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PEMEX Continues to Suffer Large Financial Losses Because of Fuel Theft from Pipelines

by Carlos Navarro

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Fuel theft remains a major problem for the state-run oil company PEMEX even though the federal government has greatly increased security and taken extreme precautions to protect the country's network of pipelines in the past 10 years ([SourceMex, March 10, 2004](#)). The practice, known as *ordeña* (milking) pipelines, has expanded in the past decade because of strong demand for the stolen fuel on the black market, where it sells for about half the official price.

A report in the daily newspaper *El Universal* said the state-run oil company lost the equivalent of about 19 billion pesos (US\$1.25 billion) to fuel theft in 2014. The pilfering contributed to overall losses of 263 billion pesos (US\$17.3 billion) for the company in 2014. Other factors included a sharp drop in the price of oil and the dollar-peso currency exchange, which made Mexican exports cheaper.

The practice has prevailed for close to 15 years, with nearly 11,900 illegal taps discovered between 2000 and 2014. The number of cases increased from 132 in 2001 to 3,348 in 2014, said the newspaper, citing statistics obtained from PEMEX via Mexico's federal freedom of information law.

The thefts have occurred almost anywhere in PEMEX's vast network of pipelines, but most incidents have been reported in 36 municipalities in 13 states—Tamaulipas, Sinaloa, Tabasco, Veracruz, Jalisco, Baja California, Querétaro, Nuevo León, Coahuila, Guanajuato, Sonora, Puebla, and Chihuahua.

The thefts have had consequences beyond the bottom line for the company. The online news site *E-consulta* said consumers in the states of Veracruz and Puebla have encountered a scarcity of the Magna grade unleaded gasoline. Juan Ángel Libreros Trejo, a gas station owner and vice president of the local chapter of the *Cámara Nacional de la Industria de Transformación* (CANACINTRA) in Córdoba, Veracruz state, said many gas stations in Puebla that normally operate 24 hours have had to shut down during the evening because of a lack of supply. Libreros Trejo said Veracruz could soon face the same types of shortages.

The PEMEX report obtained by *El Universal* said the 10 municipalities with the highest rates of *ordeña* in the past 15 years are Altamira y Reynosa in Tamaulipas state; Culiacán, Mocorito, and Salvador Alvarado in Sinaloa state; Huimanguillo in Tabasco state; Juan Rodríguez Clara and Tierra Blanca in Veracruz state; Zapotlanejo in Jalisco state; and Tecate in Baja California state.

In Altamira, federal police have confiscated 38,000 liters of hydrocarbons and chemicals in the past few weeks.

An inside job?

PEMEX employees, drug traffickers, and business owners were among those involved in the illegal activity, which has grown because of inaction by the company's union and management's failure to crack down on those stealing fuel, said *El Universal*.

"To take fuel via a clandestine theft it is necessary to have the technical knowledge and the proper equipment," said security consultant Raúl Benítez Manaut, president of the Colectivo de Análisis de la Seguridad con Democracia A.C. (Casede). "This is machinery that only the workers know how to operate."

"It is very likely that the workers union [Sindicato de Trabajadores Petroleros de la República Mexicana, STPRM] is responsible for [many of the thefts]," said Benítez Manaut, who suggested that authorities know about the pilfering of fuel but often look the other way.

In Tamaulipas, the Zetas cartel remains the main perpetrators of the thefts from fuel lines. Even though the criminal organization has lost some of its power because of the arrest or death of some of its top leaders, the Zetas continue many of their criminal enterprises, including the theft and resale of gasoline stolen from PEMEX pipelines ([SourceMex, Jan. 6, 2010](#), [June 16, 2010](#), and [April 18, 2012](#)).

Even with tighter security, the cartel continues to find ways to extract the oil from the pipelines. Federal police recently detected a new method of oil theft, with thieves making use of hoses that are as long as 250 meters. "This is a situation that we have had the opportunity to observe, and we have adjusted our strategies to these schemes," Manelich Castilla, division chief of the Gendarmerie Division in Tamaulipas, told the daily newspaper Milenio. "They will always invent new ways of stealing, and we will always respond."

However, the Zetas and other operators in Tamaulipas are not the only high-volume thieves. In mid-May, authorities identified Sergio Meza Flores as one of the principal oil thieves in Mexico. Meza, also known as El Soruyo, operated out of Tabasco state and led a gang of about 16 members. He was previously arrested on drug-trafficking charges but was set free after four months in custody.

"His principal illicit activities included the sale of stolen fuel [on the black market], the distribution of drugs, and organized crime," said the daily newspaper Reforma. "He also established a system of fees for others who 'milked' the pipelines and sold the fuel along the Cárdenas-Coatzacoalcos highway."

The report said Meza owned heavy equipment, which he rented to companies that were hired by PEMEX. In addition, he was able to operate freely in Tabasco because he developed a close relationship with union leaders in the villages of La Venta and Benito Juárez.

The oil thefts have raised concerns in the Mexican Senate, where some legislators recently proposed a plan to tighten penalties against perpetrators. Sen. Emilio Gamboa Patrón, floor leader of the governing Partido Revolucionario Institucional (PRI), said there is consensus among all parties in the upper house that the problem must be addressed because it threatens the energy and financial security of the country. [Peso-dollar conversions in this article are based on the Interbank rate in effect on May 20, 2015, reported at 15.18 pesos per US\$1.00.]

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