



Shell South Africa Marketing (Pty) Ltd

Storage Facility Allocation Mechanism:

Uncommitted Capacity 2011/12

Version 1.2012

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1. Executive Summary

Shell SA Marketing (Pty) Ltd – registration number 1961/000645/07, herein referred to as SHELL, was granted, under the decision of the Energy Regulator in terms of section 10(3) of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), operating licenses by NERSA for the following sites:

Alberton Depot	<i>PPL.sf.F3/23/01/2006</i>
Kimberley Depot	<i>PPL.sf.F3/23/02/2006</i>
Ladysmith Depot	<i>PPL.sf.F3/23/03/2006</i>
Polokwane Depot	<i>PPL.sf.F3/23/04/2006</i>
Port Elizabeth Depot	<i>PPL.sf.F3/23/05/2006</i>
> Port Elizabeth Aviation Storage Facility	<i>PPL.sf.F3/27/02/2006</i>
Rockysdrift Depot	<i>PPL.sf.F3/23/06/2006</i>
Witbank Depot	<i>PPL.sf.F3/23/07/2006</i>
MosselBay Depot	<i>PPL.sf.F3/23/09/2006</i>
Kroonstad Depot	<i>PPL.sf.F3/23/10/2006</i>

In terms of the Regulations published under GNR342 Government Gazette No 30905 of 04 April 2008, in terms of the Petroleum Pipelines Act , 2003 (Act No. 60 of 2003, storage licensees are to lodge with NERSA, their allocation mechanism for uncommitted capacities, and review annually with all amendments submitted duly, to the same for consideration - 29 March.

2. Regulatory Compliance

The allocation mechanism for unutilised capacity must in principle consider:

- (1) Tariff Schedule;
- (2) Allocation Mechanism Determination;
- (3) Contractual Terms and Conditions for Use and Payment;
- (4) Technical requirements for access to the storage facility;
- (5) Access Rules and Requirements for Tenants requiring access to the petroleum storage facility.

2.1. Tariff Schedule

Shell SA submits to the NERSA a schedule of proposed tariffs for all storage/depot facilities (and the details of our calculation) for their approval. The approved tariffs are currently published per facility below:

Storage Facility	Alberton Depot	Kimberley Depot	Ladysmith Depot	Polokwane Depot	Port Elizabeth Depot
Tariff per litre	3.17	8.28	12.53	7.98	12.79
Storage Facility	Rocky's Drift Depot	Witbank Depot	Mosselbay Depot	Kroonstad Depot	
Tariff per litre	8.33	3.71	1.34	8.09	

The pipeline is a 4,5km long, 4-inch diameter petroleum pipeline connecting the Port Elizabeth Aviation storage facility to the Port Elizabeth Airport.

The latter (if with reasons for decision) will apply as interim until such time a revision is approved.

2.2. Allocation Mechanism Determination

For the purpose of this submission, Shell SA has landed the following definitions according to operations at a Shell storage/depot facility:

Uncommitted capacity is defined as the volume that can be safely moved through a terminal in addition to current operations. Taking into account the following:

Tank working capacity describes the total volume in a tank that is available for use in operations. Working capacity is the tank's nameplate capacity, less dead or unpumpable stock¹, less safety stock², and less any strategic or compulsory stock holding.

A **storage facility** is defined in section 1 of the Act as any bulk storage facility and its auxiliary equipment that is or is intended to be used for the storage of petroleum product

¹ A tank can never completely drain for product quality and tank integrity reasons.

² Floating roofs and vapour recovery systems often use practical free space at the top of a tank.

Depot operating hours, mandatory outages for maintenance

Operating hours are a limiting factor in determining uncommitted capacity. Logically the less time available to load the less throughput capacity is available. There will also be compulsory gantry downtime for maintenance and statutory requirements.

Health, Safety, Security and Environmental issues

The overriding limiting factor in determining uncommitted capacity is the amount of vehicles that can be safely moved and loaded in the terminal. All gantries are different in respect to size and flow-rate capacity. Vehicles spend considerable time within a terminal before and after loading. This is due to security clearances, safety checks, and necessary documentation to be completed, as well as loading the vehicle. During shift changes and in times of supply disruptions, traffic entering into and departing from the depot, can be problematic.

2.3. Contractual Terms and Conditions for use and payment

All parties are required to agree and sign the attached contractual agreement (addendum 1) setting out the terms and conditions for accessing and utilizing a SSA storage facility.

The agreement includes but is not limited to the following criteria:

2.3.1. Storage Capacity Scheduling and Planning

2.3.1.1. Planning

- i. Any Third party must supply a six month rolling plan and therefore will need to present its requirements well in advance. The notice period should at least be four months, but preferably six months. The following planning process will be followed:
 - M+6 Indication of ullage requirements
 - M+3 Indicative receipt and dispatch plans
 - M+1 Firm receipt and dispatch plans
- ii. If the Tenant does not meet the planning requirements, the operations management is not obliged to accept such product.
- iii. Should the Tenant anticipate that its throughput volumes will, or are likely in future to, exceed the 10% upwards tolerance at a particular Depot the Tenant shall be obliged to notify the Host in writing thereof and formally request this from the Host. If the Host is willing to accept the additional throughput volumes above the 10% upwards tolerance at that Depot, the Host will then calculate a rate at which it can offer the increased volumes and the Tenant will have the right to accept or reject the new rate
- iv. If the Parties are unable to agree on an adjusted Charge, the Host shall be entitled, in its sole discretion and at any time, to refuse to allow the additional throughput volumes in excess of the 10% upwards tolerance, in which event the existing estimated throughput volumes for that Depot and the relevant Charge applicable immediately prior to the Tenant notifying the Host of the possibility of additional throughput volumes as contemplated in item 10 above, shall remain of full force and effect. If after the next quarter the Host has advised the Tenant and the Tenant has not reduced their volumes accordingly, a penalty will apply which will be that the Tenant will simply be capped at the previously agreed Throughput level

2.3.1.2. Ordering Procedure

- i. The Tenant shall provide the host, for replenishment planning and budgeting purposes, with its estimated calendar monthly upliftment requirements per petroleum product category for the next calendar year by no later than the agreed date of each year.
- ii. The Tenant shall ensure that all firm orders are adequate to meet the Tenant's petroleum product volume requirements and fluctuations therein at any point in time in accordance with the banking principle.
- iii. The Tenant's petroleum product volumes will include the volumes that the Tenant has uplifted for resale purposes only
- iv. The filling of Tenant's 'customer/agent' side tanks will not be allowed.

2.3.1.3. EDI and Back-Up Ordering Procedure

- i. The parties will use the EDI message system to order petroleum products and to communicate with each other about, amongst other matters, product ordering and confirmation of receipt and dispatches of the petroleum products.
- ii. No transaction will be effected without the necessary EDI message.
- iii. If the EDI message system is not in place or is not operational, then the parties shall use the following documentation and procedure to order petroleum products:
- iv. The Tenant will issue an order for petroleum product in writing on the official stationery of the Tenant.
- v. On receipt of the order from the Tenant the host will sign the receipt document of the Tenant, which documents will serve as the receipt notice which serves as proof of the volume and nature of the petroleum products received.
- vi. On the issuing of the petroleum product to the Tenant by the host, the Tenant will sign the loading document of the host.

2.3.1.4. EDI compliance

- i. All parties are required to be compliant with the EDI model and standards applicable to industry. This is essential as SSA manages products, payments and other transactions, using this specific system, which all parties requiring access to a facility, need to be aligned with. This will ensure effective and accurate data transfer and product movement management.

2.3.1.5. Primary Modes of Replenishment

- i. Depending on the Depot, the Tenant will use pipe, rail and road as the primary modes of replenishment to replenish the petroleum products to the depot.
- ii. The Tenant may not change the primary mode of replenishment without the prior written consent of the host.
- iii. If the Tenant has changed its primary mode of replenishment without having obtained the prior written consent of the host then the host will be entitled to refuse to allow the Tenant to replenish with these modes, any petroleum products at the depot. Should the host refuse to allow the Tenant to replenish, the Tenant shall not have any claim or recourse against the host.

2.3.2. Volumes to be stored

2.3.2.1. Measurements

- i. In instances where the Depot is installed with calibrated temperature compensated meters for the receipt of petroleum product, the quantity reflected on the aforesaid meters shall be accepted as the converted quantity received by the host. If there are no meters, the host will accept the acceptable loss in quantities, corrected to 20 degrees Celsius, of 0.25% of volume for petrol and 0.15% for diesels and paraffin on receipt of the product into the depot.
- ii. It is recorded that in the event of a loss exceeding the acceptable limits set out above then:
 - a. the Tenant shall be liable for the entire loss suffered by it; and
 - b. the host has the right to either reject the load, or receive the load and reverse the EDI message to the corrected receipted volumes as per the depot metering equipment
- iii. In the event that there are no calibrated temperature compensated meters installed at the Depot for the receipt of petroleum products, sealed parcel receipts will be accepted as per the bill of lading unless the seals have been tampered with or broken. Broken seals to be immediately reported to the Tenant who will take immediate corrective action.
- iv. All products shall be received into the depot on a first come first served basis. Any deviation is to be agreed upon between the host and Tenant depot managers to ensure maximum operational efficiency.

2.3.2.2. Stock reconciliation

a) DAILY

- i. The Host Party must provide an electronic data file and a pdf type report to the Tenant Party specifying the movements of the Tenant for day-1, for each Depot, detailing Product grade, volumes and Method of Transport. This report should be delivered by the Host to the Tenant by 12h00 on the day following the transactions. Transactions for the week-end should be included on the Monday report.
- ii. The Host must ensure that all pick up's are recorded daily on the report, based on lifting's at gantry. There must be accurate and timely recording of transactions for Tenant's account by the Host, and timely corrective actions taken on errant transactions when identified

b) ANNUALLY

- i. The annual sign-off for December movements must be concluded in time for the Audit Review of both Parties.

2.3.2.3. Invoicing and Payment terms

a) INVOICING

- i. By the 5th (fifth) Business Day of each month, the Host shall issue to the Tenant a tax invoice in respect of the Buy/Sell transactions and Services rendered during the preceding month.
- ii. Each Purchase/Sale transaction from the selling Party to the buying Party shall contain the following information:
 - Depot name;
 - Product volume, price, and applicable excise duties;
 - The amount of value added tax owing in relation to such products.
- iii. Each Throughput Movement invoice shall contain the following information:
 - Depot name;
 - Throughput Volume
 - The amount for the service rendered;
 - The amount of value added tax owing in relation to such Services.

b) PAYMENT TERMS

- i. The Tenant shall pay the invoiced amounts due on the 15th day of month following the month of delivery.
- ii. All payments made by the Tenant to the Host in terms of this Agreement shall be made by electronic funds transfer, free of exchange, deduction or set-off, into an account nominated by the Host.
- iii. In the event of any payment not being made on due date, the amount due and owing shall bear interest at Prime Rate and shall be calculated from the day that such amount is due until the date of payment.

2.3.3. Petroleum Type and Quality Control

2.3.3.1. Product specifications

Products entering a Shell SA facility must comply with the following applicable Core Petroleum Industry standards:

- All petrol grades to meet SANS 1598-2006 NAAMSA specs
- All diesel grades to meet SANS 342-2006 NAAMSA specs
- All IP grades to meet SANS 1913-2008 specs
- All aviation grades to meet DEF-Stan 2494

A batch certificate of quality to be supplied for each replenishment prior to receipt.

Incoming product is sampled and tested against acceptance tests to check any contamination that could have occurred in-transit.

The grades are to conform to the latest revisions of the SANS. Further, SSA approved product specs are subject to change and any such change will be communicated to both the Tenant and NERSA.

SANS standards

SANS 1598 2006 SANS 342 2006
NAAMSA amended_2:NAAMSA amendedx.r

2.3.3.2. Product Quality

- i. On receipt of the petroleum products the host will test the petroleum product to establish whether or not the petroleum product conforms to the host's specifications for that petroleum product. The host undertakes, as and when so requested by the Tenant, to provide the Tenant in writing with such specifications.
- ii. If the test reveals that the petroleum product does not conform to the host's specifications for that petroleum product then the host may refuse to store that petroleum product at the depot without recourse from the Tenant.
- iii. If a party requires a special test to test the quality of the petroleum product then that party shall be liable for the cost for such test.
- iv. The host will use its best endeavours to ensure the correct automatic additive dosing per the Tenant's specifications, however this shall exclude any manual dosing that may be required which will be the responsibility of the Tenant.

2.3.3.3. New Products

- i. A Tenant introducing a Product not previously stored at a Depot shall only do so with the prior written approval of the Host and shall furthermore, before so introducing such Product, provide full details in the form of Material Safety Data Sheets and other relevant documents where applicable in advance to the Host in order for the Host to comply with all legal obligations and other agreed HSSE procedures and codes of practice with particular attention to the Occupational Health and Safety Act No. 85 of 1993.

2.4. Access requirement to the facility

All interested Tenants requiring access to a SSA storage facility are required to comply with the following criteria before they are granted access to that facility. The following criteria are covered in detail in the attached contract (addendum B). The process to request access by Tenants is covered herein:

- (i) Anti-corruption due diligence
- (ii) Product specification
- (iii) EDI compliance
- (iv) Bulk Vehicle and Bulk Vehicle Operator HSSE Requirements
- (v) Agreed contractual terms and conditions
- (vi) Agreed MOC process

2.4.1. Bulk Vehicle and Bulk Vehicle Operator HSSE Requirements.

Tenants requiring access are required to have their bulk vehicles vetted to align them with SSA' HSSE standards. Compliance with these regulations is a pre-condition to a Tenant entering a SSA facility and SSA will refuse entry to any Tenant that fails to comply with this requirement. All certificates must be valid and up to date. The necessary updates are expected.

BVO's are required to complete the following:

- Driver defensive training
- Driver depot induction

Vehicles are required to be vetted to ensure they meet the required equipment specifications prior to engaging with a SSA storage facility.

2.4.2. Process to request access

Application Process
Shell.docx

2.4.3. MOC

All parties requiring access to a facility are required to agree and sign a MOC process (addendum S&OP) which defines the implementation plan required when accessing a SSA storage facility. The implementation plan will detail the timings and responsibility requirements to be met by the party requesting access to the SSA facility.

The vetting process includes the following criteria:

- Credit vetting
- Anti Money Laundering
- Anti Bribery Vetting
- Sanctioned Country and PEP (politically exposed persons)
- Legal contract
- S & OP – HSSE vetting

3. Liability

3.1. PERFORMANCE

3.1.1. The liability of the Host to the Tenant in respect of the performance or non-performance of the Host's duties hereunder, shall be limited to the performance or non-performance thereof, together with a claim for damages.

3.1.2. Save as may arise pursuant to a breach of an obligation imposed on either Party, no Party shall have any claim for damages against the other, pursuant to the terms of this Agreement. Neither Party shall have any liability to the other Party at any time for indirect losses, consequential damages and/or loss of profit and/or loss of market share.

3.1.3. Other liabilities relating to the Services shall be borne as follows:

3.2. PROPERTY

3.2.1. A Party shall not be liable for any loss or damage to the property of the other Party except where such loss or damage results from the negligence or wilful default of the first-mentioned Party or its authorized personnel or agents.

3.2.2. Each Party shall assume responsibility for insurance for loss or damages to its own property and where jointly owned property exists, their portion of such property.

3.3. PERSONNEL

3.3.1. Liabilities in respect of claims arising as a result of death, injury or disease to personnel shall be borne:

- i. In the case of a Party's own employees or sub-contractors, by that Party; and
- ii. In the case of other personnel, by the Host or alternatively equally by both Parties.

3.4. THIRD PARTY

3.4.1. Liabilities to any Third Party shall be borne by the Host, however, if the damage or injury is caused by a Tenant's vehicle or Tenants personnel inside the Depot property, then this liability should then be borne by the Tenant.

4. Capacity Allocation

The volume of product that passes through a storage facility during a period of time is defined as the throughput capacity of a facility. This is in contrast to the total physical capacity of a storage tank at a point in time.

To determine a storage facility's throughput capacity, SSA has reviewed a facility's operational supply chain and determined that the ability to replenish a storage tank is the key limiting factor and thus that determines the throughput capacity. It is recognized that in some instances the throughput capacity of a facility may be limited where a facility does not use the electronic data interchange (EDI) model and standard to manage Tenant transactions, the Tenant will only be able to access uncommitted capacity that is available in an unutilized tank,

4.1. Replenishment strategies

How participants replenish product to a depot can vary but based on "throughput" principles, whatever is taken out the depot needs to be replaced by the party taking the product out. Different replenishment modes require different size tanks. Generally the greater the frequency and lower parcel size of replenishment the less need there would be for bigger tanks.

The variance in supply due to operational needs as well as the variance in offtake due to seasonality and price fluctuations would also need to be factored in to create sufficient buffer stock to cater for both scenarios.

Pipeline fed depots need to conform to the Transnet Pipeline philosophy of delivering all the needs for all the participants of a depot once a week per product. This delivery can take place at the start of the week or at the end of the week. For example: A depot offtake of 1000m³ would need a tank of at least 2000m³ as working capacity to hold sufficient buffer to last till the end of the week or enough ullage to accept a delivery at the start of the week.

Those depots replenished by rail are solely dependent on the frequency and size of replenishment. Road replenished depots have theoretically no need for much tankage if only road deliveries are sent from the depot.

Per depot, the formula would be.

1. Tank working capacity.

(3 to 6 days buffer stock + weekly demand + Customer Offtakes) / (maximum weekly throughput/replenishment frequency)) x 100 = weekly % utilization. [days buffer dependant on replenishment strategy]

2. Replenishment strategies.

Can the additional volume envisaged be safely brought into the terminal with the approved Mode of Delivery? (Y/N)

3. Gantry loading capacities and depot operating hours

Max weekly throughput / (average load size x number of bays x number of hours/week depot is open) x 100 = weekly % utilization. [A vehicle will typically spend 1 hour on average under the gantry]

4. Vehicle traffic congestion and Health, Safety, Security and Environmental issues

Depot manager to advise if the envisaged additional vehicles can be accommodated with reasons. (Y/N)

5. Capacity already allocated to Tenants.

The “uncommitted capacity” already assigned to Tenants, compels the host to uphold this both contractually and legally.

4.2. Capacity Allocation Rules

SSA will implement the following key rules when allocating the calculated uncommitted capacity

- (i) 1st come 1st served
- (ii) Preference to high volume prospective Tenants
- (iii) Use it or lose it principle applies

4.3. First come First served

The **risk company** to inquire about the availability of capacity will be treated as the first in line.

4.4. High Volume Customers

Preference is given to high volume customers when allocating capacity, i.e. if a customer requires double the amount of volume to that of another, preference will be given to the customer who requires the greater volume. This is strictly a commercial decision.

4.5. Use it or lose it.

Parties will be expected to utilize the granted capacity as per the agreed contract, failure to do so will result in the Tenant losing the capacity and it being allocated to another party.

Where a party has been allocated capacity but fails to utilize it, the said party will still be liable for the applicable tariff for the capacity allocated.

4.6. Capacity Utilisation

Alberton Depot

Location	Gate 6, Hibiscus Road, Alrode - ALBERTON
Mode of Loading	Pipeline, Road
Mode of Discharge	Road
Hosted Companies	BP

The depot currently has 32 tanks, 21 available for storage of petroleum products and the rest as slops which according to the NERSA's definition are not legislated to be carrying active products. The data below is subject to change, i.e. tank swaps as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated

	MOGAS		GASOIL		KERO	
Tank Capacity	22156620		11922523		793392	
Dead stock		5500590		2283574		179429
Operating Capacity (incl Safety stock)	16656030		9638949		613963	
Capacity Required		19186620		10990023		730392
Surplus/Short	-2530590		-1351074		-116429	

Kimberley Depot

Location	72 Study Street, Beaconsfield - KIMBERLEY
Mode of Loading	Rail, Road
Mode of Discharge	Road
Hosted Companies	BP, Engen, Sasol

The depot currently has 9 tanks, 8 available for storage of petroleum products and the rest as slops which according to the NERSA's definition are not legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	1946604		2784950	
Dead stock		401228		594437
Operating Capacity (incl Safety stock)	1545376		2190513	
Capacity Required		1838604		2676950
Surplus/Short	-293228		-486437	

Ladysmith Depot

Location	53 Diamana Road - LADYSMITH
Mode of Loading	Pipeline, Road, Rail
Mode of Discharge	Road
Hosted Companies	BP

The depot currently has 10 tanks, 6 available for storage of petroleum products and the rest as slops which according to the NERSA's definition are not legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	5240000		2081000	
Dead stock		1246550		587073
Operating Capacity (incl Safety stock)	3993450		1493927	
Capacity Required		4682000		675600
Surplus/Short	-688550		818327	

Polokwane Depot

Location	19th Industria Street - POLOKWANE
Mode of Loading	Rail, Road
Mode of Discharge	Road
Hosted Companies	BP

The depot currently has 6 tanks available for storage of petroleum products and legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	1838920		832873	
Dead stock		372423		161797
Operating Capacity (incl Safety stock)	1466497		671076	
Capacity Required		1739920		783373
Surplus/Short	-273423		-112297	

Port Elizabeth Depot

Location	Dom Pedro Jetty - PORT ELIZABETH
Mode of Loading	Ship, Pipeline
Mode of Discharge	Road, Rail
Hosted Companies	BP

The depot currently has 14 tanks, 9 available for storage of petroleum products and the rest storing Black Oil and HFO which are regarded to be for the purpose of non-petroleum products which according to the NERSA's definition are not legislated under the PPA. The data below is subject to change, i.e. tank swaps as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL		KERO		JET-A1		BLACK OIL		HFO	
Tank Capacity	16144000		19885000		2754000		5922000		31798000		7407000	
Dead stock		2663000		3425000		548000		1267000		5209000		1154000
Operating Capacity (incl Safety stock)	13481000		16460000		2206000		4655000		26589000		6253000	
Capacity Required		15694000		18985000		2529000		5472000		30450000		7182000
Surplus/Short	-2213000		-2525000		-323000		-817000		-3861000		-929000	

RockysDrift Depot

Location	Basson Street, White River - ROCKYS DRIFT
Mode of Loading	Rail, Road
Mode of Discharge	Road
Hosted Companies	BP

The depot currently has 4 tanks available for storage of petroleum products and legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	2069120		2495762	
Dead stock		408106		498239
Operating Capacity (incl Safety stock)	1661014		1997523	
Capacity Required		1970120		2396762
Surplus/Short	-309106		-399239	

Witbank Depot

Location	14th Schonland Drive - WITBANK
Mode of Loading	Pipeline, Road
Mode of Discharge	Road
Hosted Companies	BP & Sasol

The depot currently has 7 tanks, 5 available for storage of petroleum products and the rest as slops which according to the NERSA's definition are not legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	7987186		20084059	
Dead stock		1404372		2445623
Operating Capacity (incl Safety stock)	6582814		17638436	
Capacity Required		7514686		19769059
Surplus/Short	-931872		-2130623	

Mossel Bay Depot

Location	Depot Road, Voorbaai Industrial Area - MOSSEL BAY
Mode of Loading	Pipeline
Mode of Discharge	Road
Hosted Companies	BP, Chevron, Engen, Total, Sasol & PetroSA

The depot currently has 7 tanks available for storage of petroleum products and legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL		IP	
Tank Capacity	10869415		2134839		690307	
Dead stock		3578717		693305		291769
Operating Capacity (incl Safety stock)	7290698		1441534		398538	
Capacity Required		9026197		1677747		515352
Surplus/Short	-1735499		-236213		-116814	

Kroonstad Depot

Location	1st Avenue Street, Gunhill - KROONSTAD
Mode of Loading	Pipeline, Rail, Road
Mode of Discharge	Rail, Road
Hosted Companies	BP

The depot currently has 18 tanks, 16 available for storage of petroleum products and the rest as slops which according to the NERSA's definition are not legislated to be carrying active products. The data below is subject to change, i.e. tank swops as a response to ensuring that the ever changing customer demands and tanks maintenance is accommodated.

	MOGAS		GASOIL	
Tank Capacity	6617546		9850367	
Dead stock		4256492		2913686
Operating Capacity (incl Safety stock)	2361054		6936681	
Capacity Required		3377546		8581367
Surplus/Short	-1016492		-1644686	

THROUGHPUT AGREEMENT

entered into between

**SHELL SOUTH AFRICA MARKETING
(PROPRIETARY) LIMITED
(Registration No. 1961/000645/07)
("Shell")**

and

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1. INTERPRETATIONS

In this Agreement, unless the context otherwise indicates:

- 1.1. ~~%~~Agreement+ means this Agreement and any annexures hereto;
- 1.2. BFP: means the basic fuel price, which is the official formula, prescribed and used by the South African Government to determine the prices of regulated petroleum products sold in the South African market. The BFP formula is as described in the document ~~%~~Working Rules to Administer the Basic Fuels Price Methodology Effective Date: 2 March 2003 (Revised on 28 October 2005)+as further revised in January 2009, as published on the DME website and as may be amended by DME from time to time (~~%~~the Working Rules+);
- 1.3. ~~%~~Business Day+ means any day other than a Saturday, Sunday or Public Holiday officially gazetted as such in the Republic of South Africa;
- 1.4. CEF: means CEF (Pty) Limited which is the Government regulator responsible for the monitoring and implementation of product price adjustments for controlled petroleum products;
- 1.5. ~~%~~Competition Act+ means the Competition Act No. 89 of 1998;
- 1.6. ~~%~~Customs and Excise Act+ means the Customs and Excise Act, No. 91 of 1964, as amended from time to time
- 1.7. "Depot" means the depots owned or leased by either Party from time to time at which the Services are provided from time to time pursuant to this Agreement;
- 1.8. ~~%~~Depot Manager+ means the person nominated by the Party to manage the operation of the Depot;
- 1.9. ~~%~~Effective Date+ means ~~ō ō ō ō ō ō ō~~ ., notwithstanding the Signature Date;
- 1.10. ~~%~~Entitlement Balance+ means the quantity of product that a Host or a Tenant has entitlement to at a Depot, where the aggregate of the Entitlement Balances for all companies is equivalent to the physical volume in the tank;
- 1.11. ~~%~~Charge+ means the Charge charged by the Host to the Tenant for the Services;
- 1.12. "Force Majeure" has the meaning given to that term in clause 17;
- 1.13. ~~%~~Host+ means the Party operating the Depot;
- 1.14. "HSSE standards" means Health, Safety, Security and Environment standards;
- 1.15. "Month" means a calendar month;

Month M-2 shall be two months prior to delivery month M
 Month M-1 shall be one month prior to delivery month M
 Month M shall be the delivery month,
 Month M+1 shall be the immediate next month after Month M.
 Month M+2 shall be the immediate next month after Month M+1

- 1.16. "Non-performing Party" has the meaning given to that term in Force Majeure clause below;
- 1.17. ~~%~~Operating Requirements+means the Hosts standard operational procedures and processes relating to the handling of Product at a Depot from time to time, as advised by the Parties to each other in writing from time to time;
- 1.18. "Party" means Shell or Tenant respectively and/or "Parties" mean Shell and Tenant collectively;
- 1.19. Prime Rate: means the publicly quoted prime rate of interest of ABSA Bank, per annum, compounded Monthly in arrear and prima facie proven, in the event of there being a dispute in relation thereto and in the absence of manifest error, by a certificate by any general manager of ABSA Bank (whose qualification or authority need not be proven) or, in the absence of the prime rate of interest of ABSA Bank, the publicly quoted prime rate of interest of the largest domestic bank by market capitalization (excluding ABSA Bank) in South Africa
- 1.20. "Product" means the petroleum products stored at a Depot from time to time;
- 1.21. "PoD" means the documentation confirming proof of delivery of product to a Depot bearing the signature of the Host to receive the Product, or confirming receipt of product from a Depot bearing the signature of the Tenant, save in respect of deliveries of Product ex rail tank cars where the PoD shall be in the form of an Intac rail document bearing the description of the Product and the rail tank car number with a freight rail seal impressed on it;
- 1.22. ~~%~~Services+means the provision for replenishment, storage, and uplift of Product by a Tenant;
- 1.23. ~~%~~Shell+means Shell South Africa Marketing (Proprietary) Limited (Registration No. 1961/000645/07) of 57 Sloane Street, Twickenham Building, The Campus, Bryanston, 2021, Facsimile Number: (011) 996 7323, Telephone Number: (011) 996 7106; Contact Person: Supply & Distribution Manager);
- 1.24. ~~%~~Signature Date+means the date of signature of this Agreement by the last Party signing; and
- 1.25. ~~%~~Tenant+means õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ ..

(Registration No.)
Address;

1.26. VAT: means value-added tax levied in terms of the Value-Added Tax Act, No. 89 of 1991.

2. DEFINITIONS

- 2.1. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include female and neuter genders and words importing persons shall include partnerships and bodies corporate.
- 2.2. Use of the word "including" followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the eiusdem generis rule shall not be applied in the interpretation of such general wording or such specific example/s.
- 2.3. The head notes to the clauses in this Agreement are inserted for reference purposes only and shall not affect the interpretation of any of the provisions to which they relate.
- 2.4. This Agreement shall be binding on and enforceable by the administrators, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's administrators, permitted assigns or liquidators, as the case may be.
- 2.5. If any provision in clauses 1 and 2 is a substantive provision conferring rights or imposing obligations on any Party, then notwithstanding that such provision is contained in such clauses, effect shall be given thereto as if such provision were a substantive provision in the body of this Agreement.
- 2.6. Where any term is defined within the context of any particular clause in this Agreement, the term so defined shall, unless it appears clearly from the clause in question that such term has limited application to the relevant clause, bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that such term has not been defined in this clause 1.
- 2.7. When any number of days (including Business Days) is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day.
- 2.8. Should the day for the performance of any payment obligation in terms of this Agreement fall on a day, which is not a Business Day, then such obligation shall be performed on the next day, which is a Business Day.
- 2.9. Save where clearly indicated to the contrary, expressions defined in this Agreement shall bear the same meanings in any schedule and/or annexure hereto unless such schedule and/or annexure contains an alternative definition for the expression.
- 2.10. The rule of interpretation that an agreement will be interpreted against the Party responsible for the drafting thereof, and any similar rules of

interpretation, shall not apply to this Agreement and the Parties waive any rights they have to rely on such rules.

- 2.11. Any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the Effective Date, and as amended or substituted from time to time.

3. AGREEMENT

3.1. INTRODUCTION

Shell and Tenant agree to enter into this Agreement in order to specify the terms and conditions upon which infrastructure Depots operated by Shell may be used for replenishment, storage and uplift of bulk fuels by the Tenant.

3.2. DURATION

This Agreement shall commence on the Effective Date and shall endure indefinitely, provided that either Party may terminate this Agreement upon 12 (twelve) months written notice to the other Party and provided further that in respect of the provision of the Services at any particular Depot pursuant to this Agreement:

The Tenant may terminate the provision of the Services on 3 (three) months written notice to the Host to such effect; and

The Host may terminate the provision of the Services on 6 (six) months written notice to the Tenant to such effect.

3.3. RELATIONSHIP OF THE PARTIES

The relationship of the Parties inter se shall be governed by the terms of this Agreement and nothing contained herein shall be deemed to constitute a partnership between the Parties, or entitle or authorize either Party to incur liability on behalf of the other.

The Parties shall be obliged to obtain competition law compliance training, on an annual basis, so as to ensure that the conduct of the Parties in terms of this Agreement complies with the Competition Act.

Parties may come together at any other time to revise terms and definitions if prompted by industry market or regulatory changes.

3.4. AGREEMENT REVIEW

The Parties shall conduct an annual review not later than October of each year and agreement reached no later than by the end of the calendar year. The reviews shall always include, but will not be limited to:

HSSE reports;

Service Standards;

Operational Requirements and operational changes; and

Charges and Tariffs.

Both Parties shall ensure that:

an agenda is prepared in respect of the aforesaid meetings;

Discussions at the meetings shall be limited to those items on the agenda; and

The agenda is approved by each Party's legal counsel.

4. HEALTH SAFETY SECURITY AND ENVIRONMENT

4.1. STANDARDS

The HSSE standards of the Host will be the applicable standard in respect of each Depot, save where the prevailing industry norm is higher, in which case the same will instead be complied with and be preferred, and the Host shall make available to the Tenant the relevant HSSE standards.

The Host shall be entitled at its sole discretion to amend and vary the HSSE standards from time to time. In the event that there are any amendments to or variations of the Host's HSSE standards, the Host shall notify the Tenant in writing of such amendment and/or variation and such amendment and/or variation will be available to the Tenant.

In addition, the Parties will adhere to the HSSE standards set out below. Should there be a conflict between any of the HSSE standards of the Host and the HSSE standards set out in this clause, the standards set out below shall prevail.

4.2. VEHICLES

The Tenant shall ensure that all its vehicles are compliant with the HSSE standards in terms of the safe loading pass and in the event that it is not so compliant, the Host shall be entitled to prohibit entry of such vehicle at the Depot. The Party appointing a third party contractor shall ensure that the aforesaid contractor attends regular meetings and workshops in relation to the management and operation of the Depot and HSSE standards.

4.3. DEPOT AND EQUIPMENT

The Host shall ensure that it will comply with all relevant legal requirements, local oil industry practice and its own HSSE standards.

4.4. OPERATIONS

The Host shall ensure that all operations carried out in fulfilling the handling of bulk fuels are in accordance with all applicable legislative requirements, codes, standards and procedures relating to HSSE or where there is no applicable legislation, its own HSSE standards and procedures.

4.5. PERSONNEL

The Host shall ensure that all its employees, the Tenant's employees, all contractor personnel and authorized agents are fully trained in the HSSE aspects in regard to the usage of all Depots and equipment. The Host shall maintain records of training and competence and produce such records if required during an inspection or audit.

4.6. INCIDENT REPORTING

In accordance with the incident reporting procedures implemented by the Host at the Depot (as advised by the Host to the Tenant in writing from time to time), any incidents must be reported in the following time frames:

Fatalities . immediately;

Lost time injuries . within 24 hours;

Medical treatment cases . within 24 hours; and

Spillages . within 24 hours.

4.7. CONTAMINATION AND SPILLAGES

Clean-up costs and other liabilities resulting from the contamination of soil or ground water shall be borne by the Host, except where and to the extent that the contamination results from the willful default or negligence of the Tenant or its authorized personnel or agents, in which case such cost or other liabilities will be the sole responsibility of the Tenant.

5. OPERATING OBLIGATIONS

5.1. OBLIGATIONS OF THE HOST

The Host shall:

- 5.1.1. Be responsible for the management and operation of the Depot;
- 5.1.2. Test Product for quality, measure and receive Product into storage in the Depot;
- 5.1.3. In the case of any Product stock-out (being an unavailability of Product to the Tenant to which the Tenant is entitled pursuant to the application of the Banking Principle) for a Tenant due to use of this Tenant's stock by the Host and not excused by the Force Majeure provisions of this Agreement, the Host shall be responsible for alternate sourcing of the affected Product and all related costs. Should the Host fail to source the affected Product, the Tenant will be entitled to procure the Product at its cost and recover direct incremental and reasonable costs from the Host on written request;
- 5.1.4. Be responsible to ensure that the Product does not deteriorate or become contaminated as a result of storage and handling of the Product by the Host;
- 5.1.5. Ensure that additive doping standards are met and that mandatory reporting takes place at the prescribed schedule;
- 5.1.6. After a formal handover process by the Tenant to the Host of the additive injection systems on completion of an agreed Management of Change, maintain and repair the additive injection systems in order to minimize downtime; and
- 5.1.7. No manual additive injection will be allowed.
- 5.1.8. The Parties shall ensure that load rack meters at the Depots meet the requirements of the regulations framed under the Trade Metrology Act No 77 of 1973, as amended.

5.2. OBLIGATIONS OF THE TENANT

- 5.2.1. The Tenant shall in respect of each Depot at which it receives the provision of the Services:
- 5.2.2. Install the additive injection system/s at the Depot at its cost, and follow a formal handover procedure;
- 5.2.3. Ensure that all drivers and vehicles, either employed by the Tenant, its agents, sub-contractors or distributors comply with and are trained in the Host's Safe Working Procedures and Safe Loading requirements in

respect of the Depot concerned applicable from time to time, as notified in writing by the Host to the Tenant from time to time;

- 5.2.4. Ensure the safety and health of its employees utilizing the Depot and protection of the environment, including compliance with the statutory requirements imposed by, but not limited to, the Occupational Health and Safety Act No.85 of 1993; the Atmospheric Pollution Prevention Act No. 15 of 1973, the Environmental Conservation Act No. 73 of 1989, the National Environmental Management Act No. 107 of 1998, and all other applicable legislation, by-laws and regulations;
- 5.2.5. Ensure that all of its vehicles and that of its agents, contractors and distributors together with the associated equipment meet all legislative requirements and the HSSE standards of the Host;
- 5.2.6. Ensure that all drivers and vehicles, either employed by the Tenant, its agents, contractors or distributors are trained in accordance with the HSSE standards of the Host;
- 5.2.7. Attend monthly safety meetings and participate in emergency drills;
and
- 5.2.8. Ensure that vehicle, compartmentation changes on their TAS system are only made by their staff using the centralized data application process within Shell and that no changes to data are to be made without the approval of this channel. - Central scheduling TAS administration.

5.3. PRODUCT QUALITY CONTROL

- 5.3.1. Both Parties will have standard quality procedures at Depots.
- 5.3.2. In the case of aviation Products, the Host will adhere to provisions of its own aviation quality control, save where the prevailing industry norm is higher, in which case the same will instead be complied with and be preferred, and will be responsible for ensuring that on-specification Products are handed over to the aviation depot, agent or customer handling the airfield storage arrangement.
- 5.3.3. Both Parties will implement similar safety procedures for illuminating paraffin. On request, a Party will provide these procedures for scrutiny to the other Party. If either Party does additional testing in relation to the other this procedure should be performed if found to be necessary.
- 5.3.4. If it is suspected that a Product is not to specification, the Host will provide a quality certificate for this product to the Tenant.

5.4. ADDITIVES

The Host will be responsible for:

- 5.4.1. The storage and handling of the Tenant's additives and, where applicable, this includes offloading drums;
- 5.4.2. Injecting the additives into the Products as per the Tenant's instructions;
- 5.4.3. Submitting a monthly spreadsheet showing the additive stocks and usage to the Tenant; and
- 5.4.4. Submitting doped fuel samples as required by the Tenant to the Tenant's laboratory at the Tenant's cost.

The Tenant shall:

- 5.4.5. Ensure that sufficient additives are available at the Depot at all times;
- 5.4.6. Notify the Depot Owner in writing of the applicable dosage rates; and
- 5.4.7. Provide the Material Safety Data Sheets to the Depot Owner.
- 5.4.8. Notify the Depot Owner of any amendments or variations to Product specifications and the Material Safety Data Sheets within 14 (fourteen) days prior to such amendment or variation.

5.5. NEW PRODUCTS

- 5.5.1. A Tenant introducing a Product not previously stored at a Depot shall only do so with the prior written approval of the Host and shall furthermore before so introducing such Product, provide full details in the form of Material Safety Data Sheets and other relevant documents where applicable in advance to the Host in order for the Host to comply with all legal obligations and other agreed HSSE procedures and codes of practice with particular attention to the Occupational Health and Safety Act No. 85 of 1993.
- 5.5.2. Both Parties agree that such new products are subject to a management of change process covering systems and business processes.

6. PRINCIPLES UNDER THE THROUGHPUT MODEL

Under the Throughput Model:

- 6.1. The Host will operate all Storage and Handling activities at the Depot.
- 6.2. The Host and the Tenant may each replenish product into the Depot.
- 6.3. The Host and the Tenant may each uplift product from the Depot.
- 6.4. The Host and the Tenant will each retain Title to their respective product entitlements stored at the Depot.
- 6.5. The Host will assume responsibility for insurance risk for the full volume of product stored at the Depot.
- 6.6. The Host will be accountable for the full loss/gain at the Depot, as measured during the Stock Count cycle.
- 6.7. Storage & Handling charges must be billed based upon a schedule of Uplifts by the Tenant reported by the Host. The charges billed for Storage & Handling are set out in the Annexures.
- 6.8. Tenants will be obliged to have positive stocks at all Depots at all times to ensure availability of product at the Depot for uplifting of such product by Tenant at each Depot. This will also oblige the Host not to go negative and use Tenant stock except by agreement as this may constrain the Tenant.
- 6.9. In the event that a Party requires Product to be uplifted in excess of its entitlement to such Product at the Depot, it is hereby agreed that in order to accommodate such requirements, the Party needing product shall do an in-tank purchase. The in-tank purchase should be done upfront to prevent the Party from going negative. However, where in exceptional cases, a temporary negative position is permitted for operational reasons, this negative position should be corrected within three (3) days, and also before month-end close of accounts.
- 6.10. In the event that the Parties do not agree the Product Entitlement balance, or if there are any un-reconciled volumes or disputes, it will then be assumed that the entitlement balance per the Host ERP is the correct balance for product scheduling purposes.
- 6.11. Subject to the entitlement balance of the Tenant, the Host shall supply the Tenant's requirements of Products from the Depot.
- 6.12. In the event where a stock-out at a Depot occurs due to circumstances beyond the control of the Host or Tenant, or a Force Majeure event, the Host shall notify the Tenant of such stock-out as soon as reasonably possible.

7. PRODUCT RISK AND TRANSFER VOLUME

7.1. REPLENISHMENTS BY SEA

- 7.1.1. Where a Tenant replenishes by Sea the risk passes from the Tenant at the vessels flange.
- 7.1.2. The transfer volume will be the volume receipted into the tanks, as confirmed by the surveyors on the P201 document.

7.2. REPLENISHMENTS BY PIPELINE

- 7.2.1. Where a Tenant replenishes by Pipeline, the Risk passes from the Tenant at the designated pipeline entry point.
- 7.2.2. For product movements by Transnet Pipelines, the transfer volume will be the volume confirmed by the Transnet Pipelines docket showing the volume received at the inlet flange.
- 7.2.3. For product movements at the refinery supplied Depots, Cape Town and Mossel Bay terminals, the transfer volume will be calculated from the difference between the before and after dip of the Depot receiving tanks. The transfer volume will be the volume apportioned on the advice from the Host Party.

7.3. REPLENISHMENTS BY RAIL

- 7.3.1. Where a Tenant replenishes by Rail, the Risk passes from the Tenant at the flange of the rail tank car.
- 7.3.2. The transfer volume will be as per the bill of lading from the sending Depot.

7.4. REPLENISHMENTS BY ROAD

- 7.4.1. Where a Tenant replenishes by Road, the Risk passes from the Tenant at the flange from bridging vehicle.
- 7.4.2. The transfer volume will depend on the confirmation of installation of temperature compensated meters at the Depot. The list where the Depot does have temperature compensated meters is set out in the Annexures hereto.
- 7.4.3. Metered Road Receipt: If the receiving Depot does have temperature compensated meters at the discharge location, then the discharge volume is to be used as the transfer volume.
- 7.4.4. Meter-less Road Receipt: Seals Intact: If the receiving Depot does not have temperature compensated meters at the discharge location, and if the seals on the bridging vehicle are intact and the seal numbers

correspond to the seal numbers on the bill of lading, then the load volume on the bill of lading at the supply dispatch point is to be used as the transfer volume.

- 7.4.5. Meter-less Road Receipt: Seals Not Intact: If the receiving Depot does not have temperature compensated meters at the discharge location, and if the seals on the bridging vehicle are not intact, then the product is not to be received by the receiving Depot. The Host must immediately inform the replenishing Party of the non-compliance, and the Tenant must advise the Transporter what to do with the load.

7.5. UPLIFTS BY SEA

- 7.5.1. Where a Tenant uplifts by Sea, the Risk passes to the Tenant at the flange of the vessel.

- 7.5.2. The transfer volume will be the volume loaded onto the vessel, as confirmed by the Surveyors.

7.6. UPLIFTS BY PIPELINE

- 7.6.1. Where a Tenant uplifts by Pipeline, the Risk passes to the Tenant at the flange of the designated pipeline entry point.

- 7.6.2. The transfer volume will be the volume filled into the pipeline, as confirmed by the docket.

7.7. UPLIFTS BY RAIL

- 7.7.1. Where a Tenant uplifts by Rail, the Risk passes to the Tenant at the flange of rail tank car.

- 7.7.2. The transfer volume will be the volume loaded into the rail tank car, as measured by the ullage.

7.8. UPLIFTS BY ROAD

- 7.8.1. Where a Tenant uplifts by Road, the Risk passes to the Tenant at the flange of vehicle.

- 7.8.2. The transfer volume will be the volume loaded into the vehicle, as measured by the gantry meter.

8. PRODUCT UNPLANNED MOVEMENTS

8.1. PRODUCT RETURN TO DEPOT

- 8.1.1. Under certain circumstances, a Tenant may require to return Product to a Host Depot from a vehicle.
- 8.1.2. This should only be done if all other means of solution have been exhausted, and there are no further options to consider. For example, vehicles should be re-routed to another customer site, or vehicle scheduling should be adjusted so that compartments can be optimally loaded on successive loads, before this may be considered as an option.
- 8.1.3. The Tenant must obtain permission from a Host before such product may be returned to a Host Depot.
- 8.1.4. The Product return to Depot excludes Illuminating Paraffin.
- 8.1.5. The Product return to Depot is limited to 2,000 litres per trip for other Products.
- 8.1.6. The volume of Product returned must be credited to the Tenant account at the Depot.

8.2. ILLUMINATING PARAFFIN FLUSHINGS

- 8.2.1. Illuminating Paraffin flushing may be performed on condition that the Depot is able to flush product.
- 8.2.2. Risk will change once the Product is loaded into the vehicle.
- 8.2.3. The transfer volume will be the volume loaded into the vehicle, as measured by the gantry meter.
- 8.2.4. Risk will change again once the Product is returned to the Depot tank.
- 8.2.5. The transfer volume will be the volume returned to the Tank.
- 8.2.6. The volume of Product loaded and returned must be debited and credited to the Tenant account at the Depot.

8.3. CONTAMINATIONS

- 8.3.1. Where possible, the Depot Owner will accept contaminated Product to the extent that such Product can be taken into the storage tank without compromising the quality of the contents of the tank.
- 8.3.2. The Tenant must obtain permission from a Host before such contaminated product may be returned to a Host Depot. Such permission should be obtained from the respective Supply Management teams.

9. PRODUCT LOSSES

9.1. REPLENISHMENT LOSSES

9.1.1. All replenishment losses are borne by the Party responsible for arranging or contracting the replenishment transport.

9.2. STORAGE LOSSES

9.2.1. Tank storage losses and gains are for the Host account.

9.3. DELIVERY LOSSES

9.3.1. All delivery transport losses and gains are for the Party responsible for arranging or contracting the delivery transport.

10. STOCK ACCOUNTING

10.1. MEASUREMENT

- 10.1.1. All road gantry pick-ups will be at 20° C at automated gantries and ambient at non - automated gantries.
- 10.1.2. All metered sales in respect of Customer Own Collections will be processed at ambient temperature.
- 10.1.3. All non-metered vehiclesq(SPD) measurement procedures shall be based on vehicle compliance.
- 10.1.4. The gantry meters through which Product is supplied to the Tenant will be calibrated according to Trade Metrology Act, No 77 of 1973 or applicable SABS code.

11. STOCK RECONCILIATION

11.1. DAILY

11.1.1. The Host Party must provide an electronic data file and a pdf type report to the Tenant Party specifying the movements of the Tenant for day-1, for each Depot, detailing Product grade, volumes and Method of Transport. This report should be delivered by the Host to the Tenant by 12h00 on the day following the transactions. Transactions for the week-end should be included on the Monday report.

11.1.2. The Host must ensure that all picks up are recoded daily on the report, based on liftings at gantry. There must be accurate and timely recording of transactions for Tenant's account by the Host, and timely corrective actions taken on errant transactions when identified.

11.2. ANNUALLY

11.2.1. The annual sign-off for December movements must be concluded in time for the Audit Review of both Parties.

12. PRODUCT MOVEMENTS

12.1. IN-TANK PURCHASES AND SALES

- 12.1.1. The parties agree that certain in-tank transactions may take place from time to time.
- 12.1.2. An In-Tank transaction between the Parties will always be treated as two separate transactions, and will be recorded at the Depot of the Host.
- 12.1.3. In the Host book of accounts, these transactions are:
- 12.1.4. A Sale/Purchase for a volume of product
- 12.1.5. A Throughput Receipt/Issue for an equivalent volume of product.
- 12.1.6. In the Tenant book of accounts, these transactions are:
- 12.1.7. Purchase/Sale for a volume of product
- 12.1.8. A Throughput Issue/Receipt for an equivalent volume of product.
- 12.1.9. The Parties agree that Pricing of Product for In-Tank Purchases and Sales transactions should be negotiated on a Spot basis.
- 12.1.10. The Parties agree that Bridging Charges as indicated in the Annexure B is applicable to the in-tank purchases and sales.
- 12.1.11. The Parties agree that Excise Duties are applicable to the in-tank purchases and sales.

12.2. THROUGHPUT MOVEMENTS

- 12.2.1. The Parties agree that in consideration for the Throughput Services, the Tenant shall pay the charges to the Host. These charges are Storage & Handling Charges as indicated in Annexure A.

13. INVOICING AND PAYMENT TERMS

13.1. INVOICING

13.1.1. By the 5th (fifth) Business Day of each month, the Host shall issue to the Tenant a tax invoice in respect of the Buy/Sell transactions and Services rendered during the immediately preceding month.

13.1.2. Each Purchase/Sale transaction from the selling Party to the buying Party shall contain the following information:

13.1.3. Depot name;

13.1.4. Product volume, price, and applicable excise duties;

13.1.5. The amount of value added tax owing in relation to such products.

13.1.6. Each Throughput Movement invoice shall contain the following information:

13.1.7. Depot name;

13.1.8. Throughput Volume

13.1.9. The amount for the service rendered;

13.1.10. The amount of value added tax owing in relation to such Services.

13.2. PAYMENT TERMS

13.2.1. The Tenant shall pay the invoiced amounts due on the 15th day of month following the month of delivery.

13.2.2. All payments made by the Tenant to the Host in terms of this Agreement shall be made by electronic funds transfer, free of exchange, deduction or set-off into an account nominated by the Host.

13.2.3. In the event of any payment not being made on due date, the amount due and owing shall bear interest at Prime Rate and shall be calculated from the day that such amount is due until the date of payment.

14. AUDIT

14.1. HOST AUDIT

- 14.1.1. The Host will be responsible for auditing of their own Depots. Such audits should be in accordance with the respective Host company requirements, and should cover subjects including HSSE, product quality, procedures, vehicle inspections, and stock reconciliations.

14.2. TENANT AUDIT

- 14.2.1. The Host shall allow HSSE and Product Quality audits to be conducted by the Tenant from time to time. The Tenant's internal audit unit may inspect the Depot, and visit Depots accompanied by the Host's internal audit unit, or other such authorized personnel.

14.3. DOCUMENT RETENTION

- 14.3.1. The Host agrees to retain all documentation for the duration of three years.
- 14.3.2. The documentation referred includes all documents where the Parties have replenished or uplifted product from/to the other Party's location, including:
 - 14.3.3. Product receipt documentation;
 - 14.3.4. Product uplift documentation;
 - 14.3.5. Customer proof of collection documentation; and
 - 14.3.6. Services rendered.

15. LIABILITY

15.1. PERFORMANCE

15.1.1. The liability of the Host to the Tenant in respect of the performance or non-performance of the Host's duties hereunder shall be limited to the performance or re-performance thereof together with a claim for damages but shall exclude an entitlement to terminate this Agreement other than pursuant to clause 18.

15.1.2. Save as may arise pursuant to a breach of an obligation imposed on either Party in terms of this Agreement, no Party shall have any claim for damages against the other pursuant to the terms of this Agreement. Neither Party shall have any liability to the other Party at any time for indirect losses, consequential damages and/or loss of profit and/or loss of market share.

15.1.3. Other liabilities relating to the Services and the implementation of this Agreement shall be borne as follows:

15.2. PROPERTY

15.2.1. A Party shall not be liable for any loss or damage to the property of the other Party except where such loss or damage results from the negligence or willful default of the first-mentioned Party or its authorized personnel or agents.

15.2.2. Each Party shall assume responsibility for insurance for loss or damages to its own property and where jointly owned property exists, their portion of such property.

15.3. PERSONNEL

15.3.1. Liabilities in respect of claims arising as a result of death, injury or disease to personnel shall be borne:

15.3.2. In the case of a Party's own employees or sub-contractors, by that Party; and

15.3.3. In the case of other personnel, by the Host or alternatively equally by both Parties.

15.4. THIRD PARTY

15.4.1. Liabilities to any Third Party shall be borne by the Host, however, if the damage / injury is caused by a Tenants vehicle or Tenants personnel inside the Depot property then this liability should then be borne by the Tenant.

16. FORCE MAJEURE

16.1. FORCE MAJEURE CONDITIONS

16.1.1. "Force Majeure" for the purposes of this Agreement means any event or condition (whether affecting a Party or any other person), which has prevented or delayed or will prevent or delay a Party from performing any obligation hereunder (except obligations to make payments when due, to which obligations in respect of Force Majeure shall not apply), in whole or in part, if such event or condition, and such prevention or delay, is beyond the reasonable control of the Party relying thereon as justification for not performing any such obligation (the "Non-Performing Party") and such event or condition, and such prevention or delay, could not have been prevented or overcome by exercise of reasonable care by the Non-Performing Party.

16.1.2. Such events or conditions shall, provided always that they meet the requirements set forth in this clause, include but shall not be limited to circumstances of the following kind:

16.1.3. Acts of government(s), acts of the public or foreign enemy, war declared or undeclared, hostilities (whether or not war has been declared), blockades, embargoes, military action, civil disturbances, public demonstrations, insurrection, riots, acts of terrorism, acts of sabotage, vandalism, aircraft crashes, chemical or biological contamination, nuclear incidents or similar occurrences;

16.1.4. Acts of God, landslides, lightning, earthquakes, fires, explosions, storms or storm warnings, floods, extreme weather conditions, washouts, epidemics or similar occurrences;

16.1.5. Strikes, boycotts, lockouts, and other similar industrial or labour disputes and disturbances; and

16.1.6. Inability to obtain the grant or renewal of any license or approval necessary for operation of the Refinery, the necessity for compliance with any court order, law, statute, ordinance or regulation promulgated by a governmental entity having jurisdiction.

16.1.7. If the Non-Performing Party is prevented, hindered or delayed from performing any of its obligations under this Agreement by reason of Force Majeure, the Non-Performing Party shall be relieved from performance of its obligations under this Agreement to the extent that the Non-Performing Party is unable to deliver or receive the agreed quantities of Products or to perform any of its other obligations under this Agreement. Such obligations of the Non-Performing Party and any corresponding or related obligations of the other Party shall be of no effect, without liability, for a period equal to the duration of the event or condition of Force Majeure, provided that the Non-Performing Party shall notify the other Party of the nature, extent, effect and the likely duration of

the circumstances constituting Force Majeure or expected to constitute Force Majeure as soon as reasonably possible.

- 16.1.8. As soon as reasonably practical after the end of the event or condition of Force Majeure the Non-Performing Party shall notify the other Party in writing that the event or condition of Force Majeure has ended and shall resume performance of its obligations under this Agreement.
- 16.1.9. For the avoidance of doubt, neither Party shall be released from any of its obligations or liabilities under this Agreement arising prior to an event or condition of Force Majeure, and this Agreement shall remain in effect for the duration of the event or condition of Force Majeure.
- 16.1.10. The Non-Performing Party shall use all reasonable efforts to mitigate the impact of Force Majeure and to remedy its inability to perform as quickly as is reasonably possible.

17. GENERAL

17.1. CONDITIONS

17.1.1. This Agreement constitutes the whole of the agreement between the Parties hereto relating to the matters dealt with in this Agreement and save to the extent otherwise provided herein no undertaking, representation, term or condition relating to the subject matter of this Agreement not incorporated in this Agreement shall be binding on any of the Parties.

17.1.2. No variation, addition, deletion, or agreed cancellation will be of any force or effect unless agreed in writing between the Parties hereto.

17.1.3. No waiver of any of the terms and conditions of this Agreement will be binding or effectual for any purpose unless in writing and signed by or on behalf of the Party giving the same. Any such waiver will be effective only in the specific instance and for the purpose given. No failure or delay on the part of either Party hereto in exercising any right, power or privilege hereunder will constitute or be deemed to be a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17.1.4. Neither this Agreement nor any part, share or interest therein nor any rights or obligations hereunder may be ceded, assigned, or otherwise transferred by either Party without the prior written consent of the other, provided that such consent shall not be required in the event that the rights and obligations of either Party are ceded, assigned or otherwise transferred to any Affiliate.

17.1.5. Any consent or approval required to be given by any Party in terms of this Agreement will, unless specifically otherwise stated, not be unreasonably withheld or delayed.

17.1.6. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement as at the date of signature of the Party last signing one of the counterparts. The Parties undertake to take whatever steps may be necessary to ensure that both counterparts are duly signed by each of them.

17.2. APPLICABLE LAW

17.2.1. This Agreement will in all respects be governed by and construed under the laws of the Republic of South Africa.

17.2.2. Subject to the provisions of this Agreement, the Parties hereto hereby consent and submit to the non-exclusive jurisdiction of the Cape of Good Hope Provincial Division of the High Court of the Republic of

South Africa in respect of any dispute arising from or in connection with this Agreement. The Parties agree that any costs awarded will be recoverable in accordance with the High Court tariff, determined on an attorney-and-own-client scale.

17.3. SEVERABILITY

17.3.1. Each provision of this Agreement is severable from the other provisions. Should any provision be found by a Court of competent jurisdiction to be invalid or unenforceable for any reason, the Parties will consult with one another in good faith in order to agree, if possible, an alternative provision in accordance with the intent and tenor of this Agreement. The remaining provisions of this Agreement shall nevertheless remain binding and continue with full force and effect.

17.4. MEDIATION AND ARBITRATION

17.4.1. In the event of any dispute or difference arising between the Parties hereto relating to or arising out of this Agreement, including the validity, implementation, execution, interpretation, rectification, termination or cancellation of this Agreement, the said dispute or difference shall be referred to the Party's Supply Managers for urgent mediation.

17.4.2. If no resolution is reached and recorded in writing within 20 (twenty) Business Days of referral to the Supply Managers, such dispute may on written demand by any Party to the dispute be submitted to arbitration in accordance with the rules of the Arbitration Foundation of Southern Africa ("AFSA") by an arbitrator or arbitrators appointed by AFSA and agreed to by the Parties.

17.4.3. Should the Parties fail to agree on an arbitrator within 10 (ten) Business Days after arbitration has been demanded, the arbitrator shall be nominated at the request of any Party to the dispute by AFSA.

17.4.4. The Parties irrevocably agree that the submission to arbitration in terms of this clause 31 is subject to the Parties' rights of appeal set out hereunder.

17.4.5. Any Party to the arbitration may appeal the decision of the arbitrator within a period of 20 (twenty) Business Days after the arbitrator's ruling has been handed down by giving written notice to that effect to the other Party or Parties to the arbitration. The appeal shall be dealt with in accordance with the rules of AFSA by a panel of three arbitrators appointed by AFSA.

17.4.6. The decision of the arbitrator shall be final and binding on the Parties to the arbitration after the expiry of the period of 20 (twenty) Business Days from the date of the arbitrator's ruling if no appeal has been lodged by any Party. A decision, which becomes final and binding

in terms of this clause 31 may be made an order of court at the instance of any Party to the arbitration.

17.4.7. Nothing herein contained shall be deemed to prevent or prohibit any Party from applying to the appropriate court for urgent relief.

17.4.8. The provisions of this clause 31 will continue to be binding on the Parties notwithstanding any termination or cancellation of the Agreement.

17.5. EXPERT

17.5.1. Whenever under this Agreement any matter is to be referred to an expert, and whenever during the term of the Agreement, the Parties agree that a point of difference between them shall be resolved by an expert, the provisions of this clause 32 shall apply unless modified by any other express provision.

17.5.2. The procedure for the appointment of an expert shall be as follows:

17.5.3. The Party wishing the appointment to be made shall give notice to that effect to the other Party and with such notice shall give details of the matter which it is proposed shall be resolved by the expert;

17.5.4. The Parties shall meet in order to agree upon an expert; and

17.5.5. If within 5 (five) Business Days from the service of the said notice the Parties have failed to meet or failed to agree upon an expert, then the matter may forthwith be referred by either Party to the chairman of the South African Petroleum Industry Association (~~%S~~SAPIA) who shall be requested to select an expert within 5 (five) Business Days and in so doing take such independent advice as he thinks fit.

17.5.6. The expert shall specify the procedure to be adopted by the Parties in the hearing of the dispute.

17.5.7. The expert shall be entitled to obtain such independent, professional and/or technical advice as he may reasonably require.

17.5.8. The expert shall give full written reasons for his determination and shall furnish the Parties therewith within 5 (five) Business Days after the conclusion of the hearing.

17.5.9. The expert shall be deemed not be an arbitrator but shall render his determination as an expert and any law relating to arbitration shall not apply to such expert or his determination or the procedure by which the expert reaches his determination.

17.5.10. The final determination of the expert shall be conclusive and binding upon the Parties, save in the event of fraud, manifest error, or failure by the expert to disclose any relevant interest.

17.6. COSTS

17.6.1. Save as may be otherwise provided herein, each Party will bear and pay its own costs of and incidental to the negotiation, drafting and preparation of this Agreement.

17.7. BREACH

17.7.1. If either Party commits any material breach of its obligations and fails to remedy such breach within 14 (fourteen) days of notice being given to it by the other Party requiring the same to be remedied, then the other Party shall be at liberty in every such case by notice in writing to terminate this Agreement without prejudice to the rights of either Party hereto in respect of any breach of any of the terms herein contained, save as provided for in clause 1.1 above.

17.7.2. Notwithstanding anything to the contrary herein contained and save as provided for in clause 1.1 above, this Agreement may be terminated by either Party in the event that:

17.7.3. A order is made by any Court of competent jurisdiction, whether provisional or final, for the winding up or the judicial management of either Party;

17.7.4. Either Party passes a resolution for the voluntary winding up of such Party;

17.7.5. Either Party ceases to carry on business or disposes of its business or changes the fundamental nature of its business and/or disposes of the major portion of its assets other than for value;

17.7.6. A Party compromises generally with its creditors otherwise than in the course of the re-structuring of its capital or the merger of such Party with a third Party; or

17.7.7. The business of either Party is nationalized.

17.8. EFFECT OF TERMINATION

17.8.1. The termination of this Agreement shall not affect any rights of either Party, which accrued prior to the date of termination.

18. NOTICES AND DOMICILIA

18.1. NOTICE

- 18.1.1. Each of the Parties chooses domicilium citandi et executandi (~~domicilium~~) for the purposes of the giving of any notice, the payment of any sum, the serving of any process and for any other purposes arising from this Agreement at their respective addresses set forth in clause 1 hereof.
- 18.1.2. Each of the Parties shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other address within the Republic of South Africa which is not a post office box or poste restante.
- 18.1.3. Any notice given and any payment made by a Party to any of the others (~~the addressee~~) which:
- 18.1.4. Is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be presumed, until the contrary is proved by the addressee to have been received by the addressee at the time of delivery;
- 18.1.5. Is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's domicilium for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the 10th (tenth) day after the date of posting.
- 18.1.6. Where, in terms of this Agreement any communication is required to be in writing, the term ~~writing~~ shall include communications by facsimile or electronic mail. Communications by facsimile shall, unless the contrary is proved by the addressee, be deemed to have been received by the addressee 24 (twenty-four) hours after the time of transmission. Communications by way of electronic mail shall, unless the contrary is proved by the addressee, be deemed to have been received by the addressee 24 (twenty four) hours after the time of transmission.

SIGNATURE

FOR: SHELL SOUTH AFRICA MARKETING (PROPRIETARY) LIMITED

DATED AT _____ ON THIS THE ____ DAY OF _____ 20xx.

NAME: _____

SIGNATURE: _____

CAPACITY OF SIGNATORY: _____

Who warrants that he is duly authorised thereto

AS WITNESSES:

1. NAME: _____ SIGNATURE: _____

2. NAME: _____ SIGNATURE: _____

FOR: Tenant

DATED AT _____ ON THIS THE ____ DAY OF _____ 20xx.

NAME: _____

SIGNATURE: _____

CAPACITY OF SIGNATORY: _____

Who warrants that he is duly authorised thereto

AS WITNESSES:

1. NAME: _____ SIGNATURE: _____

2. NAME: _____ SIGNATURE: _____

Annexure 'A'

Version 1

Date

STORAGE & HANDLING CHARGES

The following Storage & Handling Charges are applicable effective 01 January 20.. :

SHELL DEPOTS	STORAGE & HANDLING CHARGE
Alberton	Xxx c/l
Island View	Xxx c/l
Kimberley	Xxx c/l
Kroonstad	Xxx c/l
Ladysmith	Xxx c/l
Mossel Bay	Xxx c/l
Polokwane	Xxx c/l
Port Elizabeth	Xxx c/l
Rockydrift	Xxx c/l
Witbank	Xxx c/l

Annexure 'B'

Version 1

Date 0 0 0 .

BRIDGING CHARGES

The following Bridging Charges are applicable effective 01 January 20.. :

SHELL DEPOTS	BRIDGING CHARGE
Alberton	Xxx c/l
Island View	Xxx c/l
Kimberley	Xxx c/l
Kroonstad	Xxx c/l
Ladysmith	Xxx c/l
Mossel Bay	Xxx c/l
Polokwane	Xxx c/l
Port Elizabeth	Xxx c/l
Rockydrift	Xxx c/l
Witbank	Xxx c/l

Annexure 'C'

Version 1

Date 0 0 0 .

DEPOT WITH TEMPERATURE COMPENSATED METERS

The following Depots have temperature compensated meters for road receipts:

SHELL DEPOTS	Meters
Alberton	Yes
Island View	No
Kimberley	Yes
Kroonstad	Yes
Ladysmith	Yes
Mossel Bay	No
Polokwane	Yes
Port Elizabeth	No
Rockydrift	Yes
Witbank	Yes

Annexure 'D'

Version 1

Date

DEPOT PLANNING PROCEDURE TEMPLATE

DEPOT

HOST

TENANT

Products	Replenishment Logistics Mode (Sea/Pipe/Rail/Road)	Throughput Sales Average Volume (Monthly)	Comment
Paraffin			
ULP95			
Petrol Additive			
LRP95			
LSDiesel			
ULSDiesel			
Diesel Additive			

EDI Compliance Rules.

1. All product movements between host and 3rd party to be done using EDI message sets as ff:

Message	Description
OILORD	To order product: Uplift or replenishment
OILRSP	Confirmation of receipt of OILORD
OILNOT	Replenishment only – used to notify host of impending arrival of product
OILREC	Replenishment only – used to acknowledge receipt of product by host
OILMOV	Confirmation of movement of product

All messages are as per the Industry EDI interchange agreements (as amended) and is maintained by the Oil Industry EDI Forum. The above is a sample of the messages and a full set is obtainable from the EDI Forum.

2. When a party wants to load product, an OILORD is needed. Product will not be supplied if there is no OILORD. Industry has adopted this as a 'No Order – No Product' rule.
3. EDI messages can be used for various product exchange models:
 - (i) Thruput
 - (ii) Buy-Sell
4. Messages must be appropriately coded to distinguish which model is used.
5. Messages must be sent within agreed lead times. For normal truck loads at a facility, orders (OILORD) can be sent up to 2 hours before actual load. Once movements are completed the actualization message (OILMOV) must be sent within 24 hours.
6. All EDI trading partners acknowledge that the EDI message is NOT a proof of delivery. The specified document (per Mode of Transport) constitutes proof of volumes being delivered. Details of these are obtainable from the EDI Forum.
7. New entrants can elect to be part of the EDI Forum – there are four industry meetings held annually, with special sub-committee meetings as required.

The above are a brief synopsis of some of the rules pertaining to the operations of the Industry EDI model

APPLICATION PROCESS

1. Shell South Africa Marketing (Pty) Limited offers a Throughput Agreement to entities interested in replenishing volume, storage of volumes, and uplifting of volumes from Shell Storage depots around South Africa.
2. Product storage available at the Shell depots includes Bulk Petrol, Bulk Diesel, and Kerosene. The products replenished, stored and uplifted should meet SANS specifications.
3. Thirds parties need to prove by producing Wholesaling licenses as part of their application to take up capacity at Shell storages depots
4. Thirds parties must be in a position to prove financial stability and Shell SA reserves the right to verify the details.
5. Thirds parties must prove and provide certificate confirming their BEE status as per the Liquid Fuels Charter.
6. The Throughput Agreements complies with conditions as set out by NERSA and stipulated in the regulatory terms of the Petroleum Products Act, 1977 (Act No.120 of 1977) and the amendments registered as per the Petroleum Pipelines Act, 2003 (Act No60 of 2003)
- 4 Terms and conditions of Shell's Throughput Agreement can be read in the document herein referred to as the "THROUGHPUT AGREEMENT".
7. In terms of the Regulations published under GNR342 Government Gazette No. 30905 of 4 April 2008 in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003), Shell's allocation mechanisms for uncommitted capacity (in draft) complies with sub-regulation 3(8) of the Regulations. Refer to Allocation Mechanism for Uncommitted Capacity (in draft)
8. Approval of 3rd party personnel and assets allowed onto Shell property (contractors, vehicles) should conform to Shell standards, which can be viewed in the document attached "SECURITY TRAINING".
9. Request for an application should be made to:

Shell South Africa Marketing (Pty) Limited
Supply & Distribution South Africa:
Contracts & Negotiations Manager

c/o Mr. Sandile Ngcobo

57 Sloane Street
The Campus Office Park:
Twickenham Building 1st Floor
Bryanston
2021

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