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Environmental Firm Warns on Peru Pipeline

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WASHINGTON — A natural gas pipeline project in Peru's southern Amazon that has suffered four leaks in its first 15 months of operation could rupture again at six different points due to poor construction, according to an environmental consultancy firm.

E-Tech International, based in San Diego, Calif., plans to present its findings during a public hearing on Monday with the Inter-American Development Bank, or IDB, which is funding the Camisea natural gas project.

According to a summary of the report obtained by The Associated Press over the weekend, the construction of the pipeline was rushed, resulting in "a series of omissions and irregularities" that "violated standard pipeline construction practices."

In December, Transportadora del Gas del Peru, or TGP, operators of the Camisea pipeline, said they would invest up to \$30 million to prevent future ruptures following a fourth leak since operations began in mid-2004. The investment program could take four years, the company said.

At that time, TGP General Manager Alejandro Segret said the company was "concerned, but not alarmed" by the spills.

E-Tech based its findings on a study of the pipeline's past leaks and concluded it could face six more on sections of pipeline located in terrain with pronounced curves and slopes. The pipeline runs from the jungle across Ayacucho's Andean plateau and up the Pacific coast desert to Lima.

The firm said pipeline builders cut corners to avoid missing the deadline for completing the project and facing fines up to \$90 million.

"The fundamental conclusion of this report is that the principal concern of the consortium building the pipelines was to complete the project within the timeline established by the Peruvian government," the consultancy said.

At least 40 percent of the pipes used in the project were leftover from other pipeline projects in Brazil and Ecuador, and had been stored outdoors before being sent to Peru, the report added.

"These pipes arrived in Peru with excessive corrosion," E-Tech said. "The piping was then welded by welders without proper qualifications."

The Camisea project, which carries natural gas to a processing plant on the Pacific coast, has been criticized by environmentalists who say it has harmed ecosystems and affected the health of indigenous people in the region.

After the latest spill in November 2005, the company faced days of protests by Machiguenga Indians who said the gas had contaminated their Amazon communal reserve.

The IBD has so far approved \$135 million for the project.

Peru plans to export gas to Mexico and possibly to the United States in 2008 or 2009.

Pipeline operator TGP is a consortium of companies including Argentina's Pluspetrol and Techint, Texas-based Hunt Oil, South Korea's SK Corp. and Algeria's state-controlled Sonatrach.