UNCOMMITTED CAPACITY ALLOCATION MECHANISM FOR LICENSES No: PPL.SF.F3/17/1/2006; PPL.SF.F3/17/2/2006; PPL.SF.F3/17/3/2006

THE ALLOCATION MECHANISM AND REQUIREMENTS FOR ACCESS TO SASOL OIL (Pty) Ltd LICENCED STORAGE FACILITIES

1. PREAMBLE

Sasol Oil (Pty) Ltd (registration number: 1981/007622/07 herein referred to as Sasol Oil) owns and operates two fuel and one lubricants storage depot facilities situated in

- Alrode, under Nersa license PPL.SF.F3/2/2006,
- Pretoria West, under Nersa license PPL.SF.F3/17/1/2006 and
- A bulk lubricants storage facility Secunda, under Nersa license PPL.SF.F3/17/3/2006.

All the above licenses were issued in March 2007

This submission is in response to the regulators letter dated 19 October 2011 regarding compliance in terms of regulation 3 (6) of the regulation issued to the Act and published under Government R342 in the Government Gazette.

The allocation mechanism described in this document is intended to cover the two fuel storage facilities and was compiled with reference to the "**Allocation Mechanism Guidelines for Third Party Access to Petroleum Storage Facilities"** published by Nersa**.** Should capacity be available, the parties will enter into a detailed agreement that will regularise all interaction. See ANNEXURE A

The bulk lubricants storage facility in Secunda stores branded proprietary lubricants that are not fungible with other lubricants. It is therefore difficult to imagine a way in which third party access would be possible to uncommitted tank capacity. Sasol proposes to apply for an amendment to this particular licence to reflect this reality under separate correspondence.

2. BACKGROUND

The Sasol Oil employs the "Theory of Constraints" to determine the capacity utilization for the depot.

This methodology is based on a principle that, like a chain with its weakest link, in any complex system at any point in time, there is only one aspect of that system that limits its capability. The whole system bottleneck is then defined by that particular constraint.

To illustrate the application of the theory, we have include an analysis of capacity utilisation at the Alrode facility. Same principle will apply for Pretoria west facility.

Typically storage facilities consist of three systems, i.e. Inbound, Storage and Outbound systems

3. ALLOCATION MECHANISM

3.1. ALRODE FACILITY NETWORK SYSTEM

Sasol Oil is in the process of increasing capacity at Alrode depot. Nersa licensed this project in 2009 under license no. PPL.sf.F1/84/2009.

3.1.1. Inbound System

Alrode depot product is currently replenished via two modes of transport, i.e. pipeline and road which constitutes the inbound system. The facility has the capacity to receive 3 (ULP93, LRP93 and Diesel 500ppm) products handled via the Transnet Pipeline network at a rate of about 10 000 litres per minute.

The depot's road offloading facility consists of one decanting arm for ULP95 and one decanting arm for diesel 50ppm. This allows the depot to decant a maximum of twelve 40,000lt vehicle loads for each of these products (48 000litres/day).

3.1.2. Storage System

The facility has the following aggregate storage capacities for each of the products handled.

Product	Operating Capacity m^3
ULP 93	4 200
LRP 93	3 650
ULP 95	1 500
Diesel 500	2 190
ULS	745

*Operating Capacity is tank capacity less dead and safety and stock

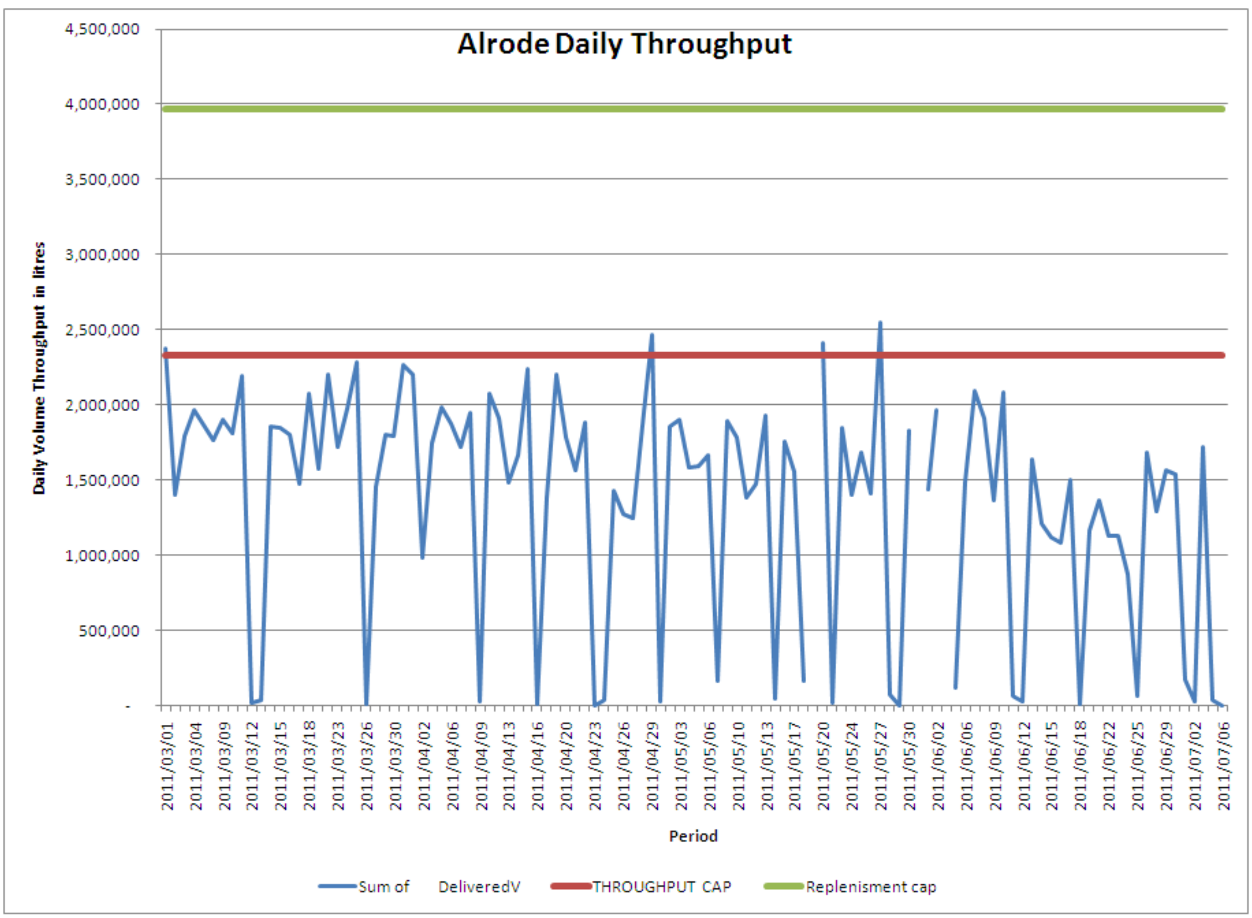
3.1.3. Outbound system

The Alrode depot consists of three loading bays equipped with loading arms in the following configuration

	ULP93	ULP95	LRP93	ULS	TDiesel
Bay 2	x			x	x
Bay 3	x	x	x		
Bay 4	x	x		x	x

NB: Bay 1 is used for road decanting only.

The following graph depicts the depot capacity utilization. This is based on the current throughput/demand and an average of 35 000litre/vehicle. The average time to load a vehicle is sixty-five minutes. The gantry's output is approximately sixty six vehicles per day.



4. ALLOCATION OF UNCOMMITTED CAPACITY

4.1. “First come, first served” Principle

Sasol Oil will consider applications for accommodation on a first come, first served basis. This implies that applications from 3rd parties that comply to all requirements as stipulated in this document will be approved, if uncommitted available capacity is available.

4.2. “Use it or lose it” principle

In order to ensure the facility capacity is optimized, Sasol Oil will implement monitoring systems to ensure that tenant/s utilize capacity as set out in the agreement. A tenant that defaults on this arrangement by failing to utilize its share of allocated capacity shall forfeit it to a qualifying applicant whose requirement may not have been met due to capacity unavailability.

5. QUALITY AND TECHNICAL SPECIFICATIONS

All fuels have to meet quality specifications as set out in ANNEXURE B, and amended from time to time by Sasol Oil Technical Services.

6. ADHERENCE TO APPLICABLE LAWS AND REGULATIONS

The third party warrants that it is and will always be in compliance with all laws and policies applicable to the distribution and handling of petroleum products, including, but not limited to, all South African Revenue Service (SARS), Department of Energy (DoE), Nersa (National Energy Regulator of South Africa) and Department of Trade and Industry (DTI) requirements.

The third party must at all times adhere to site HSEQ (Safety, Health, Environmental and Quality) rules.

7. TIMELINES FOR APPLICATIONS AND PLANNING

Any third party will need to form part of a six month rolling plan and therefore will need to present its requirements well in advance. The notice period should be six months, but preferably twelve months. Once capacity is committed to a third party, the following six months planning process is required: (“M” refers to the month in which capacity is required and the negative number following M indicates the number of months before M planning steps need to be completed.)

M-6: Indication of ullage requirements and replenishment plan

M-3: Indicative receipt and dispatch plans

M-1: Firm receipt and dispatch plans for month M. The third party must supply this information to the Sasol Oil Supply Chain Planning Management before the 20th of month M-1, so that the latter may collate these into a daily stock rights progression and feasibility report for the licensees.

The site operator will be responsible for communicating 12 months maintenance schedules that may influence capacity to all tenants. In cases of unplanned interruptions (breakdowns), the operator will communicate to all tenants immediately.

8. PROCESS FOR APPLICATION

Contact details

All applications for spare capacity allocation shall be addressed to the following

Attention: General Manager SC: P&SM

Sasol Oil (Pty) Ltd

32 Hill Street

Ferndale

Randburg,

The applicant must provide the following information on the application:

Full name, registration number and contact details of the company.

Depot(s) and capacity per product required.

The applicant must also provide confirmation of their capacity to procure, handle and distribute petroleum products and must comply with, but not limited to, the following criteria:

Applicants must be registered as Wholesalers of Petroleum Product as set out in the Petroleum Products Act 120 of 1977 (as amended).

Applicants must be in a position to prove financial stability and Sasol Oil reserves the right to verify the details provided.

Applicants must prove and provide certificates confirming their BEE status as per the Liquid Fuels Charter.

Applicants must be willing and able to submit the information to Sasol Oil as stipulated under the License Conditions as imposed by NERSA.

Preference will be given to historically disadvantaged South Africans, who meet the criteria.

9. CUSTODY OF PETROLEUM PRODUCTS

Sasol Oil as the host, shall manage stock at the depot as such, risk for product losses shall be borne by the party responsible for arranging or contracting the product replenishment transport.

The volume of product received shall be measured by the mass flow meters at the depot. Dispatch quantities will also be measured via the flow meters at the gantry.

Sasol Oil shall report on the host's product movement and stock balances on a monthly basis.

10. TARIFF TO BE CHARGED AT THE DEPOT

The following tariffs will be charged at Sasol Oil depots subject to Nersa approval:

- Alrode – 9,68c/l
- Pretoria West – 3,6c/l

For detailed calculations please refer to ANNEXURE D and ANNEXURE E

11. TECHNICAL REQUIREMENTS FOR ACCESS TO STORAGE FACILITY

Transport contractors/owners delivering and/or uplifting product from a Sasol facility have to comply with the required safety standards as per the Sasol Oil SHERQ (Safety,Health,Environment,Risk and Quality) policy. This process is meant to ensure all fleet operators have a safety management system in place and comply with safety and environmental legislation.

Vehicle Vetting Process

All vehicles entering the facility will be inspected according to the standard requirements as per the checklist prescribed in ANNEXURE C: Vehicles that meet the requirements will be issued with a Safe Loading Pass (SLP) which will be valid for a period of 12 months. The SLP is issued per unit for vehicles with trailers.

12. Contractual Terms & conditions for payments

Contractual terms and payment processes shall be handled according to the attached draft document. This document outlines the framework for the Throughput Agreement to be entered into between Sasol Oil, as the host and a third party tenant. See ANNEXURE A