

E-Tech International Response to TGP

March 4, 2006

E-Tech International is a non-profit technical assistance organization that has been actively involved for the last two years in efforts to develop independent monitoring of the Camisea Project in cooperation with the Inter-American Development Bank (IDB). There has been little progress. For this reason E-Tech chose to independently investigate the causes of the unprecedented number of pipeline ruptures so soon after start-up. The result of this investigation is that the lack of adequate soil stabilization due to excessive haste during construction, use of substandard pipe, and use of unqualified personnel are the root causes of the ruptures.

TGP has responded with claims the Camisea Project was constructed to the highest standard, only new pipe of the highest quality was used, and all personnel were properly qualified and certified. This is not the case. For example, pipe left-over from other projects was used in the Camisea Project. However, use of left-over pipe in new pipeline construction projects is not prohibited by the industry code (ASME B31.8) followed by TGP to construct the pipelines. The fundamental issue is not the use of left-over pipe on the project. It is the use of pipe that was exposed to the elements for an extended period of time prior to use and for this reason was corroded beyond acceptable limits at the time of installation.

TGP must maintain on file for the life of the project details on the history of each piece of pipe as required by the pipe fabrication specification used by TGP for the project. This specification is provided as Attachment 5 to the E-Tech report. In addition, all pipeline construction projects must record "as built" or "as modified" details on each piece of pipe as it was installed in the ground. If it was trimmed to remove a corroded or damaged end, that is also noted in the field record. This field record is known as the "paybook." President Ricardo Markous of TGP committed at the IDB meeting on February 27th in Washington, DC to make the paybook available for personal review by the authors of the E-Tech report. Any delay in fulfilling that promise will be perceived the same way delays in counting votes are perceived – as irregular. The Supervisory Organization of Investment in Energy (OSINERG), Ministry of Energy and Mines (MEM), and the IDB should also be demanding a detailed review of the paybook.

TGP also insists that all personnel working on the project were dutifully qualified to carry out their assigned tasks. This is not the case. Refer to Attachment 8 of the E-Tech report. The purpose of Attachment 8 is to underscore with proof how informal TGP was regarding using personnel with inadequate or inappropriate qualifications for critical tasks. A critical step in accepting a pipeline as ready for duty is the hydrostatic test at a pressure well above the intended operating pressure of the pipe. The personnel used TGP to conduct hydrostatic testing, Sr. Marsol and Sr. Santos, had no internationally recognized certification to perform such testing. In fact, they had no specific training at all in conducting hydrostatic tests. Sr. Marsol was brought in from Argentina to lay fiber optic cable and had no prior experience with hydrostatic testing. Sr. Santos primary function was to supervise the taking of radiographs of welds. He too had no known prior experience conducting hydrostatic testing.

Insuring the integrity of the Camisea pipeline over the life of the project is the goal of the E-Tech report. This is essential to ensuring the promised economic benefits to Peru and to protecting the people and environment along the pipeline route. We respectfully request that TGP commit its resources to rectifying the obvious problems with the pipeline and not waste critical time denying the existence of these problems.