore, Espinosa, Lajous, and other officials suggest the closure of the San Juan Ixhuatepec plant would force PEMEX to use other means to supply Mexico City, including 850 tanker trucks. "The impact that would have in exposing the city's population to risk, in the effect on the environment and traffic, plus possible highway accidents, would no doubt be large," said Lajous.

In addition to the actual location of the plants, environmentalists and legislators have questioned whether accidents such as the one at San Juan Ixhuatepec could have been prevented if PEMEX had followed more stringent safety practices. During his testimony before the Chamber of Deputies, Lajous acknowledged that the company's safety record was less than ideal and he admitted that the faulty valve that caused the accident failed to meet specifications. "We profoundly regret the accidents that have occurred in recent months and we plan to dedicate...our time to completely overhauling the design and administration of Pemex's safety infrastructure," Lajous told the legislators.

For his part, Carlos Romero Deschamps, head of the petroleum workers union (Sindicato de Trabajadores Petroleros de la Republica Mexicana, STPRM), acknowledged that inexperienced personnel have been allowed to manage many PEMEX plants around the country. Romero Deschamps said PEMEX is to blame for this situation. "At PEMEX, there are too many generals and too few soldiers," said Romero Deschamps. "And the generals do not know what needs to be done." Lajous said he has created a special commission that will be devoted solely to studying safety concerns at PEMEX production plants. "These events constitute a wake-up call and demand an open and rigorous investigation into the condition of our installations and of the security measures applied to their operation," Lajous acknowledged.

At the same time, Lajous said no industrial plant anywhere in the world can be immune to accidents, as evidenced by the explosion at a Texaco plant in California on the same day as the blast at San Juan de Ixhuatepec. "While this doesn't mean Pemex should not make a concerted safety effort, it does demonstrate the volatile nature of the industry," said Lajous. Nevertheless, PEMEX has, over the years, faced charges of negligence in its storage sites, refineries, pipelines, and other facilities. The most serious incident occurred in April 1992, when a PEMEX pipeline leaked into the sewer system in Guadalajara, causing a series of explosions over a 12-hour period. The explosions destroyed several city blocks and killed 200 persons (see SourceMex, 05/06/92 and 05/20/92).

PEMEX suffered another highly publicized accident in July 1996, when an explosion destroyed two processing facilities at the Cactus refinery near Reforma, Chiapas state. The accident caused as much as US\$300 million in damage, killing seven workers and injuring several others (see SourceMex, 08/07/96). Coincidentally, a few days before the explosion at San Juan Ixhuatepec, PEMEX released the final report on the damage caused by the explosion at the Cactus facility. According to Marcos Ramirez, director of PEMEX subsidiary Pemex Gas y Exploracion, investigations conducted by engineering experts suggest the accident at the Cactus plant was caused either by human error in a control room or a faulty suction valve.

Also, in 1995, a serious explosion occurred at a PEMEX facility in Platano and Cacao, Tabasco state. Critics contend that PEMEX's problems are caused by a lack of funding to modernize the company's refinery and storage facilities and improve safety. At the same time, in a recent statement following the San Juan Ixhuatepec explosion, the Senate coordinators of the PAN and PRD accused PEMEX of being "more interested in obtaining a profit from Mexico's natural resources than devoting any attention to plant maintenance and worker safety."

According to petroleum-industry observers, the question of inadequate expenditures for maintenance and upgrade has been a major problem for PEMEX at least since the beginning of former president Miguel de la Madrid's term (1982-1988). In an interview with the international oil-industry publication *Petroleum Argus*, Silvia Whizar of the industry watchdog Oil Watch Mexico said PEMEX's budget for safety and maintenance is less than one-third the amount recommended internationally. "There are leaks at Pemex plants around the country every day," said Whizar in the interview, which was reprinted by the Mexico City English-language daily *The News*. "Obviously there is a severe maintenance problem throughout the whole Pemex system. Accidents involving Pemex facilities occur much more frequently and are more severe than those involving similar businesses in other countries."

Similarly, in an article published in May 1992, the weekly magazine *Proceso* noted that PEMEX capital investment between 1981 and 1987 dropped by 85% (see SourceMex, 05/20/92). The article said most of PEMEX's investment during that period was channeled to export activities, while domestic infrastructure has been largely neglected. Furthermore, the *Proceso* article said an increasing number of accidents at PEMEX facilities were caused by faulty equipment. According to the report, PEMEX employees inspected only 60% of the company's domestic-distribution pipelines during 1991. Furthermore, a mere 20% of the total pipelines inspected were found to be free of corrosion. For his part, Lajous denied that the PEMEX accidents were related to the company's budget. He noted that one-fourth the budget of the PEMEX subsidiary Pemex-Refinacion, or roughly 4 billion pesos (US\$507 million), is devoted toward upkeep of existing plants.

On the other hand, Lajous acknowledged that recent accidents may force the Zedillo administration to re-examine its current maintenance expenditures for PEMEX to determine areas where increased funding could improve safety. In addition to the safety, the explosions and accidents of PEMEX facilities have served to highlight the company's relatively poor environmental record. According to the environmental organization MEM, the recent explosion at the San Juan Ixhuatepec plant at least doubled the emission of harmful substances such as carbon dioxide, sulfur, and lead in the air over Mexico City. The explosion burned about 30 million liters of gasoline, adding to the 18 million liters that are burned on a given day by motor vehicles. Cristina Alcalaya, who chairs the environmental committee (Comision Ambiental) of the Mexico City legislative assembly (Asamblea de Representantes del Distrito Federal, ARDF), said that even though the pollution problems did not initially appear as severe, the problem could worsen over a period of several days.

PEMEX's relatively poor environmental performance has been recorded by several other federal agencies. For example, just two weeks before the San Juan Ixhuatepec explosion, the government's national environmental institute (Instituto Nacional de Ecologia, INE) issued a report suggesting that roughly one-third of the pollution problems in Mexico are caused by PEMEX and the facilities under the auspices of the federal electricity commission (Comision Federal de Electricidad). Similarly, a recent report released by the Environment, Natural Resources, and Fisheries Secretariat (SEMARNAP) said environmental protection has not been a priority for PEMEX, which, in turn, has caused health hazards in different parts of the country and caused significant damage to many local industries. The SEMARNAP report commissioned by the Chamber of Deputies said damage caused by various forms of PEMEX contamination would cost the federal government at least 5 billion pesos (US\$635 million).

The report said PEMEX is only now beginning to correct some environmental deficiencies, but has lagged in efforts to clean up past contamination problems. Additionally, the report issued an indicting report of the impact of PEMEX facilities on local communities. Rather than creating economic development in states such as Veracruz, Chiapas, and Tabasco, some PEMEX plants have actually caused harm to local economic activities.

As an example, the SEMARNAP said PEMEX drilling activities have contaminated the water in both the Gulf of Mexico and the Pacific Ocean. This water pollution, in turn, has greatly hurt the fisheries and agricultural industries, thus depriving many persons of their livelihood. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Nov. 20, reported at 7.88 pesos per US\$1.00] (Sources: Agence France-Press, 10/31/96; El Universal, 10/03/96, 11/12/96, 11/13/96; Reuter, 11/12/96, 11/13/96; El Economista, 11/07/96, 11/13/96, 11/14/96, 11/15/96; Novedades, 11/07/96, 11/13/96, 11/14/96, 11/15/96; La Jornada, 11/07/96, 11/12/96, 11/13/96, 11/14/96; The News, 11/13/96, 11/14/96, 11/15/96; Associated Press, 11/12/96, 11/19/96; Spanish news service EFE, United Press International, 11/19/96)

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