

Oil rig explosion in Egypt causes \$78 million losses

Contributed by Egypt News
Monday, 17 March 2008

The Egyptian Oil Ministry is imposing a blackout on an incident in South Sinai that has inflicted \$78 million in losses on the country, as drilling rig Perro Negro 4, on rent from Saipem to Balaem Petroleum (Petrobel), exploded on Saturday

It came before last at dawn, leading to the closure of nine wells with a daily production of 40,000 barrels for 72 hours. The fire resulted in the injury of the drillers who had been taken to the Cleopatra Hospital. The sources pointed out that the rig, formerly named Ticks Starr, caught on fire nearly four years ago and it was taken to a six-month overhaul in Dubai.

About the cause of the fire a company specialist who has witnessed the accident said that one of the wells was being re-operated and the explosion occurred while the pump was on its way out. He said the explosion could be resulted from the negligence in "killing" the well before re-launch.

The killing process is done through pumping large quantities of water and diesel to prevent leakage of gas causing explosion. Company representative was supposed to be present monitoring the machine.

The company representative and production officials were subjected to interrogation in the presence of Abdel Aleem Taha, head of the Egyptian General Petroleum Authority, and CEO Medhat el-Sayed.

The old explosion of the rig caused a fracture in the 26-inch line and suspended sea production for 48 hours, however the explosion this time had caused substantial losses and the breakdown of the rig which had tilted on the eastern side, Egypt's sources reported.

The sources indicated that the company pays \$45,000 for the rig and a daily \$10,000 for the fireboat and the protection in addition to the aviation costs.

Aswan Vessel and another boat were used in the firefighting operations along with the rig's automatic fire extinguishing system. An expert stressed that the success of the oil company to control the fire within 72 hours and re-operate the wells is an achievement that reveals that a considerable effort has been made to control the fire, as similar fires may take months to be extinguished, but the expert criticized the Oil Ministry and the General Petroleum Authority for not announcing the incident which involves the security and safety of the oil sector and its workers.