



Wednesday, September 19, 2007 - 17:25

## Mexico Risks Joining Colombia As Regular Oil Sabotage Target

By em 09/18/2007  
Fonte: Dow Jones

As Petroleos Mexicanos resumes natural gas supplies this week after repairing pipelines damaged by a rebel group, uncertainty remains over when the next shutdown might happen.

In July, optimists saw two pipeline attacks as isolated cases of sabotage. Last week, the People's Revolutionary Army, or EPR, buried that thesis with its third and most costly attack on energy infrastructure.

If the group continues to blast holes in Mexico's naked pipeline network, companies like Nissan (NSANY) and Volkswagen (VLKAY) will face a rising cost structure, and the country will have a harder time convincing new firms to set up shop.

Targeting energy infrastructure is nothing new. In Colombia, Marxist groups regularly attack the Cano Limon pipeline, lifting the cost of oil production as helicopter fleets patrol the route and repair crews remain on constant call.

Nigeria has seen 20% of its oil production shut in as separatists in the Niger Delta wage a protracted war that has frustrated the oil output targets of companies like Royal Dutch Shell (RDSA) and Chevron Corp. (CVX).

Nigerian officials say the insurgency has cost over \$20 billion in the past four years.

Oil pipelines in the Iraq and the Caucasus are also regular targets for insurgent groups.

Before July, Mexico wasn't on the list of oil countries suffering potential outages from sabotage.

"Now that (Mexico) has suffered attacks, they become another one of the countries that we need to keep an eye on," said David Fyfe, an energy supply analyst at the Paris-based International Energy Agency.

Unlike in Colombia and Nigeria, where guerilla attacks halt crude oil flowing to export terminals, the EPR's explosions have halted natural gas flowing to industrial clients, causing huge losses for the automotive, steel and other manufacturing industries.

Last week, six pipeline explosions shut down Volkswagen's main plant, over half of the domestic steel industry and curbed production at two oil refineries.

"If you get to a situation where you have an attack every six, eight or 10 weeks, it becomes a cost of doing business," said Don Hamilton, the Executive Director of the Memorial Institute for the Prevention of Terrorism.

If the trend continues, companies will demand higher profit margins to accept the increased risk. To avoid downtime following pipeline attacks, companies will either have to rely on electricity, set up natural gas storage facilities, or build diesel power generators.

In July, Petroleos Mexicanos said it would step up security to prevent further incidents. But the nature of pipelines makes blanket protection nearly impossible. The company would have to bury the pipelines or set up constant patrols.

According to Hamilton, who has written on energy sabotage, it would be easier to try and uproot the EPR through policing efforts than fully protect the pipeline system.

The EPR has become active at a time the Felipe Calderon government is stretched thin combating drug traffickers and other organized crime groups.

Meantime, the rebels say more explosions are coming. In a statement emailed to The Associated Press last Thursday, the EPR said the attacks will continue until authorities release two rebels they believe have been in government custody since May.

The government has denied holding the men. Attorney General Eduardo Medina has suggested the pair may have fallen victim to internal divisions within the guerrilla movement.

Regardless, the unresolved issue of its missing comrades has put the EPR into action after years of a low-profile existence in southern Mexico.