

VARICOR NINETEEN (Pty) LTD
t/a BP ATLANTIC

**ALLOCATION MECHANISM FOR THIRD PARTY
ACCESS TO PETROLEUM STORAGE FACILITIES**

SWELLENDAM – PPL.sf.F3/3/1/2006

CERES – PPL.sf.F3/3/2/2006

RAWSONVILLE – PPL.sf.F3/3/3/2006

MOORREESBURG – PPL.sf.F3/3/4/2006

VREDENDAL – PPL.sf.F3/3/5/2006

CALEDON – PPL.sf.F3/3/6/2006

MALMESBURY – PPL.sf.F3/3/6/2006

1. Tariff Schedule

- a) The tariff proposal were submitted to NERSA on 23 March 20011 for approval. We are awaiting their decision and will include the approved tariff in the allocation mechanism once received.
- b) Tariffs charged will be inclusive of Value Added Tax (VAT).

2. Contractual terms and conditions for use

i) Storage capacity scheduling and planning

a) Three months advance notice is required for indicative order planning purposes. Storage capacity will only be made available to third parties if it is not taken up by our own storage requirements.

b) Firm order planning – Seven working days notice is required before confirmation of order.

- Petroleum product will only be received at our depots during the time periods stated in section D below. No exceptions will be made. We require 24 hour notice of the exact date and time on which product will arrive at the relevant depot.

- Product can only be accepted via road transport at all seven our depots

- Product can only be shipped via road transport from all seven our depots.

- Product that arrive earlier or later than planned/agreed upon will stay on the delivery vehicle until such time that it can be accommodated into storage during normal operating hours as stated in section D below.

- Petroleum can be received and pumped back in the following quantum's:

	Receive	Pumped Back
• Swellendam	350	850
• Ceres	350	1 100
• Rawsonville	350	800
• Moorreesburg	350	800
• Vredendal	350	1 000
• Caledon	350	850
• Malmesbury	350	1 100

- All documentation must be done in both paper and electronic format, e.g. order to be e-mailed and hard copies send with the truck.

- Delivery and dispatch schedules must be strictly adhered to too ensure the smooth running of the daily activities of our storage facilities.

- Due to the pressure of price in/decreases, petroleum can only be stored at any of our seven facilities from the 7th of each month until the 21st of each month. Petroleum must be stored at the facility at the exact quantity and

period applied for in the application. No deviations or non-compliance with the time period will be allowed and transgressors will be liable to penalties up to double the daily tariff as approved by NERSA. Furthermore, the Company reserves the right to hire in tankers to remove the product from storage and charge the lessee with the cost thereof.

- Delays in anticipated petroleum receipt will be managed according to section B above. Over night parking is available for the delivery vehicle should it arrive outside the normal operating hours. Delays in anticipated petroleum dispatch will be managed according to the relevant contingency at the time, e.g. hiring of a generator if there is a power outage during loading of product. Section B above also applies.
- c) 24 Hours notice required before product is picked up from the facilities. All the product must be picked up as per daily pick-up schedules agreed upon between Varicor Nineteen (Pty) Ltd and the lessee of the storage capacity.
- d) Product will only be accepted at our facilities during normal operating hours and no exceptions will be made. The Depot Supervisor at the relevant depot must be present during loading and off-loading of product into and out of storage to ensure compliance with all the relevant procedures. The working hours for all the facilities are 8h00 to 17h00 from Monday to Friday. The facilities will be closed on public holidays.

ii) Volume to be stored

Due to limited storage capacity, diesel is the only product that can be stored for third parties, and only at limited times and volumes.

The total diesel storage capacity available for all users are as follows:-

Capacity - 1 000 litres

- Swellendam 115
- Ceres 189
- Rawsonville 80
- Moorreesburg 359
- Vredendal 84
- Caledon 174
- Malmesbury 92

Metering Process:

All loading and off-loading will be done through liquid flow meters and are tested to comply with the requirements of the Trade Metrology Act , act 77 of 1973.

Third Party liability with respect to:

- a) Unpumpables or dead stock is the property of Varicor Nineteen (Pty) Ltd. The 3rd party will be able to load the exact quantity that they have pumped into storage.
- b) Any losses or gains in depot operations are the liability of Varicor Nineteen (Pty) Ltd. As 3rd party will not have the right to any gains due to depot operations.

Any differences in temperature and density will be the responsibility of Varicor Nineteen (Pty) Ltd. The 3rd party will have access to the exact volume pumped through our meters into storage. A 3rd party will not have any claim to gains or losses due to fluctuations in temperature or density.

iii) Petroleum type and quality control

The following standards are applicable to the petroleum quality that all 3rd parties must adhere to:

- a) All the applicable South African National Standards (SANS) including SANS 342.
- b) All the Oil Industry Petroleum Exchange Standards (OIPES).
- c) Any other Industry or National Standards that might apply to Varicor Nineteen (Pty) Ltd's operational requirements for storage facilities.

All products stored on behalf of third parties will be from approved sources. Varicor Nineteen (Pty) Ltd reserves the right to obtain samples from each compartment of the 3rd party vehicle for quality testing. Analysis of all samples will be done according to SANS 342 specifications. Testing will be done by a SANS approved laboratory preferred by Varicor Nineteen (Pty) LTD, Samples will be kept for 30 days after the 3rd party's petroleum has left our storage facility. Any cost incurred with the handling of product that does not meet with the above-mentioned specifications, will be for the account of the third party.

Product contained in slops during the off-loading process of a 3rd party vehicle will be the responsibility and property of the 3rd party. The 3rd party will be responsible for the cleanup and removal of spilled product and cleanup materials for any spillages resulting from malfunction of the 3rd party vehicle equipment or leakages there from. The 3rd party will also be responsible for the cost of the cleanup and must use an accredited environmental cleanup agent

iv) Custody of petroleum

Petroleum from a 3rd party will have passed into the custody of Varicor Nineteen (Pty) Ltd once the total volume has been pumped into storage.

Petroleum will pass out of the custody of Varicor Nineteen (Pty) Ltd once total volumes has been loaded onto the 3rd party vehicle. All of the above will be done through our metering system to ensure quantity compliance.

All orders must be e-mailed, faxed and confirmed by telephone. The transporter must present the original order document when delivering or collecting the product from the depot. Varicor Nineteen (Pty) Ltd must be provided with a list of transporters, vehicles and drivers from the 3rd party. We will require certified copies of the identity documents from the drivers of the 3rd party vehicles as well as certified copies of the registration documents of the vehicles as well as certified copies of the registration documents of the vehicles of the transporters. Varicor Nineteen (Pty) Ltd reserves the right to refuse to load or off load a 3rd party vehicle if we can not establish the authenticity of any order or transporter.

The following remedial actions will be taken if there is a loss of or deterioration in petroleum quality during the storage licensee's period of custody:

- a) Varicor Nineteen (Pty) Ltd will be responsible to replace the quantity of 3rd party product lost due to incorrect operation of equipment; or
- b) Due to leakage, faulty equipment or faulty maintenance of any equipment that is owned by Varicor Nineteen (Pty) Ltd at the time of loss or deterioration; or
- c) Varicor Nineteen (Pty) Ltd will be responsible to replace 3rd party product lost due to theft or fire only if Varicor Nineteen (Pty) Ltd negligent in providing the necessary fire safety and security measures. The 3rd party is responsible for their own theft and fire insurance to cover the full amount of product stored.

v) Amendment to documentation

Once an order for storage or dispatch has been received by Varicor Nineteen (Pty) Ltd, no amendments will be allowed to any documentation. Absolutely no changes will be allowed to documentation after a delivery has been discharged into our storage facility.

Due to the fact that no changes to documentation will be allowed, there will be no impact on tariffs.

If there is a technical problem with the vehicle or illness of the driver specified on the order, and changes must be made due to safety reasons, Varicor Nineteen (Pty) Ltd may charge an administration fee to affect any changes to the documentation.

3. Contractual Terms and conditions for payment

- The invoice format will state the 3rd party address and details, product name, quantity, tariff, number or days of storage and total amount owing to Varicor Nineteen (Pty) Ltd. The details of Varicor Nineteen (Pty) Ltd will also be displayed on the invoice. The invoice will be a valid tax invoice in compliance with SARS requirements.
- The invoice will be issued once the order from the 3rd party is received and the quantity and number of storage days have been confirmed.
- Payment must be made upfront on the same day of receipt of the invoice. Varicor Nineteen (Pty) Ltd will only accept receipt of product into storage when the payment has been confirmed by our Bank.
- Payment must be made electronic transfer of Internet payment only. No cash, cheques or any method of payment will be accepted.
- Payment for storage will be upfront with no exceptions made.

It is the responsibility of the 3rd party to arrange their own cover for insurance, liability and other costs.

A 3rd party seek to utilize the storage facilities of Varicor Nineteen (Pty) Ltd must provide written proof that it is registered as a Wholesaler of Petroleum Products as required by the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended, or possess a valid license issued by the Department of Energy (DOE).

A contract will be set up between a 3rd party seeking storage and Varicor Nineteen (Pty) Ltd. A template of the contract will be attached to the allocation mechanism once the tariff has been approved by Nersa.

4. Technical requirements for access to the storage facility

The following technical requirements must be complied with:

- The vehicle delivering or collecting product to or from the storage facility must comply with – SANS 10231:2010; SANS 10187-8:2006; SANS 1518:2008; National Road Traffic Act No. 93 of 1996; National Road Traffic Act Regulations; BP fleet vetting protocols to obtain a safe loading pass; Any other local or National standards required by law not stated above.
- The driver delivering or collecting product to or from the storage facility must comply with – National Road Traffic Act No 93 of 1996; National Road Traffic Act Regulations; SANS 10231:2010; Hazardous Substances Act, 1973; Be trained in the handling of Dangerous Goods; Have a valid Hazchem certificate; Be in possession of a valid and correct license code and PrDP for the class of vehicle he is driving. Have a valid medical certificate. Be trained at a Department of Transport approved training body. Received Varicor Nineteen (Pty) Ltd's Safe Working Procedure training in die loading and off loading of a bulk vehicle at a storage depot; Any other local or National standards required by law not stated above.
- Other requirements – SANS 10232-1:2007; SANS 10232-3:2007; SANS 10232-4:2004; SANS 10228:2010; Hazardous Substances Act, 1973; Occupational Health and Safety Act 85 of 1993; National Road Traffic Act No 93 of 1996; Varicor Nineteen (Pty) Ltd's Safe Operating Procedures; Any other local or National standards required by law not stated above.

Drivers must provide proof of training done in accordance with the law on the transportation of dangerous goods. Training must be done by a training body approved by the Department of Transport. This training is a requirement by law.

Driver training required by Varicor Nineteen (Pty) Ltd:

- Valid medical certificate
- Valid code ED license with PrDP
- Dangerous Goods training on Unit Standard 123259: Comply with Legal Documentation; Apply Safety Standards; Fire Fighting and Protective Equipment.
- The driver must be in possession of the National certificate in Professional Driving: Convey Dangerous Goods: in terms of chapter VIII – Regulation 280 of the National Road Traffic Act 93 of 1996.
- Task Procedure – Vehicle filling at a bulk depot
- Task Procedure – Bulk depot delivery

- Fatigue Management
- Hijack Awareness training
- Defensive Driving – Theory and Practical
- Spill Reduction Intervention

The driver must sign an indemnity and agreement to abide by the rules and regulations of the relevant depot before entering the storage facility.

5. Process to be followed by third parties when requesting access

- Applications must be done in writing on a letter head of the 3rd party applying for storage.
- The application must include the volume, period of storage and the grade of fuel to be stored.
- Varicor Nineteen (Pty) Ltd require certified copies of the following documents for their records:
 - Wholesale License
 - Certificate of Registration
 - Close Corporation – CK1
 - Company - Certificate of Incorporation
 - Trust – Trust Master’s Certificate
 - Sole Trader – Copy of identity document
 - Identity Document
 - Vat Registration Document
- Documents required for vetting and screening purposes – Certified copies of:
 - Wholesale License
 - Certificate of Registration
 - Close Corporation – CK1
 - Company - Certificate of Incorporation
 - Trust – Trust Master’s Certificate
 - Sole Trader – Copy of identity document
 - Identity Document
 - Vat Registration Document
- The Operations Manager
Varicor Nineteen (Pty) Ltd
PO Box 1698
Somerset West
7129
Tel: 021-8524662
Fax: 021-8527994
E-mail: ewald@bpatlantic.co.za
- Correspondence can be done via e-mail, fax, and registered mail of telephone.

- Applications will be answered within 21 days of receipt thereof.

Varicor Nineteen (Pty) Ltd reserves the right to make changes to this document from time to time as procedures and circumstances change.