

1. ALLOCATION MECHANISM FOR UNCOMMITTED CAPACITY

- a. Hammertone Fuels are in the process of submitting Tariff Schedules to the National Energy regulator.
- b. Contractual terms and conditions that Hammertone Fuels need to sign with third parties do not apply as the tankage on site is only sufficient to service our existing customers.
- c. The storage facility on the premises can be viewed and the office can be contacted to set up an appointment.
- d. There is insufficient excess capacity to allow 3rd party utilization. Refer point 3 (b) indicating volume of product stored on site.
- e. Hammertone Fuels are able to supply new customers with product on a first come first serve basis but are unable to offer storage facilities to third parties.

2. TARIFF SCHEDULE

- a. Hammertone Fuels are in the process of submitting the Tariff Schedule to The National Energy Regulator.
- b. Products supplied are exclusive of V.A.T.

3. CONTRACTUAL TERMS AND CONDITIONS FOR USE

a. STORAGE CAPACITY SCHEDULING AND PLANNING

Product is ordered approximately 2 weeks in advance for delivery of Diesel or Paraffin to our premises.

Firm order planning is done 48 hours before delivery or collection of product. Product is all delivered by road tanker. Orders are placed with sufficient capacity in the storage tanks so that the entire order can be received. A delivery note is signed for on receipt of order with meter readings and ticket printer supplied.

Product is collected by road tanker from BPSA Island View Storage in Durban.

Stock is rotated Daily and there is no long term storage at this facility.

- b. The total volume stored on site is 52 130lt of Product.
Meters used on site are Smith meters and they are calibrated by an SABS approved legal metrology agent.
- c. Products stored on site are class III namely Diesel and Paraffin and approximately 23 000lt of each product is stored on the premises. There is no cross contamination of product as the tanks and meters are separate from each other. Flash point tests are done on each load of Illuminating Paraffin loaded. There are no slops on site as product is loaded and delivered to customers as per order.
- d. Custody of Petroleum Product remains with Hammertone Fuels until delivered to customer whereby the risk passes to the customer. The product once supplied in the customers tank is deemed to be sold and transferred to the customer. Product supplied is delivered with a certificate of analysis and a delivery note whereby the customer acknowledges receipt and condition of product.
Customers are requested to email or fax orders to confirm quantities and pricing. Remedial action taken for spills is contacting Haztrans if the spill is major and the Fire Department in case of an emergency.
- e. Amendments to documentation are done before dispatch to the customer. In the event of a change in the volume taken by the customer, the delivery note is signed for and the invoice amended accordingly and sent back to the customer. There are no changes to the Tariff charged.

4. CONTRACTUAL TERMS AND CONDITIONS FOR PAYMENT

- a. The invoice to the client contains their physical address and V.A.T number with their order number and the product and quantity ordered. All of Hammertone Fuels details are recorded on the same invoice.
- b. Payment is generally 30 days from date of statement unless indicated otherwise. Up-front payments are rarely made as all customers have opened an account.
- c. Hammertone Fuels carry insurance in the amount of R16 000 000.00 for Public liability and loss of product.

5. TECHNICAL REQUIREMENTS FOR ACCESS TO THE STORAGE FACILITY



HAMMERTONE FUELS (KZN)

FUELS, LUBRICANTS & CHEMICALS

Reg No CK 96/22347/23
www.htfuels.com

Private Bag X01
Suite 5
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4320

15 AUGUST 2011

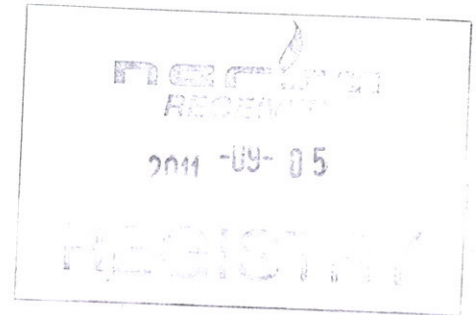
Tel: (031) 564 5896/7
Fax: (031) 564 5886

NERSA

REGULATOR MEMBER: PETROLEUM PIPELINES

TEL: (012) 401-4081

FAX: (012) 401-4700



REF: PPL.SF.F3/6/2006

ATT: DR CROMPTON

CO: MRS THEODORAH KHOZA

**RE: STORAGE CAPACITY ALLOCATION MECHANISM
THIRD PARTIES REQUESTING ACCESS**

Dear Sir

Please find below the submission on behalf of Hammertone Fuels (KZN) regarding allocation mechanism that include processes to be followed by third parties when requesting access as requested by the Energy Regulator.

If you require any further information please do not hesitate to contact the writer.

Thanking you

Yours Sincerely

QUINTON FISHER

**1. PROCESS FOR THIRD PARTY REQUESTING ACCESS TO COMPLY WITH
REGULATION 3(8) (D) OF THE ALLOCATION MECHANISM**

- a. Third parties are requested to make written representation of their requirements and a telephonic appointment must be made before a visit to the petroleum storage facility.
- b. Information required will be the type and volume of product required together with the company or third party details and the time frame in which the product is to be procured. The duration of supply and quantity per order will need to be stipulated.
- c. Documents required are all company CK documents V.A.T registration documents and directors ID copies with any other relevant information to assess the third party history and details.
- d. The above documentation is also utilized to screen the third party as to suitability for assistance with allocation of product. Contractual terms and conditions that Hammertone Fuels need to sign with third parties can be looked into depending on sufficient supply and service to our existing customers.
- e. All applications and correspondence are to be addressed to:
HAMMERTONE FUELS KZN CC
PRIVATE BAG X01
SUITE 5
UMHLANGA ROCKS
4320
DURBAN
KWAZULU NATAL

- f. Method of correspondence can be via email telephone or fax to:
TEL: (031) 564 5896
FAX: (031) 564 5886
EMAIL: qf@htfuels.com
- g. Application are received and addressed within a working week and correspondence with be sent to necessary third party as and when the decisions are taken with regard to the third party requirements. Visitors are required to receive a brief induction course as per the safety regulations before admission into the storage facility. Hammertone Fuels are able to supply third parties with product on a first come first serve basis and are able to offer storage facilities to third parties if there is sufficient capacity for Hammertone existing customers.

2. CONCLUSION

A copy of procedures and guidelines to be followed by third parties accessing the petroleum storage facility and the allocation mechanism will be published on our website at www.htfuels.com and a written copy of the allocation mechanism is kept at the licensed storage facility to enable third to understand the procedures for obtaining access to the facility.