



Licence Number: PPL.If.F3/90/2010

LICENCE FOR THE OPERATION OF A PETROLEUM LOADING FACILITY

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

This licence is issued to

BP Southern Africa (Pty) Ltd (Reg. No.: 1924/002602/07);
Engen Petroleum Limited (Reg. No.: 1989/003754/06);
Shell South Africa Refining (Pty) Ltd (Reg. No.: 2007/016255/07); and
Total South Africa (Pty) Ltd (Reg. No. 1954/003325/07)
jointly

hereinafter referred to as "the Licensee". This licence is only for the purpose of operation of a petroleum loading facility at:

Berth 6, Island View, Durban Harbour, Durban, Kwa-Zulu Natal

The operation of the loading facility 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 NERSA. These licence conditions must be adhered to.

ISSUED at Pretoria on this **29th** day of **April 2010**.



CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR

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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.

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

“authorised person” means any person holding a valid authorisation permit as defined in the Rules.

“operation and maintenance plan” means a written plan developed by the Licensee in accordance with the codes.

“licensed activity” means the activities contemplated in paragraph 1.1 of this licence.

“the Regulations” means regulations made in terms of section 33(3) of the Act.

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

CHAPTER ONE: LICENSED ACTIVITY

1 Licensed Activity

- 1.1 The NERSA grants 'the Licensee' a licence to operate a petroleum loading facility and associated auxiliary equipment located at

Berth 6, Durban Harbour, Durban, KwaZulu Natal

as indicated in **Annexure A1- Site Layout**, **Annexure A2- Schematic drawing of loading facility** and **Annexure B - Dimensions and capacities of any auxiliary pipelines**. The loading facility consists of:

a) Loading arms

- (i) three (3) marine loading/offloading arms, each 10 inch diameter and capable of transferring refined product at a maximum design capacity of 2180 m³/hour; and
- (ii) one (1) marine loading/offloading arm, 10 inch diameter and capable of transferring heavy fuel oil at a maximum design capacity of 2180 m³/hour.

The operational transfer rate for each of these loading arms ranges from 800 to 1500 m³/hour depending on the product type and the connected facilities.

b) Auxiliaries

- i. two (2) electric drive drain pumps plus 1 spare;
- ii. a drain system linked to slops tanks;
- iii. sample points;
- iv. an emergency shut-off valve for each product supply pipeline; and
- v. a control room with a Programmable Logic Controller (PLC) system.

1.2 The licence is granted to the Licensee for the loading and discharging of the following petroleum products:

- a) Automotive Diesel Oil (ADO)
- b) Automotive Gas Oil (AGO)
- c) Aviation Gasoline (Avgas)
- d) Base Lube Oils
- e) Base Lube Oils and Finished Lube Oils
- f) Bunker Fuel Oil (BFO)
- g) Bunker Gas Oil (BGO)
- h) Diesel Fuel Oil (DFO)
- i) Dual Purpose Kerosene (DPK)
- j) Finished lube oils
- k) High Octane Blend Stock (HOBS);Blend components
- l) Inland Fuel Oil
- m) Inland Fuel Oil (IFO)
- n) Jet fuel (JetA1)
- o) Lead Replacement Petrol (LRP) (with varying octane grades)
- p) Low Aromatic White Spirit (LAWS)
- q) Marine Diesel Oil (MDO)
- r) Marine Fuel Oil
- s) Marine Gas Oil
- t) Unleaded Petrol (ULP) (with varying octane grades)

2 Duration of Licence

2.1 The licence is valid for a period of 25 years, commencing on the date of issue, unless revoked.

2.2 The Licensee may apply for the renewal of the licence in accordance with the Act and the Rules.

CHAPTER TWO: GENERAL CONDITIONS

3 General Conditions of Licence

Sections 20(1) (b), (c), (d), (e), (j), (k), (l), (m), (r), (s), (t), (u), (v), (w), (x), (y), (z), (aa) and (bb) of the Act are conditions of this licence.

4 Amendment of Licence

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

5 Compliance with Conditions of Licence

The Licensee must at all times comply with the conditions of this licence, the Act and the Rules.

6 Revocation of Licence

This licence may be revoked by the NERSA in accordance with the Act.

7 Changes in the Details of the Licensee

7.1 The Licensee must notify the NERSA if the control of the Licensee, as contemplated in section 12(2) of Competition Act (Act No. 89 of 1998), changes, within thirty days of such change.

7.2 The Licensee must at all times provide the NERSA with the details of any changes in its registered names, operating or trading names, registered addresses and other contact details.

7.3 The notifications contemplated in this section must be provided within 14 days of the event giving rise to them.

8 Correspondence with the NERSA

- 8.2 All official communication with the NERSA must be in writing, unless directed otherwise by the NERSA.
- 8.2 The Licensee must, in all correspondence with the NERSA, quote the licence reference number, as it appears on the licence certificate.

9 Accounts

- 9.1 The Licensee must comply with the requirements on Regulatory Financial Reporting as prescribed in the NERSA Regulatory Reporting Manuals.
- 9.2 The Licensee must maintain accounts and compile data for loading operation activities separate from any other accounts or data collection.
- 9.3 The Licensee must keep records providing the details of all petroleum loading transactions and agreements entered into.
- 9.4 The Licensee must specify in writing rules for the actual allocation of assets and liabilities, expenditure and income as well as for depreciation, unless otherwise specified by the requirements in the Regulatory Financial Reporting as prescribed by NERSA in the Regulatory Reporting Manuals.

10 Non discrimination

- 10.1 The Licensee may not discriminate between customers or classes of customers, including its related undertakings.
- 10.2 Without limiting the generality of provision 10.1, the Licensee specifically shall not discriminate in respect of:
- (a) the manner, content and timing of the provision of any information to customers or prospective customers;
 - (b) the manner and timing of processing of applications and granting of capacity;

- (c) the terms and conditions of any grant of capacity and any other service to be provided to any customer or prospective customer;
- (d) tariffs, including without limitation, the offering and granting of any discount and the imposing of any surcharge;
- (e) nominations and balancing; and
- (f) scheduling of maintenance activities.

10.3. The Licensee may provide any licensed petroleum activity connected to the loading facility as described in condition 1.1 with sufficient information to ensure that the transport and loading of petroleum may take place in a manner compatible with the secure and efficient operation of the interconnected system.

10.4. The Licensee must not, in the sales or purchases of petroleum by it or by related undertakings, abuse commercially sensitive information obtained from third parties.

11 Changes to the Facilities

11.1. The Licensee must notify the NERSA of any changes to the facilities, in advance if possible, and if not, as soon as reasonably possible.

11.2. Changes to the facilities that, in terms of the Act, may require an amendment of this licence, or a new licence, must not be effected until the amendment has been approved by the Energy Regulator or a new licence has been issued.

11.3. Any such changes must be done in accordance with the standards provided.

12 Maintenance and Interruption of Operations

12.1 The Licensee must notify the NERSA and its affected customers, and distributors of:

- (a) any interruptions or changes in normal operations; and

(b) maintenance or repair work that may affect the delivery of petroleum. The notification contemplated in 12.1 above must be done in advance, if possible and if not, within seven days of the interruption or change.

12.2 Any such maintenance or repair work must be done in accordance with the maintenance standards.

12.3 The Licensee must maintain the licensed facilities in a fully operational condition.

13 Participation by Historically Disadvantaged South Africans

The Licensee must comply with the Regulations regarding the mechanisms to promote historically disadvantaged South Africans and the information to be provided to the Energy Regulator in regard thereto.

14 Entry, Inspection and Gathering of Information

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

15 Provision of Information to the NERSA

15.1 Records relating to the compliance or non-compliance with the conditions of this licence shall be kept in good order. Such records shall be made available to the Energy Regulator within 7 days of receipt of a written request by the NERSA for such records.

15.2 The licensee must submit such information to the NERSA as may be required by the NERSA to determine uncommitted capacity and allow access to the applicable records and facilities by the NERSA or its duly authorised representatives, including consultants.

- 15.3 The Licensee must furnish the NERSA with information, in such form and manner and at such times as the NERSA may require, including, but not limited to the following:
- (a) financial statements;
 - (b) current tariff structures;
 - (c) annual updates of health, safety and emergency plans within three months of the anniversary of the date of issue of the licence;
 - (d) information required to be submitted to the NERSA in accordance with the Regulations; and
 - (e) any other information that the NERSA may require to perform its functions under the Act.

CHAPTER THREE: SPECIFIC CONDITIONS

16 Commencement of activities

The licensee must carry out the licensed activities contemplated in Chapter One of this licence.

17 Operation and Maintenance of the Loading Facility

17.1 The Licensee must develop, maintain and submit to the NERSA the following management plans;

- (a) an operating and maintenance plan;
- (b) an emergency plan; and
- (c) a decommissioning plan where applicable.

17.2 The Licensee must operate, maintain, decommission, recommission or abandon the loading facility in accordance with the standards as listed in **Annexure C**, and the Act or Regulations.

17.3 The Licensee must develop its management plans in accordance with the applicable and relevant standards, codes and legislation as listed in **Annexure C**.

17.4 If any amendments or changes are made to the management plans contemplated in clause 17.1, the Licensee must resubmit the plans to the NERSA within 90 days of such occurrence.

17.5 The Licensee must comply with Regulation 9 with regards to the procedures for decommissioning, recommissioning or abandonment of the loading facility.

17.6 The Licensee shall operate, maintain and develop its loading facility in a reliable and efficient manner, with due regard to the environment and public safety.

18 Tariffs

- 18.1 The Licensee must, within three months of the date of issue of this licence, submit its proposed tariffs for approval and thereafter as and when required.
- 18.2 The Licensee's tariff proposals must comply with section 28(2) (a) and 28(3) of the Act, and Regulation 5 of the Regulations.
- 18.3 The Licensee must only charge tariffs approved by the Energy Regulator.

19 Ancillary Obligations

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

20 Whole Licence

- 20.1 This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the NERSA.
- 20.2 This licence is limited to the petroleum loading and associated infrastructure, contemplated in this licence.

Annexure A1: Site layout

Confidential - National Key Point

Annexure A2: Schematic drawing of loading facility

Confidential - National Key Point

Annexure B: Dimensions and capacities of any auxiliary pipelines

OWNER	PRODUCT	PIPE DIAMETER (inch)	PIPE LENGTH (m)	MAX. WT ⁽¹⁾ (mm)	FLOW RATE (m ³ /h)
Shell/BP	ULP93	12	65	9.27	800-1500 ⁽²⁾
	ULP95	14	55	9.27	800-1500 ⁽²⁾
	AGO	10	55	9.27	800-1500 ⁽²⁾
	DPK/JET	10	55	9.27	800
	BO SLOPS	12	55	6.02	250
	WO SLOPS	10	55	9.27	250
	MFO	14	55	9.27	1200
	AVGAS	10	55	9.27	600
Engen	ULP	10	55	9.27	800
	LRP	10	55	9.27	800
	DPK/JET	10	55	9.27	800
	BFO	8	55	7.60	600
	Avgas	8	55	8.01	450
	ADO	10	55	9.27	450
	SLOPS	4	55	6.02	250
Total	DIES/DPK	10	55	9.27	800
	B LINE	10	55	9.27	800

Notes:

1. MAX. WT is the maximum pipe wall thickness in millimetres.
2. The actual rate will vary depending on the product and the facility connected

Annexure C: Legislation, Operation Codes and Standards

The Licensee must comply with all applicable regulations, standards, codes and specifications including:

- Contractor Health and Safety, Environment Qualifications for work at SAPREF;
- ASME B31, 4 – pipelines;
- ISGOTT- Loading facilities;
- Oil companies International Marine Forum;
- ISO 10474- Steel and steel products, Inspection documents; and
- SAPREF standard 102 – MSO3 for piping design, engineering, fabrication, erection, inspection and testing.

The Licensee must also comply with all relevant legislation which include but are not limited to the following:

- a) The National Environmental Management Act, 1998 (Act No. 107 of 1998)
- b) The Environment Conservation Act, 1989 (Act No.73 of 1989)
- c) The National Water Act, 1998 (Act No. 36 of 1998)
- d) The Water Services Act, 1977 (Act No. 108 of 1977)
- e) The Hazardous Substances Act, 1973 (Act No. 15 of 1973)
- f) The Health Act, 1977 (Act No. 63 of 1977)
- g) The National Health Act, 2003 (Act No. 61 of 2003)
- h) The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)
- i) The National Ports Act, 2005 (Act No. 12 of 2005).