



GRUPO ZETA

THE GAS GIANT



THE GAS GIANT

Mexico's largest gas company is the go-to partner for companies looking to set up operations here simply because of its long and stable history as an importer, processor and distributor of gas products

WRITTEN BY:
JOHN O'HANLON
RESEARCH BY:
PETER ROWLSTON



Manzanillo

Founded in 1977, Grupo Zeta started life as a simple sales organisation set up by the legendary Don Miguel Zaragoza Fuentes, one of Mexico's best known entrepreneurs. Knowing that there would be a growing demand for gas in the country as its industrial base grew in tandem with its population, Zaragoza then set about the task of creating a full-scale downstream industry. He began to fabricate storage tanks, gas cylinders and every kind of gas handling equipment. Today Grupo Zeta is a fully integrated gas company that employs 70,000 people. It has a presence in seven countries, more than 70 distribution centres bringing gas to nearly 1,000 towns and industrial sites and controlling the entire supply chain from the industrial or domestic consumer at one end, only just stopping short of production. Don Miguel even has his own fleet of tankers to bring liquid petroleum gas (LPG) to replenish the huge Zeta owned tank farms at the port cities of Manzanillo and Ensenada as well as the storage facilities he has established in Guatemala and Peru.

From these facilities the gas is taken to depots across Mexico as well as to the Central American countries of Belize, Guatemala, Nicaragua, El Salvador, Costa Rica as well as Peru, where Grupo Zeta has a strong presence. With expansion in all these territories Zeta is currently constructing a \$40 million expansion to the vital LPG terminal at Guatemala's main Pacific port Puerto Quetzal. Back in Mexico the network of road tankers is robust, says Juan Pablo Fierro, Zeta's Assistant Director of Operations, reaching customers in every state.

This is of vital importance equally to large-scale consumers and those households that depend on gas for heating and cooking. “We have a phone in system for ordering domestic supplies: for businesses, how we supply them depends upon the amount they are consuming. For instance mining companies consume huge amounts of gas, and are typically located in remote areas, way beyond the reach of pipeline reticulation that exists in the cities. The good thing about LPG is that it can be tanked like water and we do exactly that! We schedule our deliveries in such a way that they will never run out of gas.”

Many mining operations consume so much gas that they need their own on-site storage capacity. Zeta will install all the equipment and tanks that they need, says Fierro, but he then points out that this is far from the end of the story. Once there is any significant gas storage – a level set fairly low at 20,000 litres – a whole raft of regulation kicks in, part of which involves fire precautions. Essentially the site has to have its own fire fighting service with staff trained and equipped to deal with any emergency that might arise. Zeta will install the equipment, and man the station with trained staff to a level that provides the client with complete confidence that it is compliant with industry best practice and statutory regulations.



Ensenada Esferas

The shareholders of mining companies that come in to exploit Mexico’s rich silver and gold reserves insist upon world class levels of environmental, safety and social performance. In many jurisdictions this is a real challenge, however Mexico has plenty of experience available and in Zeta they find a competent partner to which to outsource this aspect of the business. “The bigger the storage facility the bigger the risk,” says Fierro. “We provide end to end service for mining companies, so if there is

a leak or any other problem we have people who are well qualified and experienced in dealing with the product available to fix that problem.”

Dealing with gas leaks is not something that can be handled by general engineers, no matter how well qualified they are, he adds. Special tools have to be used when working on gas equipment, designed to eliminate the risk of generating any spark either through friction or static electricity. And the operator has to know how to use them. This is all part of the service offered by Zeta.

Much of the current mining development seems to be happening in the north-eastern states of Chihuahua and Sonora, and Zeta has

reorganised its business units to treat these two as a single unit. It will be recalled that the Toronto-based company Agnico-Eagle had

started to develop its Pinos Altos gold mine, with silver as a by-product in 2007, pouring its first gold in 2009. Pinos Altos is located in the Sierra Madre mountains in northern Mexico, 220 kilometres west of Chihuahua. Underground mining began in the late spring of 2010, and a satellite operation was started nearby in 2010, pouring its first gold in December that year. Agnico-Eagle expects to be producing in its Chihuahua mines until 2029, and has now turned its attention to Sonora where it is developing its La India

70,000
People employed by
Grupo Zeta

“GAS IS DANGEROUS ... THAT IS WHY WE INSIST ON STANDARD OPERATING PROCEDURES IN EVERYTHING WE DO”

mine in the prolific Mulatos gold belt. That mine is expected to start producing in 2014 and to average 90,000 ounces of gold per year over the reserve life. Zeta is negotiating a deal with Agnico-Eagle that would revamp its entire LPG storage and pipework in its Chihuahua operation, a deal that would include a specially built long chassis truck (at Zeta it is affectionately known as 'the beast!') that carries a 22,000 litre tank. The Sonora and Chihuahua operations are only 70 kilometres apart, providing operating synergy between the two properties, he points out.

With both Sonora and Chihuahua attracting new companies, Zeta has plenty of opportunity to bring its innovative equipment to new projects. With an unequalled track record in the sector, and the capacity to guarantee supplies of gas, Zeta is the perfect partner for these companies says Fierro. "We always have gas. Other companies tend to run out but that never happens with us." Most of

the competing gas companies buy their gas at the border between Juarez and El Paso, Texas. This gas is piped through from the USA and when that pipe breaks down, lines of trucks build up waiting to get filled. That can take a week, he says. Zeta has independent supplies, tank farms at strategic locations, and its customers will never run out of gas, he asserts confidently. "In the gas business everything has to be 100 percent serviceable. If you are relying on old equipment and it breaks down you have a problem. Small details can cause huge problems in this industry."

Attention to detail in maintenance and the provision of the most up to date equipment is something that Zeta is passionate about, he says. "We have maintenance teams always on alert. They think like doctors! Even if they are at home they have their phones on 24/7 to deal with either gas supply or for maintenance." And in a rather smart marketing move, this service is available whether or not the supply



contract is with Zeta. Service is every bit as important as price to these customers.

One of Juan Pablo Fierro's responsibilities is to train the staff, not in technical matters, which is done at the company's Juarez training facility, but in matters relating to customer service. It is another area in which Zeta is differentiated from its competitors. "We have a meeting every morning talking about how we can improve our service to customers and analyse any glitches. We want to sell more gas of course but the priority is service, and in that we start with our own employees, the people who are touching our clients." It is a concept more familiar in the hospitality industry, he says, but among gas suppliers it is rarely found.

Finally, he says that Mexico needs to follow other countries in requiring that individuals

as well as companies are nationally accredited before they are let loose on gas. A scheme similar to the UK's Gas Safe Register would do a lot to raise industry wide standards. Meanwhile it is down to Grupo Zeta to be the guardian of best practice, something that Juan Pablo Fierro wholeheartedly accepts. He thinks it is crazy that you can't cut hair in Mexico without a certificate, but you can repair a gas leak! "Gas is dangerous. People who work on it daily can get blasé and drop their guard. That is why we insist on standard operating procedures in everything we do." **BE**

For more information about
Grupo Zeta visit:
www.grupozeta.com





GRUPO ZETA

www.grupozeta.com

Produced by:

ACHIEVING BUSINESS EXCELLENCE ONLINE

BE Business Excellence

www.bus-ex.com