

## Illegal pipeline taps double in Mexico

July 23 2013, by Mark Stevenson

(AP)—The number of illegal taps drilled into Mexican oil and gas pipelines to steal fuel has doubled so far in 2013, one of the few crimerelated statistics the administration of new President Enrique Pena Nieto says has grown since he took office in December. Authorities said Tuesday the reason for the reported rise remains unclear.

There are some indications that a thriving industry has grown up of selling stolen fuel in Mexico and even exporting it.

Mexico's state-owned oil company, Petroleos Mexicanos, says 1,421 illegal fuel taps have been discovered in the first six months of this year, almost twice the 722 taps uncovered in the same period of 2012.

Thieves made off with the equivalent of 2.7 million barrels of fuel, equal to more than one day of the company's annual oil output. The company has estimated that such thefts cost it about \$5 billion a year.

Just as importantly, the illegal fuel taps—known in Mexico as "tomas clandestinas"—frequently result in explosions or fires, such as a pipeline explosion Sunday that injured seven people on the outskirts of Mexico City. One attempted theft caused an explosion that killed 29 people in December 2010.

"Every toma clandestina, or most of them, pose a risk to life and property," said George Baker, a Houston, Texas-based industry analyst who runs an energy newsletter focused on Mexico. "It makes a big impact on government revenues and taxes."



Pena Nieto's administration has claimed the first months of his administration have been accompanied by a decline in several crime categories, including drug-related killings. But officials from the oil company, better known as Pemex, and the Interior Department could not immediately explain the big increase in fuel thefts.

"The question that would have to be asked here, is whether the number of illegal taps has doubled, or whether what doubled was the detection of them," Pena Nieto's security spokesman, Eduardo Sanchez, said Tuesday.

However, independent Mexico City oil analyst David Shields said, "What it does seem to indicate to me is that the illegal fuels market is doing very well ... I think it should be considered to be one of the company's major problems."

Shields said there are indications that stolen gasoline or diesel fuels are sold in grey markets, and may even make their way into legitimate gas stations' supplies.

"It does seem to indicate to me that no real effort is being made to control what is quite a widespread illegal fuels market," Shields said. "The illegal fuels market appears to be something that has been growing for years now and doesn't seem to be getting better."

So much fuel is being stolen that it appears that thieves are exporting it by the shipload.

In June 2012, the Mexican Navy seized a Honduran-bound Mexicanflagged ship, the "Isla del Carmen," in the Gulf of Mexico with nearly 80,000 gallons (300,000 liters) of stolen diesel aboard, presumably from Pemex. Crewmembers told the navy they got the fuel from another tanker.



The next month, the navy caught another fuel supply ship in the Gulf with nearly 106,000 gallons (400,000 liters) of presumably stolen diesel.

Crime rings may even be using stolen fuel to gas up go-fast boats used by drug traffickers.

In January, off the Pacific coast, the navy seized a fishing boat carrying 6,600 gallons (25,000 liters) of apparently stolen gasoline, much of it stored in 219 50-gallon drums on deck, far more than the boat itself would consume.

Boats posing as fishing craft often stand out to sea in the prime drugrunning corridor off Mexico's Pacific coast to refuel smugglers' boats carrying drugs up from Colombia.

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