



**ALLOCATION MECHANISM IN TERMS OF PE MAINS STORAGE
FACILITY LICENSED UNDER LICENCE NUMBER PPL.s.F.F3/39/2006**

PE MAINS STORAGE TANKS



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1. INTRODUCTION

This document is a brief introduction into the Port Elizabeth Mains Facility and describes Easigas Allocation Mechanism as required by the *Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)* detailed in the Government Gazette, 4 April 2008.

PE Mains Facility has been operating in Port Elizabeth in excess of 100 years. The installation was initially a gas from coal plant, which provided Towns Gas to the city of Port Elizabeth. Subsequently the facility was leased from the Port Elizabeth Municipality in 1985 and converted into an LPG/Air mixing plant.

Liquid supply of product is supplied via Rail Tank Cars & Road Tankers into 4 Storage Tanks (2 x 90 m³ tanks & 2 x 45 m³ tanks). These are filled to 85% capacity in order to leave a safe Vapour space for expansion due to temperature variations.

LPG Vapour is supplied from one of two hot water heated Vapourisers each designed to vapourise 5200 Kg LPG/hr - equivalent to 11,000 cubic metres/hr of mixed LPG/Air product.

Circulating hot water is currently heated by up to six Hamworthy boilers to provide the vapourising heat to the Vapourisers. They are fired on LPG Vapour from the Vapourisers

Vapour enters a ring main feed system in the mixer room, from which the individual mixer units are fed. From the mixer outlet manifolds, mixed gas is delivered into a 450mm underground Main, from which boosters are fed into supplying different districts with LPG/Air mixture.

LPG/Air Mixture is supplied in a ratio of approximately 79% Air – 21% LPG at a Calorific Value of between 21.5 – 22.5 Megajoules per m³.

We would like NERSA to take cognisance of the following concerns regarding the PE Mains Facility, and revert as a matter of urgency:

- a. All 4 LPG Storage tanks are interlinked, and being utilised by supplying the underground pipeline simultaneously. Storage tanks are part of the LPG/Air Mixing plant, which in our opinion, make the tanks part of the Manufacturing process.
- b. Due to the fact that the tanks are interlinked, allowing 3rd Party storage would make the Logistical process exceptionally intricate to manage.
- c. Running PE Mains out of product, has serious safety risks and concerns, thus allowing 3rd party storage, would increase these risks considerably, and could be to the detriment of 3rd parties i.e. during LPG shortage periods.
- d. Easigas would suggest 3rd party access to the underground pipeline, in order to alleviate concerns in points b. and c.

See below a short explanation in terms of 3rd Party access to PE Mains Pipeline:

- 3rd Parties would request to connect their customers to the Mains underground pipeline.
- Easigas will obtain quotes for piping and meter installation at the customer, and present to the 3rd Party requesting access.
- Due to HSSE risks and concerns, Easigas would appoint the contractor for installation, oversee the actual installation, and invoice the 3rd Party accordingly.
- Easigas would charge 3rd Parties, Product Cost + Pipeline Use Tariff, monthly in arrears.
- 3rd Parties would issue their own invoices to their customer on a monthly basis. Easigas will not be privy to, or involved in any pricing matters regarding 3rd Party customers.

2. TARIFF SCHEDULE

Our Tariff application is in the process of being submitted. Extension for submission of Tariff application has been granted until 31st March 2012. Once Tariff has been approved by NERSA, Easigas will submit Tariff Schedule as an addendum to the Allocation Mechanism.

3. UNCOMMITTED CAPACITY

The following factors will be taken into account when allocating uncommitted capacity and before entering into agreements with 3rd Parties:

i. Uncommitted Capacity Allocation

According to the *Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)* the definition of uncommitted capacity is: “capacity determined by the Authority that is not required to meet contractual obligations”. Uncommitted capacity will be determined by Easigas as follows: LPG required to meet contractual obligations **less** LPG Supply = Uncommitted Capacity.

For Example:

Description	APRIL	MAY
LPG Supply	12,000 t	13,600 t
Less: LPG Required to meet contractual obligations	10,800 t	15,200 t
+/- Uncommitted Capacity	1,200 t	- 1,600 t

- ii. **Vetting Process:** The Easigas Company procedures require that all Companies be vetted prior to entering into any agreements or signing any contracts with Easigas.

This vetting process would include, but is not limited to:

- Credit Vetting
- HSE Vetting (Driver & Vehicle Compliance)
- Anti-Bribery Vetting
- Contractual Terms and Conditions acceptable to both Parties

- iii. **Product Compliance – see details under Point 4.1 iii. Petroleum Type and Quality Control**

iv. Allocation Rules:

- **'First Come, First Serve' Principle**

The principle of: 1st Party to enquire regarding storage space will be granted the 1st option of possible storage space.

- **'Use-it-or-lose-it' principle**

Should parties not utilise storage capacity regarding volume and timeline, as per the contractual agreement, Easigas will be authorised to allocate storage capacity to other parties who made a request for storage space.

- **Commercially Reasonable**

- **Operationally Reasonable**

- **Technically feasible**

Easigas will only allow 3rd party storage that is technically feasible and where there is strict adherence to Safety Rules, Regulations and Easigas Procedures. Failure to adhere to the above may result in Easigas refusing any further business activity and cancellation of the contract, if already in place.

- **Section 21 of the *Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)***

Easigas will not discriminate on any grounds regarding previously disadvantaged South Africans, when allocating uncommitted capacity.

4. CONTRACTUAL TERMS AND CONDITIONS FOR USE

4.1. Conditions of Use


The following conditions of use are applicable when utilising storage space at the Easigas PE Mains Facility.

i) Storage Capacity Scheduling & Planning

The following process should be followed regarding the Planning & Scheduling process:

A. STORAGE CAPACITY SCHEDULING AND PLANNING - DISCHARGE AT STORAGE FACILITY

- a. Indicative Storage Plan, indicating quantity to be stored in tons (t), and expected quantity of trucks to be discharged, should be forwarded to Easigas 3 months in advance. Product can be received via Road and Rail.
- b. Storage-/discharge plan should be firmed up and discussed via planning meetings/teleconference on a weekly basis, 1 month prior to Storage/Discharge commences.
- c. Firm storage quantity, and frequency and quantity of trucks to be confirmed, 1 week prior to Storage/Discharge commences.
- d. Date, Contractor, Horse & Trailer Registration/RTC No., Driver Name, Estimated Time of Arrival, Quantum of Discharge, need to be confirmed 1 day prior to **Discharge** at Storage Facility, via Planned Tanker Loading-Discharge Schedule.

- e. Should there be any changes in the Daily Schedule, these changes need to be communicated immediately via telephone, and a revised schedule be confirmed via email.
- f. Quantum of **Discharge** : i.e.
 1 x 25t Road tanker - Discharge can take place 24 hours per day, 7 days a week. Discharge Rate – 12 tons/hour
 1 x 36t, 29t, 22t or 15t Rail Tanker - Discharge can take place 24 hours per day, 7 days a week, however daily maximum is dependent on Transnet's availability of Shunting Engines. Discharge Rate 15 tons/hour.
Note: Road and Rail Tankers cannot be discharged simultaneously, thus diligent planning between respective parties are vital.
- g. Point a – f need to be confirmed in writing via mail or fax.
 All telephonic conversations regarding planning, scheduling & changes must be confirmed via email.
- h. Documentation Requirements:
- Truck Safe Loading Pass
 - Tanker Planning Discharge Schedule
 See Attached: Annexure A
- 

Planned Tanker
Loading-Discharge Sc
- Loading Refinery Weighbridge Ticket
 - Offloading Tanker Metering Slip
 - Delivery Note

B. STORAGE CAPACITY SCHEDULING AND PLANNING - LOADING FROM STORAGE FACILITY

- a. Indicative loading plans should be submitted to Easigas 3 months in advance, prior to loading. Product can be loaded via Road and Rail.
- b. Firm loading plans should be submitted to Easigas 1 week in advance, prior to loading.
- c. Date, Contractor, Horse & Trailer Registration/RTC No:, Driver Name, Estimated Time of Arrival, Loading Qty, must be confirmed 1 day prior to **Loading** from Storage Facility, via Planned Tanker Loading-Discharge Schedule.
- d. Should there be any changes in the Daily Schedule, these changes need to be communicated immediately via telephone, and a revised schedule be confirmed via email.
- e. Quantum of **Loading**: i.e.
 1 x 25t Road tanker - Loading can take place 24 hours per day, 7 days a week. Loading Rate – 4 tons/hour.

1 x 36t, 29t, 22t or 15t Rail Tanker - Loading can take place 24 hours per day, 7 days a week, however daily maximum is dependent on Transnet's availability of Shunting Engines. Loading Rate – 9 tons/hour.

Note: Road and Rail Tankers cannot be loaded simultaneously, thus diligent planning between respective parties are vital.

- f. Point a – e need to be confirmed in writing via mail or fax.
All telephonic conversations regarding planning, scheduling & changes will be confirmed via email.
- g. Documentation Requirements:
 - Truck Safe Loading Pass
 - Tanker Planning Loading Schedule
See Attached: Annexure B



Planned Tanker
Loading-Discharge Sc

- Loading Tanker Metering Slip
- Delivery Note

ii. Volume to be stored

1. **Accessible litres** cannot be stated at present – see comments regarding interlinked tanks in Point 1. INTRODUCTION above.
Accessible litres can only be calculated at the time of Storage Capacity request, since uncommitted capacity is dependent on factors as stated in point 3 i. UNCOMMITTED CAPACITY.
2. Regarding **metering LPG into the Facility**, we currently have a Telemetry Metering system in place.
The telemetry reading is taken prior to offloading and again after offloading and the difference between the two readings is compared with the Tanker metering slip and also the refinery weighbridge ticket, if product came from a Local Refinery.
If imported, the telemetry reading and Tanker metering slip, is compared with the Spheres Weighbridge Ticket.
At present all tankers discharging at Easigas PE Mains, are weighed at the PE Spheres weighbridge in the PE Harbour prior to discharge, discharged and then re-weighed at the Spheres weighbridge.
The difference between the 2nd weight and the 1st weight is deemed as the binding meter printed receipt for quantity control. The same procedure will apply to 3rd Parties requesting Storage.
3. In terms of the Allocation Mechanism regarding 3rd Party liability Easigas states the following:
 - a) **“Unpumpables”**
3rd Parties will not be liable for any “unpumpable” stock.
 - b) **Depot Losses**
If losses are proved to be 3rd Party/Contractor Driver's responsibility, the onus would be on the 3rd Party to either 1. Replace the product

or 2. Allow Easigas to bill the 3rd Party for quantity of product at the respective Tariff.

4. Temperature and Density

LPG will be measured and reported at temperature of 20° C and Density of .540. The above temperature and density will also be used for Tariff calculations.

5. Differences in volumes arising from difference in temperature and density

Due to the fact that product will be measured by weight, Temperature and Density is not regarded as factors.

iii. Petroleum type and quality control

1. To avoid contamination, both parties need to warrant that the LPG shall conform to specifications as set out South African National Standard - SANS 1774.

If product is from a South African Refinery, an Analysis certificate from the respective Refinery would suffice for purposes of quality control. In case of imported product, the Analysis Certificate from the Exporters would be required once the ship has loaded in the load port. Sampling and Analysis would be required once Vessel has arrived. Should product not meet the specification, 3rd Parties/suppliers will be informed immediately. Remedial action plans will be negotiated.

Regarding Rail discharge into the Facility: Should seals be absent, or tampered with, Easigas reserves the right to isolate the product, until sampled and analysed, and authorised by Easigas that the product is fit for use and may be pumped into the storage tanks. Sampling and analysis costs would be for 3rd Party's expense.

2. Product in storage tanks will be sampled by preferred Inspection & Testing Services Company – Inspectorate Gazelle Testing Services (Pty) Ltd (IGTS).

Samples would be couriered to, and analysed by:

- a) Sapref Refinery
- b) PetroSA Refinery

Samples are retained for a period of 24 hours after analysis.

iv. Custody of Petroleum

1. Custody of LPG would be deemed passed **into** the Facility once it has passed the connection flanges on the Road/Rail Tanker. Custody of LPG would be deemed passed **out** of the Facility once it has passed the connection flanges on the Road/Rail Tanker.

2. Planned Orders and transporters need to be verified weekly in advance via mail/fax.

These orders and transporters need to be confirmed daily in advance via mail/fax.

Changes to daily orders or transporters should be phoned through immediately, and confirmed via email/fax.

3. Remedial action in case of loss due to:

a) Incorrect Operation of equipment:

If Incorrect Operation of equipment is proven to be due to 3rd Party Drivers/Contractors irresponsibility and negligence, the onus would be on the 3rd Party to either

1. Replace the product or
2. Allow Easigas to bill the 3rd Party for quantity of product at the respective Tariff.

If Easigas is proven to be irresponsible or negligent in the operations of equipment, LPG will be replaced at Easigas Cost.

b) Leakage, Faulty equipment or Faulty Maintenance of equipment:

If 3rd Party Drivers/Contractors is proven to be responsible or negligent in terms of Leakage, Faulty equipment or Faulty Maintenance of equipment, the onus would be on the 3rd Party to either

1. Replace the product or
2. Allow Easigas to bill the 3rd Party for quantity of product at the respective Tariff

If Easigas is proven to be responsible or negligent in terms of Leakage, Faulty equipment or Faulty Maintenance of equipment, LPG will be replaced at Easigas Cost.

c) Theft or Fire:

If Theft/Fire is proven to be due to 3rd Party Drivers/Contractors irresponsibility and negligence, the onus would be on the 3rd Party to either

1. Replace the product or
2. Allow Easigas to bill the 3rd Party for quantity of product at the respective Tariff

If Theft/Fire is proven to be due to Easigas irresponsibility and negligence, LPG will be replaced at Easigas Cost.

v. Amendments to Documentation

1. **Planned Delivery/Loading:** Any changes to a planned delivery or upliftment will need to be communicated via mail/fax as previously mentioned in point 3.1 i) A & B - STORAGE CAPACITY AND PLANNING DISCHARGE -, AND LOADING FROM STORAGE FACILITY.

After delivery/Loading: Any changes to any documentation after delivery need to be signed by both 3rd party/contractor driver and Process Controller on Shift.

2. Amendment Periods:

There are no specific periods prior to discharge or loading in which amendments will not be allowed, however as mentioned in point 1 above, all amendments must be co-signed by representatives from both 3rd Party and Easigas.

All volumes over and above the agreed storage volumes will be charged at the authorised Tariff.

3. Impact of Amendments on Tariffs & Charges:

If storage volumes are decrease severely just before the contract period is bound to expire, this might have serious implications on i.e. Import Costs.

Should agreed storage volumes and timelines not be adhered to, and subsequently lead to increased Import and Demurrage costs, these costs would be for the 3rd Parties account.

5. CONTRACTUAL TERMS AND CONDITIONS FOR PAYMENT

1. PAYMENT

a. Format of Invoice:

The invoice from Easigas will contain the following information:

- i. 3rd Party Name & Address
- ii. Date of invoice
- iii. Applicable invoice period
- iv. Qty of LPG in Kilograms (Kgs) - Stored by PE Mains Facility during applicable invoicing period
- v. Applicable Storage Tariff in R/kg e.g. R2.50
- vi. Sub Total amount in Rands excluding 14% VAT
- vii. 14% VAT Amount
- viii. Total Amount Including 14% VAT

b. Invoice Issue date:

Invoices will be issued continually throughout the period, as and when discharge and loading activities take place, weekly in arrears.

c. Payment Date:

Payment will be due as per negotiated terms and conditions stated in specific Contract Agreements.

d. Payment Methods:

Preferred payment method is Electronic Fund Transfer (EFT) or as stated in the specific Contract Agreements.

e. Other Terms & Conditions i.e. Deposit, Upfront payment:

Other Terms & Conditions will be as per agreed negotiated terms and conditions at the time of contract signature.

2. Insurance Cover, Liability & Other Costs:

- a. Insurance Cover will be responsibility of the 3rd Party requiring the Storage.
- b. Both 3rd Party seeking storage and Easigas shall not during the currency of the Agreement nor after its termination hold either party liable for any loss, damage or injury sustained by the other or its agents, servants, employees or independent contractors, except where otherwise provided in this agreement, or where such loss, damage or injury results from the gross negligence or intentional act or omission of that party.
- c. Neither 3rd Party seeking storage and nor Easigas party shall be liable for any indirect or consequential loss or damage (including but not limited to loss of production, loss of revenue, loss of profits, loss of customers, loss of contracts, and loss of custom, goodwill and/or reputation) suffered by the other party.
- d. All added costs, will be for the account of the 3rd Party seeking storage:
 - ✓ Training Costs i.e. All Training required
 - ✓ Sampling, Testing & Analysis Costs
 - ✓ Costs incidental to the negotiations, preparations and execution of the agreement
 - ✓ All agreed Installation costs associated with increased storage capacity, should 3rd Parties request increased storage.

3. 3rd Party seeking storage will need to provide proof, that:

- a. Company is registered as a Wholesaler of Petroleum product and possess a valid license issued by Department of Energy (DoE),
- b. And forward a valid Letter of Good Standing from the Compensation Commissioner.

4. Standard contract template:

Please see standard contract template attached: Annexure C



STORAGE
AGREEMENT TEMPLA

6. TECHNICAL REQUIREMENTS FOR ACCESS TO THE STORAGE FACILITY

1. The following are **Technical Requirements** for access to the Storage Facility:

- a. All vehicles to obtain a Safe Loading Pass prior to Entry/Loading/Discharging on site.
See Attached: Annexure D



Safe Loading
Pass.xls

- b. All drivers must be **Inducted and trained** on site specific Safety rules and regulations.

- ✓ General Site Induction
- ✓ Emergency Response Plan (ERP) Training
- ✓ Basic Fire Fighting Training
- ✓ LPG properties & handling
- ✓ Transfer Processes and Procedures
- ✓ HSSE Practices in Product Handling & Control

- ✓ Control of Electrostatic
- ✓ Road Transport Related Policies i.e. Drug & Alcohol Policy, Seatbelt Policy, Cell phone Policy

c. **Safe Discharge- & loading Procedures** must be followed at all times – See attached: Annexure E

A. ROAD TANKER DISCHARGING PROCEDURE



ROAD TANKER
DISCHARGE PROCED

Annexure F

B. ROAD TANKER LOADING PROCEDURE



LPG TANKER
LOADING PROCEDUR

2. All Drivers must be in possession of the following Licenses/Certificates:
 - ✓ Valid Code 14 Dangerous Goods driver's license
 - ✓ Copy of Valid Medical Fitness Certificate to be presented to Field Operations Manager with on 1st Discharge/Loading
 - ✓ Valid PDP
3. All 3rd Party Personnel /Drivers/Contractors entering PE Mains Site will be required to do Induction Training every 6 months.
Vehicle Safe Loading Passes must be renewed on an **annual** basis.

The following refresher training is mandatory for 3rd party drivers/3rd party contractor drivers or any other 3rd party personnel that assists in handling LPG on the PE Mains Site, and must take place **annually**:

- ✓ Emergency Response Plan (ERP) Training
- ✓ Basic Fire Fighting Training
- ✓ LPG Properties & Handling Training
- ✓ Transfer Processes and Procedures
- ✓ HSSE Practices in Product Handling & Control
- ✓ Control of Electrostatic
- ✓ Road Transport Related Policies i.e. Drug & Alcohol Policy, Seatbelt Policy, Cell phone Policy

4. Mandatory agreements

We currently have no Mandatory agreements to be signed upon entrance at PE Mains in place.

7. PROCESS TO BE FOLLOWED BY THIRD PARTIES WHEN REQUESTING ACCESS

1. The following process should be followed by a 3rd Party when requesting access to storage at the PE Mains Facility, Eveready Rd, Sidwell, Port Elizabeth:
 - a. Request for storage should be made in writing to:

National Operations Manager	Cc Managing Director
Duane.Dennis@easigas.com	William.Solliez@easigas.com
Fax: 0866 320 646	Fax: 0866 342 075
PO Box 17297, Randhart, 1457	PO Box 17297, Randhart, 1457

- b. LPG Volume to be stored in Tonnes (t) i.e. 100 tonnes, and Storage period i.e. 1/6/2012 - 30/9/2012: 4 Months.
- c. If product is from International Origin, state prospective Vessel Name and Estimated time of Arrival (Eta).
If product is from Local Origin, state Refinery Name/s.
- d. Proposed delivery/upliftment methods and respective quantities i.e. Road – 20t/25t or Rail 15t/22t/28t/35t/38t or both Road/Rail and proposed quantities.
- e. Easigas will inform the applicant of their decision, within 14 days from receipt of a request for storage.

8. CONCLUSION

In conclusion, we believe that Easigas PE Mains is not a Storage Facility, per say. We believe that the tanks are part of the Manufacturing process, in that the product from these tanks are used in the blending plant, where LPG is mixed with Air, at an approximate 21%LPG/79%Air ratio, before being pumped through Booster pumps into various districts, through district meters, to customers for end use: - Restaurants and various other applications i.e. industrial heating, etc.

It would not be commercially or operationally reasonable, to allow 3rd party **storage** at the PE Mains Facility.

Easigas would appreciate NERSA’s perusal of facts as stated in the **Introduction** of this document - Points a. - d, and subsequent feedback on the matter, as soon as possible.

9. ADDENDUMS

Addendum A – Planned Tanker Loading-Discharge Schedule

Addendum B – Planned Tanker Loading-Discharge Schedule

Addendum C – Storage Agreement Template

Addendum D – Safe Loading Pass

Addendum E – Road Tanker Discharge Procedure

Addendum F – LPG Tanker Loading Procedure



ROAD TANKER DISCHARGE PROCEDURE

NB: ENSURE PERSONAL PROTECTIVE EQUIPMENT IS WORN AT ALL TIMES. NO CELLPHONES ALLOWED IN AND AROUND THE TANKFARM.

BEFORE DISCHARGING

1. Driver to obtain 1st weight from PE Spheres weighbridge, situated in the PE Harbour, then proceed to PE Mains Facility, Eveready Rd, Sidwell, Port Elizabeth.
2. On arrival at the site, position truck correctly for Emergency escape, in other words, in such a way that you do not have to reverse in case of an Emergency. Should the need to reverse arise, always ensure that you have assistance when reversing.
3. Position correctly for discharge at offloading connection point.
4. Switch off engine and master switch.
5. Place chocks under the wheels and place fire extinguishers and "No Smoking" signs at the front and rear of vehicle.
6. Report to the Process Controller in Mains Control Room
7. Check the quantity of gas in the tanks on the telemetry system in the control room and on the percentage gauges at the tanks being discharged into.
8. Verify the tank Gauge Reading and Telemetry Reading of the tank that is going to be discharged into, in the Process Control Room in conjunction with the Process Controller and sign the Rail/Road Tanker Offloading Sheet.
9. Open the bleed valve on the rotary gauge of the tank and move the gauge lever to 85 % (where a tank has only a percentage gauge, open the bleed off valve on top of the tank).
10. Connect static cable to earth point.
11. Check that valve on offloading point is closed.
12. Remove dust cap from offloading coupling. Ensure no dust or grit in offloading point.
13. Before connection, check that Mains connection point O-ring is in place, and that such is in good order.
14. Unroll Tanker delivery hose (Ensure no dust is present) and connect to Mains offloading point correctly.
15. Ensure bleeder valves on tanker discharge coupling and Mains offloading point are closed.
16. Open respective valves on tanker for discharging and valve on Mains offloading point, check for leaks.

TO OFFLOAD

1. Start engine and engage P.T.O.
2. Increase engine speed to 1500 r.p.m. (higher revs will cause flowmatic valve to close).
3. Open the globe valve.
4. Open Emergency shut off valve.
5. Set the meter.
6. Open the hydraulic valve very slowly (fast movements will cause the flowmatic valve to close).
The product will start to flow.
NB:!! Continuously check for leaks during the discharge process.
7. Check Mains site pressure gauge. Normal reading is between 6.5 – 7.5 bars or 650 – 750 Kpa.

8. Watch rotary gauge/percentage gauge on client's tank. When liquid gas starts to blow off, close bleeder valve.
9. Stop discharge. **MOST IMPORTANT NOTICE: DO NOT** exceed the safe filling level of 85%. If you did, notify the Field Operations Manager immediately.
10. **NB'!!** Stay in attendance (do not sit inside the cab) during the full delivery, smell, look and listen for leaks

TO END DISCHARGE

1. Stop the hydraulic pump.
2. Press "print" on meter.
3. Close the globe valve.
4. Close emergency shut off valve.
5. Disengage P.T.O. and stop engine.
6. Close valve on Mains offloading points.
7. Close valve on tanker discharge coupling. Open bleeder valve on discharge coupling and Mains offloading point to release vapour.
8. Remove tanker coupling from Mains filling connection and stow pipe safely on hose reel.
9. Replace Mains dust cover correctly on Mains offloading connection.
10. Roll up static cable.
11. Driver to verify with Process Controller the telemetry reading on tank/s product was discharged into. Process Controller to record this telemetry reading on the Rail/Road Tanker Offloading Sheet. Rail/Road Tanker Offloading Sheet to be signed off by both Driver and Process Controller.
12. Prepare Delivery note and include the following information: temperature; density; dips (in percentage); quantity delivered; meter readings, Telemetry Meter Readings.
13. Obtain signature from Process Controller and leave behind a copy of the Delivery note and Tanker meter ticket.
14. Replace chocks, fire extinguishers and "No Smoking" signs on the vehicle.
15. Re-check vehicle and leave the site with caution.
16. Proceed to PE Spheres weighbridge to obtain 2nd weight.
17. Spheres Bulk Operator will present driver with one copy of the weighbridge ticket and forward a copy to PE Mains Facility.

LEAK MANAGEMENT

1. Should a leak occur on the rotor gauge on the tank, stop offloading immediately.
2. Should a leak occur from any other valve, try and close the valve. If unsuccessful, alert on-site management.
3. Do NOT proceed without instructions.
4. Do not proceed until authorised by Site Management that it is safe to do so.
5. Report all unsafe acts to the Field Operations Manager and your supervisor immediately.



PRODUCT STORAGE AGREEMENT

Entered into between

Easigas (Pty) Ltd

(Registration No.1981/03430/07)

AND

XXXXXXXXXX

(Registration No: XXXXXXXXX)

PRODUCT STORAGE/SUPPLY/SWAP AGREEMENT

1 PARTIES

1.1 The parties to this agreement are –

1.1.1 **Easigas (PTY) Ltd;** and

1.1.2 **XXXXXXXXXXXX**

1.2 The parties agree as set out below.

2 INTERPRETATION

2.1 In this agreement, unless inconsistent with or otherwise indicated by the context –

2.1.1 “**the/this agreement**” means the agreement contained in this document, including any annexures hereto;

2.1.2 “**the parties**” means the persons referred to in 1.1;

2.1.3 “**Easigas**” means Easigas (Pty) Limited (registration number 1981/03430/07), a public company duly incorporated in accordance with the laws of the Republic of South Africa;

2.1.4 “**XXXXXX(3RD Party)**” means **XXXXXX(3RD Party)** (registration number **XXXXXXXXXX**)

2.1.5 “**the signature date**” means the date on which this agreement is signed by the party signing last in time;

2.1.6 “**LPG**”- means Liquid Petroleum Gas

2.1.7 any reference to –

2.1.7.1 the singular includes the plural and vice versa;

2.1.7.2 natural persons includes juristic persons and vice versa;

2.1.7.3 any one sex or gender includes the other sexes or genders, as the case may be;

- 2.1.7.4 any law means the relevant enactment or legislative measure as at the signature date and as amended or re-enacted from time to time;
- 2.1.7.5 a party includes a reference to that party's successors in title and assigns allowed at law.
- 2.2 The words "**shall**" and "**will**" and "**must**" used in the context of any obligation or restriction imposed on a party have the same meaning.
- 2.3 The clause headings in this agreement have been inserted for convenience only and shall not be taken into account in its interpretation.
- 2.4 Where any term is defined within the context of any particular clause in this agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this agreement, notwithstanding that the term has not been defined in this interpretation clause.
- 2.5 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to that provision as if it were a substantive clause in the body of the agreement, notwithstanding that it is only contained in the interpretation clause..
- 2.6 This agreement shall be governed, interpreted and enforced in accordance with the laws of the Republic of South Africa from time to time.
- 2.7 No provision of this agreement shall (unless otherwise stipulated) constitute a stipulation for the benefit of any person (*stipulatio alteri*) who is not a party to this agreement.
- 2.8 The terms of this agreement having been negotiated, the *contra proferentem* rule shall not be applied in the interpretation of this agreement.

3 Commencement, Duration And Renewal

- 3.1 Notwithstanding the date of signature this agreement shall commence on:
XXXXXX(Date)
and shall endure until:

XXXXXX(Date)

Or the agreed contractual Volumes have been exhausted.

4 Loading Requirement

4.1 Both XXXXXX and Easigas intend to enter into this agreement, whereby Easigas makes available to XXXXXX, Storage capacity of e.g.100 (One hundred) tonne at the Easigas PE Mains Facility as per the loading plan agreed by both parties.

4.2 XXXX (3RD Party) shall endeavor to discharge/load the LPG within the period stated in clause 3.1, in the event that XXXX (3RD Party) is unable to collect within the period stated above, they will inform Easigas in advance, telephonically and confirmed in writing.

The period shall be extended for a reasonable period, if possible, to allow for collection of the remaining LPG allocated.

5 Consideration

5.1 The parties agree that the price for the Storage shall be RXX,XX per Kilogramme (exclusive of VAT) tonne ex works.

5.2 The payment terms for storage of product are cash up front with discharge/loading slips being issued for one week's loading.

6 Delivery, Access

6.1 XXXX (3RD Party) or its nominated agent shall discharge/load the LPG from The Easigas PE Mains Facility, Eveready Rd, Sidwell, Port Elizabeth.

6.2 Each party shall ensure that the other party has unimpeded twenty- four access to its premises for the discharge/loading of the LPG.

6.3 All tankers, when entering The Easigas PE Mains Facility, need to comply with all safety, health and environmental regulations. Failing that, may result in refusal to discharge/load and return of empty tankers.

- 6.4 The quantities of LPG collected shall be measured according to gas industry standard and using approved equipment by the Dept of Weights and Measures of SANAS.
- 6.5 The risk in gas shall pass onto the party discharging/loading the LPG once the LPG has passed the connection flanges on the Road/Rail Tanker.

7 WARRANTY

The parties hereby warrant that the LPG shall conform to SANS 1774.

8 EXCLUSION OF LIABILITY AND INDEMNITY

- 8.1 Neither during the currency of this Agreement nor after its termination shall either party be liable for any loss, damage or injury sustained by the other or its agents, servants, employees or independent contractors, except where otherwise provided in this agreement, or where such loss, damage or injury results from the gross negligence or intentional act or omission of that party
- 8.2 Neither party shall be liable for any indirect or consequential loss or damage (including but not limited to loss of production, loss of revenue, loss of profits, loss of customers, loss of contracts, and loss of custom, goodwill and/or reputation) suffered by the other party.
- 8.3 The parties hereby indemnify and hold each other harmless against any losses, expenses, costs or damages of whatsoever nature incurred as a result of any claim against a party hereto by any third person whomsoever arising from a breach of this agreement provided that such claim is not the result of any negligent act or omission by the other party.

9 FORCE MAJEURE

- 9.1 Neither party shall be liable to the other for inability to perform or delayed performance in terms of this agreement, should such inability or delay arise from any cause beyond the reasonable control of such party and not caused by any fault of such party, provided that the existence and/or happening of such cause has been drawn to the attention of the other

party within a reasonable time of occurrence of such a cause (“**a force majeure event**”).

- 9.2 For the purposes of this clause 9, a *force majeure* event shall, without limitation of the generality of the a foregoing, be deemed to include any act of God, strikes, lock outs, accidents, fire, explosions, war (whether declared or not), invasion, any acts of foreign enemies, hostilities, riot, civil insurrection, military uprising, insurrection, rebellion, revolution, military or usurped power, flood, earthquake, lightning, action, intervention or decree of local or national government, civil war.
- 9.3 The burden of proof of the existence and extent of the alleged *force majeure* event shall rest on the party claiming *force majeure*.

10 BREACH

- 10.1 In the event of either of the parties (hereinafter referred to as “**the defaulting party**”) –
- 10.1.1 committing or allowing the commission of any breach of this agreement and failing to remedy such breach within a period of seven days after receipt of a written notice from the other party (“**the aggrieved party**”) calling upon the defaulting party to so remedy; and/or
- 10.1.2 repeatedly breaching any of the terms of this agreement in such manner as to justify the aggrieved party in reasonably holding that the defaulting party's conduct is inconsistent with the intention or ability of the defaulting party to carry out the terms of this agreement; and/or
- 10.1.3 committing an act which would have been an act of insolvency within the meaning of section 8 of the Insolvency Act 24 of 1936 had such party been a natural person; and/or
- 10.1.4 being placed into liquidation (whether provisional or final and whether voluntary or compulsory) or being placed under provisional or final judicial management or attempting to effect a compromise with its creditors or any other arrangements with its creditors necessitated or

attributable to the defaulting party being unable to pay its debts, then and in any such events the aggrieved party shall be entitled, at its sole discretion and without prejudice to any of its other rights in law, either to claim specific performance of the terms of this agreement or to cancel this agreement forthwith and, without further notice, claim and recover damages from the defaulting party.

11 NOTICES AND DOMICILIA

11.1 The parties choose as their *domicilia citandi et executandi* their respective addresses set out in this clause for all purposes arising out of or in connection with this agreement at which addresses all processes and notices arising out of or in connection with this agreement, its breach or termination may validly be served upon or delivered to the parties.

11.2 For purposes of this agreement the parties' respective addresses shall be –

11.2.1 **Easigas at:**

Gate 5 Hibiscus road

Alrode _____;

Facsimile: 0866320646 _____;

For the attention of the Managing Director;

11.2.2 **XXXX (3RD Party) at:**

XXXXXXXXXXXX

XXXXXX

Facsimile: (XXXXXXXXXXXX

For the attention of: XXXXXXXXXXXXXXX

or at such other address in the Republic of South Africa of which the party concerned may notify the other in writing provided that no street address

mentioned in this sub-clause shall be changed to a post office box or *poste restante*.

- 11.3 Any notice given in terms of this agreement shall be in writing and shall –
- 11.3.1 if delivered by hand be deemed to have been duly received by the addressee on the date of delivery;
 - 11.3.2 if posted by prepaid registered post be deemed to have been received by the addressee on the eighth day following the date of such posting;
 - 11.3.3 if transmitted by facsimile be deemed to have been received by the addressee on the day following the date of dispatch, unless the contrary is proved.
- 11.4 Notwithstanding anything to the contrary contained or implied in this agreement, a written notice or communication actually received by one of the parties from the other including by way of facsimile transmission shall be adequate written notice or communication to such party.

12 CESSION AND DELEGATION

Neither party shall be entitled to cede its rights and/or delegate its obligations in terms of this agreement without the prior written consent of the other party which consent may not be unreasonably withheld or delayed.

13 NEW LAWS AND INABILITY TO PERFORM

If any law comes into operation subsequent to the signature of this agreement which law affects any aspect or matter or issue contained in this agreement, the parties undertake to enter into negotiations in good faith regarding a variation of this agreement in order to ensure that neither this agreement nor its implementation constitutes a contravention of such law.

14 SEVERABILITY

Each and every provision of this agreement (excluding only those provisions which are essential at law for a valid and binding agreement to be constituted)

shall be deemed to be separate and severable from the remaining provisions of this agreement. If any of the provisions of this agreement (excluding only those provisions which are essential at law for a valid and binding agreement to be constituted) is found by any court of competent jurisdiction to be invalid and/or unenforceable then, notwithstanding such invalidity and/or unenforceability, the remaining provisions of this agreement shall be and remain of full force and effect.

15 OPERATION

The expiration, cancellation or other termination of this agreement shall not affect those provisions of this agreement which expressly provide that they will operate after such expiration, cancellation or other termination or which of necessity must continue to endure after such expiration, cancellation or other termination, notwithstanding that the relevant clause may not expressly provide for such continuation.

16 INDEPENDENT ADVICE

Each of the parties to this agreement hereby acknowledges and agrees that –

it has been free to secure independent legal and other professional advice (including financial and taxation advice) as to the nature and effect of all of the provisions of this agreement and that it has either taken such independent advice or has dispensed with the necessity of doing so; and all of the provisions of this agreement and the restrictions herein contained are fair and reasonable in all the circumstances and are in accordance with the party's intentions.

17 WHOLE AGREEMENT

This agreement constitutes the whole agreement between the parties as to the subject matter hereof and no agreements, representations or warranties between the parties regarding the subject matter hereof other than those set out herein are binding on the parties.

18 VARIATION

No addition to or variation, consensual cancellation or novation of this agreement and no waiver of any right arising from this agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the parties or their duly authorised representatives.

19 RELAXATION

No latitude, extension of time or other indulgence which may be given or allowed by any party to the other parties in respect of the performance of any obligation hereunder, and no delay or forbearance in the enforcement of any right of any party arising from this agreement, and no single or partial exercise of any right by any party under this agreement, shall in any circumstances be construed to be an implied consent or election by such party or operate as a waiver or a novation of or otherwise affect any of the party's rights in terms of or arising from this agreement or estop or preclude any such party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

20 COSTS

Each party shall bear their own costs of and incidental to the negotiations, preparation and execution of this agreement.

21 SIGNATURE

- 21.1 This agreement is signed by the parties on the dates and at the places indicated opposite their respective names.
- 21.2 This agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument.
- 21.3 The persons signing this agreement in a representative capacity warrant their authority to do so.

SIGNED at _____ on _____

AS WITNESS:

For: **EASIGAS (PTY) LIMITED**

(Names of witness in block letters) Duly authorised

SIGNED at _____ on _____

AS WITNESS:

For: **XXXXXXXXXXXX (3rd Party)**

(Names of witness in block letters) Duly authorised

SIGNED at _____ on _____

AS WITNESS:

For: **XXXXXXXXXXXX (3rd Party)**

(Names of witness in block letters) Duly authorised



LPG TANKER LOADING PROCEDURE

NB!!: ENSURE PERSONAL PROTECTIVE CLOTHING IS WORN AT ALL TIMES

1. Driver to obtain 1st weight from PE Spheres weighbridge in PE Harbour and proceed to PE Mains Facility, Eveready Rd, Sidwell, Port Elizabeth.
2. Position the vehicle correctly at the Mains loading hoses.
3. Switch off engine, place wheel chocks, fire extinguishers and “No Smoking” signs in position.
4. Report to the Process Controller in Mains Control Room.
5. Check the quantity of gas in the tanks to be loaded from on the telemetry system in the control room and on the percentage gauges, and sign Rail/Road Tanker Loading Sheet.
6. Connect static cable to earth point.
7. Connect loading hose correctly.
8. Only open the bleeder valve on the Tanker, when a there are problems with the Tanker Gauges.
9. Open valves on the vehicle.
10. Open valves on the loading line.
11. Start pump.
12. Ensure pump is running.
13. Check product flow through sight glass.
14. Monitor the process to the end. **NB:!!** Continuously check for leaks during the discharge process.
15. **NB:!!** Stay in attendance (do not sit inside the cab) during the full delivery, smell, look and listen for leaks. If you have to leave the area - stop the pump, close down all valves and switch off vehicle engine master switch.
16. Regularly check the tank levels during discharge.
17. Check vehicle gauge until it reaches an 85% reading, then stop the pump. If product blows out through the bleeder valve before the gauge reaches the 85% mark, stop the pump immediately.
18. Close valves on tanker and Mains tanks, bleed off vapour in lines and close bleeder valves.

19. Disconnect hoses and bond cable.
20. Replace all dust covers.
21. Driver to verify with Process Controller the telemetry reading on tank/s product was loaded from. Process Controller to record this telemetry reading on the Rail/Road Tanker Loading Sheet. Rail/Road Tanker Loading Sheet to be signed off by both Driver and Process Controller.
22. Prepare Delivery note and include the following information: temperature; density; dips (in percentage); quantity Loaded; meter readings, Telemetry Meter Readings
23. Obtain signature from Process Controller and leave behind a copy of the Delivery note and Tanker meter ticket
24. Replace chocks, fire extinguishers and "No Smoking" signs on the vehicle.
25. Re-check vehicle and leave the site with caution.
26. Proceed to PE Spheres weighbridge to obtain 2nd weight.
27. Spheres Bulk Operator will present driver with one copy of the weighbridge ticket and forward a copy to PE Mains Facility.