



Licence Number: PPL.sf.p.F1/164/2013

COMBINED LICENCE FOR THE CONSTRUCTION OF A PETROLEUM STORAGE FACILITY AND A PETROLEUM PIPELINE

This licence is issued by the National Energy Regulator, hereinafter referred to as “the Energy Regulator”, in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

This licence is issued to

Oiltanking MOGS Saldanha (RF) (Pty) Ltd

(Company Registration No: 2012/194850/07)

Hereinafter referred to as “the Licensee”.

This licence is only for the purpose of construction of a petroleum storage facility and associated petroleum pipeline located at:

Portion 0 of Farm Os Fontein 194, Saldanha Bay, Western Cape Province

The construction of the licensed facilities permitted under this licence is subject to the terms and conditions as contained in this licence and/or amendments to these conditions as imposed by the Energy Regulator.

Issued at Pretoria on this ____ day of _____ 2014.

CHIEF EXECUTIVE OFFICER

NATIONAL ENERGY REGULATOR

Disclaimer

The publication of these draft licence conditions for public comment should not be construed as a decision by the Energy Regulator to grant the licence applied for. The Energy Regulator does not accept any responsibility for any loss that may be sustained as a result of reliance by any person, company/organisation on the information contained in these draft licence conditions.

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TABLE OF CONTENTS

| | page |
|--|-----------|
| DEFINITIONS | 3 |
| ACRONYMS/ABBREVIATIONS | 3 |
| CHAPTER ONE: LICENSED ACTIVITY | 4 |
| 1. Licensed Activity | 4 |
| 2. Commencement and Duration of Licence..... | 5 |
| CHAPTER TWO: GENERAL CONDITIONS | 6 |
| 3. General Conditions of Licence..... | 6 |
| 4. Compliance with Conditions of Licence | 6 |
| 5. Compliance with Legislation, Codes and Standards..... | 6 |
| 6. Amendment of Licence | 6 |
| 7. Revocation of Licence | 6 |
| 8. Changes in Details of the Licensee | 7 |
| 9. Changes to the Facilities | 7 |
| 10. Interconnections | 7 |
| 11. Correspondence with the Energy Regulator | 8 |
| CHAPTER THREE: SPECIFIC CONDITIONS | 9 |
| 12. Commencement and Completion of Construction | 9 |
| 13. Information for Monitoring Purposes..... | 10 |
| 14. Regulatory Reporting..... | 11 |
| 15. Entry, Inspection and Gathering of Information | 11 |
| 16. Provision of Information to the Energy Regulator | 11 |
| 17. Ancillary Obligations | 11 |
| 18. Whole Licence | 11 |
| ANNEXURE A: DRAWINGS | 13 |
| ANNEXURE C: LEGISLATION, CODES AND STANDARDS | 17 |
| ANNEXURE D: PROJECT SCHEDULE | 19 |

DEFINITIONS

In these licence conditions any word or expression to which a meaning has been assigned in the Act shall have the meaning so assigned, unless the context indicates otherwise:

“**Act**” means the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) and includes Regulations;

“**authorised person**” means authorised person as defined in the Rules;

“**commencement date**” means the date contemplated in condition 2.

“**licensed activity**” means the activity contemplated in condition 1 of these conditions;

“**Regulations**” means Regulations made in terms of sections 33(1) and 33(2) of the Act;

“**Rules**” means Rules made by the Energy Regulator in terms of section 33(3) of the Act.

ACRONYMS/ABBREVIATIONS

“**API**” means American Petroleum Institute

“**AMSE**” means American Society of Mechanical Engineers

“**IEC**” means International Electrotechnical Commission.

“**m³/min**” means cubic metres per minute

“**mm**” means millimetres

“**m³**” means cubic metres

“**OTMS**” means Oiltanking MOGS Saldanha (RF) (Pty) Ltd

“**SANS**” means South African National Standards

“**SFF**” means Strategic Fuel Fund Association

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

1.1 The Energy Regulator issues Oiltanking MOGS Saldanha (RF) (Pty) Ltd a combined licence to construct a petroleum storage facility and a petroleum pipeline located at **Portion 0 of Farm Os Fontein 194, Saldanha Bay, Western Cape Province**, as follows:

- (a) a petroleum storage facility consisting of:
 - (i) twelve inground, truncated square, concrete storage tanks with design capacity of 174,878m³ each; and
 - (ii) auxiliary infrastructure and equipment associated with the operation of the tanks including interconnecting pipelines, pumps, fire fighting equipment, valves and valve control stations.
- (b) a petroleum pipeline consisting of:
 - (i) a 1067mm internal diameter bidirectional pipeline and a secondary 508mm internal diameter displacement pipeline, interconnected to the SFF pipeline (Licence number: PPL.p.F3/72/2007) (“SFF pipeline”) running from the SFF interconnection point to the storage facility referred to in licence condition 1.1 (a)(i) above. The SFF pipeline run from the loading facility on the wharf in Saldanha Bay to the SFF storage facility;
 - (ii) auxiliary infrastructure and equipment associated with the operation of the pipeline including a pig receiving and valve station; and
 - (iii) an interconnection with the SFF pipeline as contemplated in licence condition 10 (Interconnections) and licence condition 12 below.

Hereinafter referred to as “the facilities”

- 1.2 The licence is issued to the Licensee for the construction of a petroleum storage facility and a petroleum pipeline contemplated in licence condition 1.1 for the storage of and transportation of crude oil only.
- 1.3 The location and overall site layout of the storage facility is shown in **Annexure A1: Overall Site Layout**. The GPS coordinates for the storage facility are: 33°00'33.16" South and 18°03'44.60" East.
- 1.4 The location and the proposed pipeline route is shown in **Annexure A2: Pipeline Route**.
- 1.5 The details of the storage facility to be constructed are provided in **Table 1: Details of the Storage Tanks** in **Annexure B: Proposed Storage Facility and Pipeline Details**.
- 1.6 The details of the pipeline to be constructed are provided in **Table 2: Details of the Proposed Pipeline** in **Annexure B: Proposed Storage Facility and Pipeline Details**.

2. Commencement and Duration of Licence

- 2.1 This licence commences on the date of issue reflected on the licence certificate.
- 2.2 This licence is valid for a period of 25 (twenty-five) years from the commencement date.
- 2.3 The Licensee may, in accordance with the Act and the Rules, apply for an amendment or renewal of the licence.

CHAPTER TWO: GENERAL CONDITIONS

3. General Conditions of Licence

Sections 20(1) (a), (b), (c), (d), (e), (h), (i), (j), (n), (o), (p), (t), (u), (v), (w), (aa) and (bb) of the Act are conditions of this licence.

4. Compliance with Conditions of Licence

The Licensee must comply with all conditions of this licence.

5. Compliance with Legislation, Codes and Standards

5.1. The Licensee must comply with all applicable legislation, codes and standards, including those listed in **Annexure C – Legislation, Codes and Standards**.

6. Amendment of Licence

6.1. This licence may only be amended in accordance with the Act and the Rules.

6.2. The Energy Regulator may temporarily change these licence conditions in an emergency.

7. Revocation of Licence

7.1. This licence may only be revoked in accordance with the Act and the Rules.

7.2. Should the Licensee fail to commence construction of the facilities within the time period contemplated in condition 12.1, the Licensee must within 15 calendar days of the elapse of that time period, apply to the Energy Regulator for the revocation of this licence.

8. Changes in Details of the Licensee

- 8.1. The Licensee must, within 30 (thirty) days of changes in its control as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998), notify the Energy Regulator of such changes.
- 8.2. The Licensee must, within 14 (fourteen) days of any change in its registered name, operating or trading name, registered address or other contact details, notify the Energy Regulator of such a change.

9. Changes to the Facilities

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the facilities to be constructed. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Any changes to the facilities to be constructed that, in terms of the Act, may require an amendment or revocation of this licence, or a new licence, must not be effected until the Energy Regulator has amended or revoked this licence or issued a new licence as the case may be.
- 9.3. Changes to the facilities must be made in accordance with applicable legislation, codes and standards including those listed in **Annexure C - Legislation, Codes and Standards.**

10. Interconnections

- 10.1. Licensees must allow interconnections with facilities of other Licensees, as long as the interconnection is technically feasible and the person requesting the interconnection bears the increased costs occasioned thereby.
- 10.2. Any changes to the facilities to be constructed as a result of an interconnection that, in terms of the Act, may require an amendment or revocation of this licence, or a new licence, must not be effected until the

Energy Regulator has amended or revoked this licence or issued a new licence as the case may be.

10.3. Changes to the facilities as a result of an interconnection must be made in accordance with applicable legislation, codes and standards including those listed in **Annexure C - Legislation, Codes and Standards**.

11. Correspondence with the Energy Regulator

11.1. All official communication with the Energy Regulator must be in writing and must be addressed to the Chief Executive Officer and copied to the Regulator Member Primarily Responsible for Petroleum Pipelines Regulation.

11.2. The Licensee must, in all correspondence with the Energy Regulator, quote the licence number as it appears on the licence certificate.

CHAPTER THREE: SPECIFIC CONDITIONS

12. Commencement and Completion of Construction

12.1. Construction of the facilities must commence within twelve (12) calendar months from the date of issue of this licence.

12.2. The Licensee must prior to the commencement of the construction of the facilities provide the Energy Regulator with:

- (a) proof of the arrangements in terms of interconnection with the SFF facilities (herein after “the interconnection”) as follows:
 - (i) the date of commencement and completion of construction of the interconnection;
 - (ii) the Licensee responsible for its construction;
 - (iii) confirmation that the Licensee assumes responsibility for the cost and construction of the interconnection or confirmation of any other arrangements that may have been entered into;
 - (iv) the design and technical specifications of the interconnection; and
 - (v) the location of interconnection (GPS coordinates).
- (b) a report on the efforts made to conclude an Interconnection Agreement and the reasons why the efforts failed if an Interconnection Agreement cannot be concluded.
- (c) the final, revised engineering design drawings for the facilities, if any changes took place since the licence application was submitted; and
- (d) the date on which construction will commence and provide the revised project schedule, if applicable (see **Annexure D - Project Schedule**).

12.3. The construction of the facilities must be completed and ready for operation within forty two (42) months of the commencement of the construction date contemplated in condition 12.2. (d).

13. Information for Monitoring Purposes

13.1. The Licensee must provide the Energy Regulator with progress reports after every six (6) calendar months from the date of issue of this licence.

13.2. The reports contemplated in condition 13.1 above, must be submitted within seven (7) days from the last day of every six (6) calendar month period.

13.3. The first progress report must be submitted within seven (7) days of the last day of the six (6) calendar months calculated from the date of issue of this licence.

13.4. The reports contemplated in condition 13.1 above must provide updates on:

- (a) progress towards award of all Engineering Procurement and Construction contracts;
- (b) any negotiations contemplated in sections 20(1)(n) and 20(1)(o) of the Act;
- (c) progress in the construction of the facilities compared to the project plan schedule contained in **Annexure D - Project Schedule** (where there have been changes to the project schedule, the updated project plan must be submitted with the progress report); and
- (d) proof of compliance with the conditions of the environmental authorisation issued by the relevant authority; and
- (e) any other related matter.

13.5. Upon completion of construction of the facilities, the Licensee must:

- (a) provide the Energy Regulator with:
 - (i) the as-built maps, drawings, diagrams and schedules, identifying any deviations and differences from **Annexures A,**

B, C and D, and must provide reasons for such deviations and differences;

- (ii) the final audited costs of construction of the facilities; and
- (iii) a certificate or confirmation from a competent authority certifying or confirming that the facilities are fit for operation.

14. Regulatory Reporting

The Licensee must comply with volume 1 and volume 4 of the Energy Regulator's Regulatory Reporting Manuals published under GN 1118 in *Government Gazette* No. 31392 of 10 September 2008, which may be amended by the Energy Regulator from time to time.

15. Entry, Inspection and Gathering of Information

The Licensee must, in a manner prescribed by the Rules, permit any authorised person to enter and inspect any property on which the licensed activity is taking place.

16. Provision of Information to the Energy Regulator

The Licensee must on request from the Energy Regulator, provide all other information the Energy Regulator may require to perform its functions under the Act.

17. Ancillary Obligations

The Licensee is responsible for compliance with these licence conditions regarding any work on the facilities or services that are the subject of this licence and/or that are subcontracted to other parties.

18. Whole Licence

This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the Energy Regulator.

ANNEXURES:

ANNEXURE A: DRAWINGS

Annexure A-1: Overall Site Layout

Annexure A-2: Pipeline Route

ANNEXURE B: PROPOSED STORAGE FACILITY AND PIPELINE DETAILS

ANNEXURE C: LEGISLATION, CODES AND STANDARDS

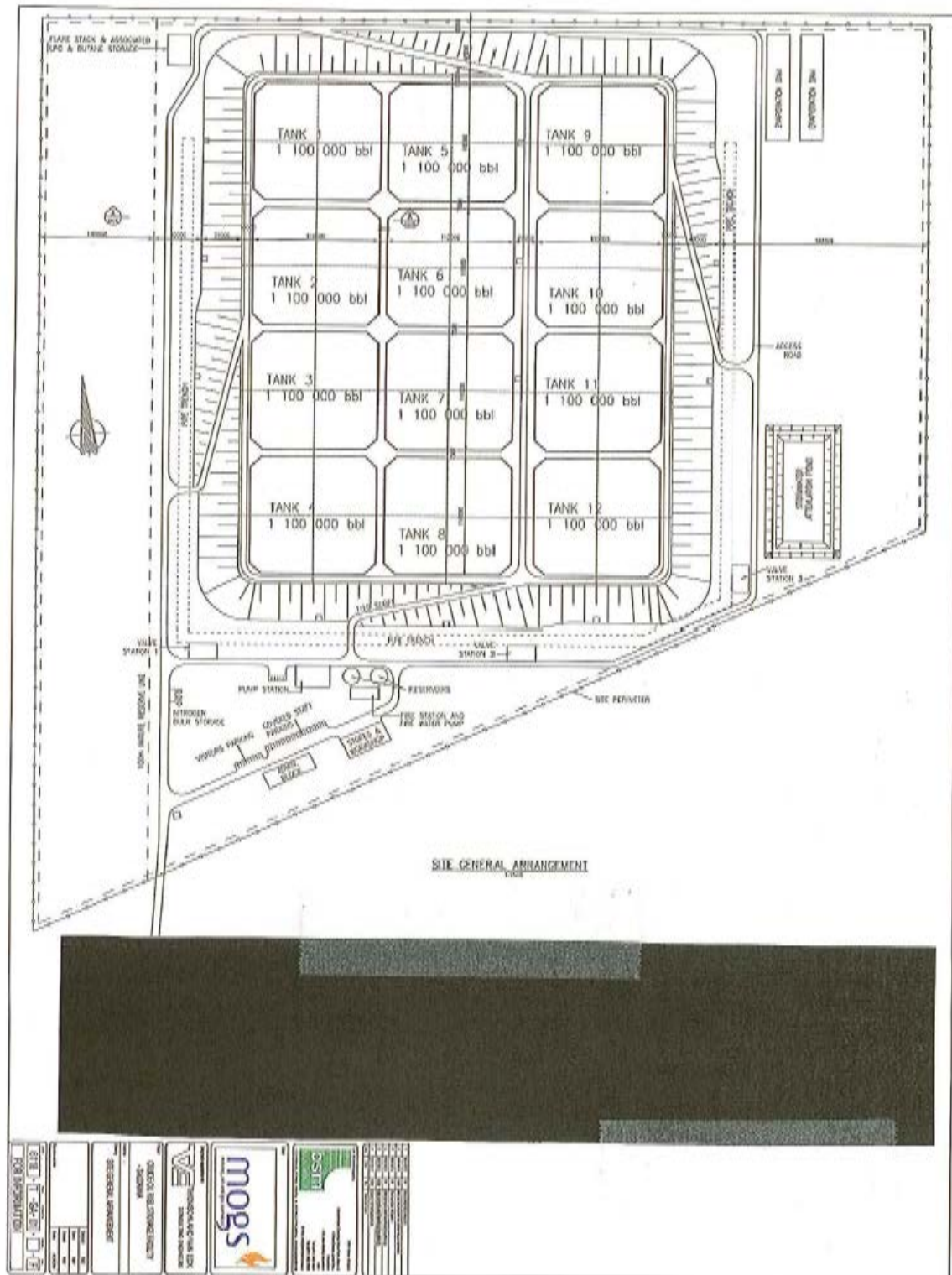
ANNEXURE D: PROJECT SCHEDULE

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ANNEXURE A: DRAWINGS

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Annexure A-1: Overall Site Layout



Source: Public copy of the OTMS licence application

Annexure A-2: Pipeline Route



Figure 12 - Connecting Pipeline System Route Options

Source: Google Earth

Note: The proposed route is the "Alternative 1", blue line on the above figure.

Source: OTMS licence application

ANNEXURE B: DETAILS OF TANKS TO BE CONSTRUCTED

The details relating to the proposed storage tanks to be constructed are:

Table 1: Details of the Storage Tanks

| Tank ID | Tank Type | Product | Design Capacity (m ³) |
|---|--------------------------------------|-----------|-----------------------------------|
| 1 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 2 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 3 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 4 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 5 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 6 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 7 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 8 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 9 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 10 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 11 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| 12 | Inground, truncated square, concrete | Crude Oil | 174,878 |
| Combined capacity | | | 2,098,536 |
| Note: The tanks will be identical with a length of 110m, breadth of 110m and height of 18m. | | | |

The details relating to the proposed storage tanks to be constructed are:

Table 2: Details of the Proposed Pipeline

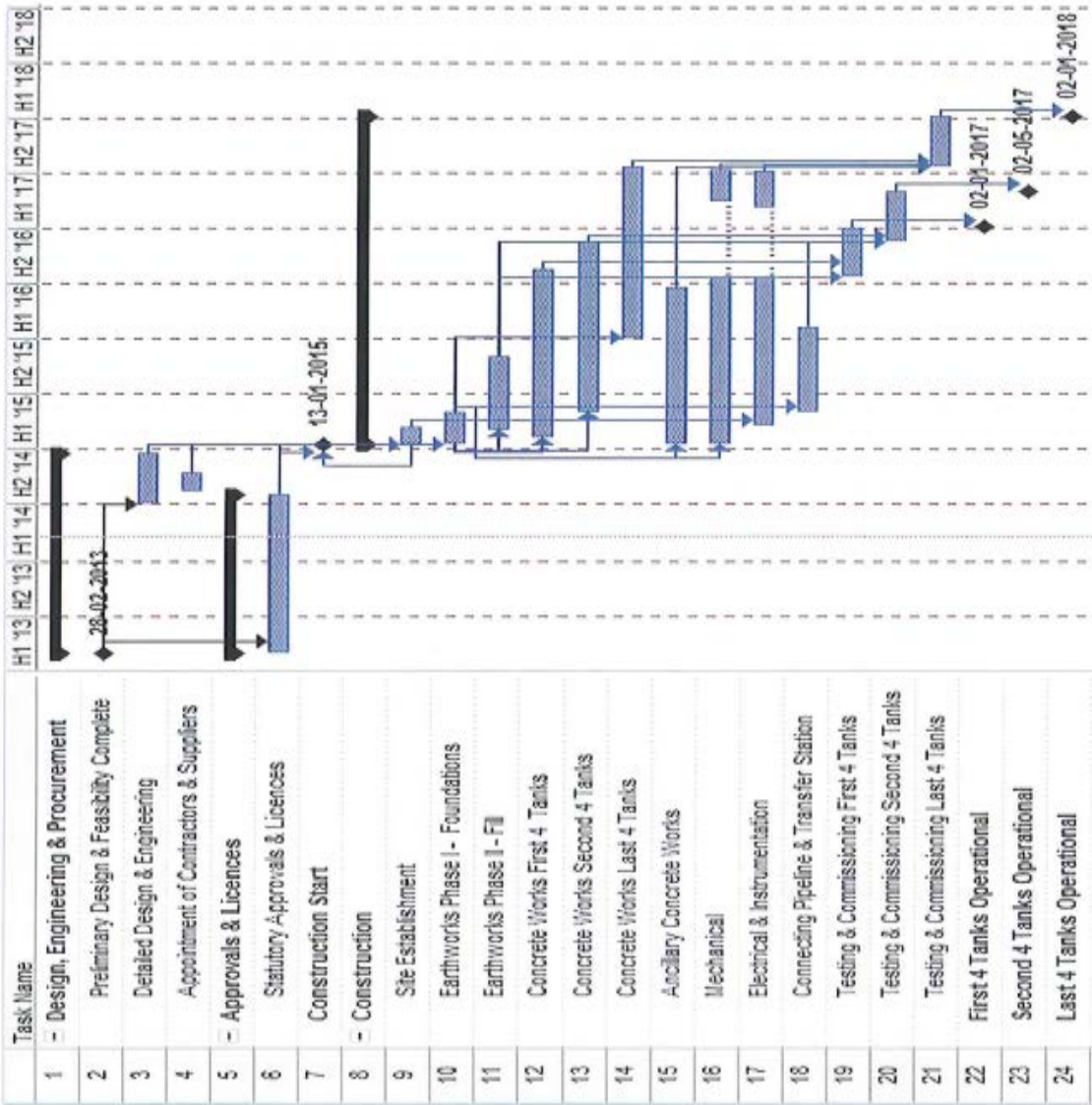
| | |
|--------------------------|--|
| Diameter (inside) | 1,067mm |
| Length | ~2,900m |
| Design flow rate | 10,000m ³ /hr |
| Flow | Bidirectional |
| Start and Finish | Interconnection point on SFF's pipeline to OTMS's Saldanha Bay storage facility. |

ANNEXURE C: LEGISLATION, CODES AND STANDARDS

1. The Licensee must comply with all relevant codes and standards including but not limited to the following listed in its licence application:
 - a. API 5L Specification for Line Pipe.
 - b. ASME B31.3 Code for Pressure Piping – Process Piping.
 - c. IEC 61508 Functional safety – Functional safety of electrical/electronic/programmable electronic safety-related systems.
 - d. IEC 61511 Functional safety – Safety instrumented systems for the process industry sector.
 - e. SANS 10086-1 The installation and maintenance of equipment used in explosive atmospheres Part 1: Installation including surface installations on mines.
 - f. SANS 10089-1 The petroleum industry Part 1: Storage and distribution of petroleum products in above ground bulk installations.
 - g. SANS 10089-2 The petroleum industry Part 2: Electrical and other installations in the distribution and marketing sector.
 - h. SANS 10100 The structural use of concrete.
 - i. SANS 10108 The classification of hazardous locations and the selection of apparatus for use in such locations.
 - j. SANS 10142-1 The wiring of premises Part 1: Low-voltage installations.
 - k. SANS 10160 Basis of structural design and actions for buildings and industrial structures.
 - l. SANS 10162 The structural use of steel.
 - m. SANS 10313 Protection against lightning – Physical damage to structures and life hazard.
 - n. SANS 10400 The application of the National Building Regulations.
 - o. SANS 1200 Standardized specification for civil engineering construction.
 - p. SANS 15589-1 Petroleum and natural gas industries – Cathodic protection of pipeline transportation systems Part 1: On-land pipelines.
 - q. SANS 347 Categorization and conformity assessment criteria for all pressure equipment.

- r. SANS 60079 – 10 – 1 Explosive atmospheres Part 10 – 1: Classification of areas – Explosive gas atmospheres.
2. The Licensee must also comply with all other relevant legislation, including but not limited to the following:
- a. The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993);
 - b. The National Environmental Management Act, 1998 (Act No. 107 of 1998);
 - c. The Environment Conservation Act, 1989 (Act No.73 of 1989);
 - d. The National Water Act, 1998 (Act No. 36 of 1998);
 - e. The Water Services Act, 1997 (Act No. 108 of 1997);
 - f. The National Environmental Management Air Quality Management Act, 2004 (Act No. 39 of 2004);
 - g. The Hazardous Substances Act, 1973 (Act No. 15 of 1973);
 - h. The Health Act, 1977 (Act No. 63 of 1977);
 - i. National Health Act, 2003 (Act No. 61 of 2003); and
 - j. The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977).

ANNEXURE D: PROJECT SCHEDULE



Source: OTMS additional information, letter dated 20 March 2014.