

Licence Number: PPL.SF.F3/111/2011

LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

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

This licence is issued to

BP SOUTHERN AFRICA (PTY) LTD
(Company Registration No: 1924/002602/07)

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

Air BP Depot, Bulembo Airport, Bisho, Eastern Cape

The operation of the petroleum storage 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 NERSA.

Issued at Pretoria on this 12th day of March 2012.



CHIEF EXECUTIVE OFFICER



LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

Table of contents

DEFINITIONS	3
ACRONYMS	3
CHAPTER ONE: LICENSED ACTIVITY	4
1. Licensed Activity	4
2. Duration of Licence	4
CHAPTER TWO: GENERAL CONDITIONS	5
3. General Conditions of Licence	5
4. Compliance with Conditions of Licence	5
5. Compliance with Legislation, Operation Codes and Standards	5
6. Amendment of Licence	5
7. Revocation of Licence	5
8. Changes in Details of the Licensee	5
9. Changes to the Storage Facility	6
10. Maintenance and Interruption of Operations	6
11. Correspondence with NERSA	7
CHAPTER THREE: SPECIFIC CONDITIONS	8
12. Participation of Historically Disadvantaged South Africans	8
13. Regulatory Reporting	8
14. Uncommitted Capacity	8
15. Tariffs	9
16. Non-discrimination	10
17. Entry, Inspection and Gathering of Information	11
18. Provision of Information to NERSA	11
19. Operation and Maintenance Plans	11
20. Emergency Plan	11
21. Rehabilitation of Land	12
22. Ancillary Obligations	13
23. Whole Licence	13
ANNEXURE A - Site Layout	14
ANNEXURE B: Storage Facility Details	16
Annexure B-1: Depot Layout	16
Annexure B-2: Tank details	18
Annexure B-3: Auxiliary Equipment and mode of operation	18
ANNEXURE C: Legislation, Codes and Standards	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;

“**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 NERSA in terms of section 33(3) of the Act.

ACRONYMS

“**ASTM**” means American Society for Testing and Materials

“**Avgas**” means aviation gasoline or fuel used for small aircraft or helicopters

“**GPS**” means Global Positioning System.

“**Jet A-1**” means jet fuel used for jet turbine aircraft

“**L/min**” means Litres per minute

“**m**” means meters

“**m³**” means cubic meters

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

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

1.1 NERSA grants the Licensee a licence to operate a petroleum storage facility located at:

**Air BP Depot,
Bulembo Airport,
Bisho,
Eastern Cape**

“the storage facility”

1.2 The GPS coordinates for the storage facility are 32°53' 40.10" S and 27°17' 22.5" E .

1.3 This licence is issued to the Licensee for the storage of petroleum products only.

1.4 The location of the storage facility is shown in **Annexure A: Site Layout**.

1.5 The layout of the storage facility is shown in **Annexure B-1: Depot Layout**, while further details are provided in **Annexure B-2: Tank details** and **Annexure B-3: Auxiliary equipment and mode of operation**.

1.6 The Licensee must carry out the activities for which this licence is granted from date of issue of this licence.

2. Duration of Licence

2.1 This licence is valid for a period of 25 (twenty-five) years, commencing on the date of issue.

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

CHAPTER TWO: GENERAL CONDITIONS

3. General Conditions of Licence

Sections 20(1)(b), (c), (d), (e), (n), (o), (p), (r), (s), (u), (v), (w), (x), (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, Operation Codes and Standards

The Licensee must comply with all applicable legislation, operation codes and standards, including those listed in **Annexure C – Legislation, Operation 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. NERSA may temporarily change these licence conditions in an emergency.

7. Revocation of Licence

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

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 NERSA 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 NERSA of such a change.

9. Changes to the Storage Facility

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

10. Maintenance and Interruption of Operations

- 10.1. The Licensee must maintain the storage facility in a fully operational condition.
- 10.2. The Licensee must notify NERSA and the Licensee's affected customers and distributors at least 48 (forty-eight) hours prior to any:
- (a) interruptions of or changes in normal operations; or
 - (b) maintenance or repair work
- that may adversely affect the delivery of petroleum.
- 10.3. Where delivery of petroleum is adversely affected as a result of an emergency, the licensee must notify NERSA as soon as possible or within 7 (seven) days of the emergency.

- 10.4. Any maintenance or repair work done to the storage facility must be done in accordance with applicable legislation, codes and standards, including those listed in **Annexure C – Legislation, Operation Codes and Standards.**

11. Correspondence with NERSA

- 11.1. All official communication with NERSA must be in writing and must be addressed to the Chief Executive Officer and copied to the Regulator Member Primarily Responsible for Petroleum Pipeline Regulation.
- 11.2. The Licensee must, in all correspondence with NERSA, quote the licence number as it appears on the licence certificate.

CHAPTER THREE: SPECIFIC CONDITIONS

12. Participation of Historically Disadvantaged South Africans

The Licensee must:

- 12.1. comply with the Regulations regarding mechanisms to promote historically disadvantaged South Africans; and
- 12.2. on an annual basis and at the time of the anniversary of the date of issue of this licence, lodge with NERSA information regarding the participation of historically disadvantaged South Africans in its activities, as prescribed in the Regulations.

13. Regulatory Reporting

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

14. Uncommitted Capacity

14.1. The Licensee must:

- (a) comply with section 20(1)(n) of the Act and the regulations regarding third party access;
- (b) lodge with NERSA its allocation mechanism for uncommitted capacity within 6 (six) months of receipt of this licence;
- (c) publish its allocation mechanism for uncommitted capacity on its website and keep a copy at the storage facility to enable potential customers to understand the procedure for obtaining access;
- (d) comply with its allocation mechanism for uncommitted capacity and, in accordance with that allocation

mechanism, allow third parties to have access to uncommitted capacity in the storage facility on commercially reasonable terms;

- (e) on request by NERSA, submit any information that NERSA requires to determine uncommitted capacity in the storage facility;
- (f) allow NERSA or any authorised person to have access to:
 - (a) the storage facility; and
 - (b) records pertaining to the licensed activity;and
- (g) submit information regarding third party access as prescribed in the Regulations and in a format determined by NERSA.

14.2. When the Licensee makes any changes to its allocation mechanism, it must lodge the amended allocation mechanism for uncommitted capacity with NERSA within 7 (seven) days of making the changes.

14.3. The amended allocation mechanism for uncommitted capacity must also be published on the Licensee's website and a copy thereof must be kept at the storage facility to enable potential customers to understand the procedure for obtaining access.

14.4. The Licensee may elect to give users access to the facility on the basis that the capacity is shared among all users in proportion to their needs.

15. Tariffs

15.1. Within 3 (three) months of the date of issue of this licence, the Licensee must submit a tariff application to NERSA for approval of its proposed tariffs.

- 15.2. The tariff applications submitted by the Licensee must comply with:
- (a) the NERSA prescribed Minimum Information Requirements for Petroleum Pipelines Tariff Applications; and
 - (b) the relevant tariff methodology.
- 15.3. Once tariffs have been approved by NERSA, the Licensee must only charge those tariffs until NERSA approves different tariffs.

16. Non-discrimination

- 16.1. The Licensee may not discriminate between customers or classes of customers.
- 16.2. Without limiting the generality of provision 16.1, 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.
- 16.3. In the sales or purchases of petroleum by the Licensee or by related undertakings, the Licensee must not abuse commercially sensitive information obtained from third parties.

17. 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.

18. Provision of Information to NERSA

The Licensee must:

18.1. comply with the Regulations in respect of information required to be submitted to NERSA; and

18.2. on request from NERSA, provide all other information NERSA may require to perform its functions under the Act.

19. Operation and Maintenance Plans

When the Licensee amends or makes changes to the operation and maintenance plans submitted as part of its application for this licence, the Licensee must, within 30 (thirty) days of such amendment or changes, submit the revised operation and maintenance plans to NERSA.

20. Emergency Plan

The Licensee must annually submit to NERSA:

20.1. an emergency plan for implementation in the event of system failures, accidents and other emergencies; and

20.2. proof that it has:

(a) trained its operating and maintenance employees with regard to the applicable portions of the plan; and

(b) established liaison with the appropriate emergency response officials with respect to the plan.

21. Rehabilitation of Land

- 21.1. The Licensee must comply with the Regulations regarding the rehabilitation of land on which the licensed activity is taking place.
- 21.2. Within three months of the date of issue of this licence, the Licensee must:
- (a) submit to NERSA an estimate of the costs of rehabilitating land used in connection with the licensed activity in Rands of the day;
 - (b) submit an explanation of the basis for that estimate;
 - (c) submit to NERSA, for approval, its proposed mechanism to provide financial security for the purposes of rehabilitating land used in connection with the licensed activity;
 - (d) submit a short explanation of how that mechanism will work and what measures will exist to prevent such financial security from being used for other purposes;
 - (e) submit a funding plan for that financial security for purposes of rehabilitating land used in connection with its licensed activity; and
 - (f) submit the date on which it expects to draw down such financial security.
- 21.3. Thereafter, the Licensee must submit any information related to financial security for the rehabilitation of land used in connection with its licensed activity, whenever requested to do so by NERSA.
- 21.4. The Licensee must obtain from NERSA written approval to terminate that financial security mechanism before terminating that financial security mechanism.

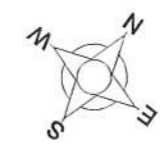
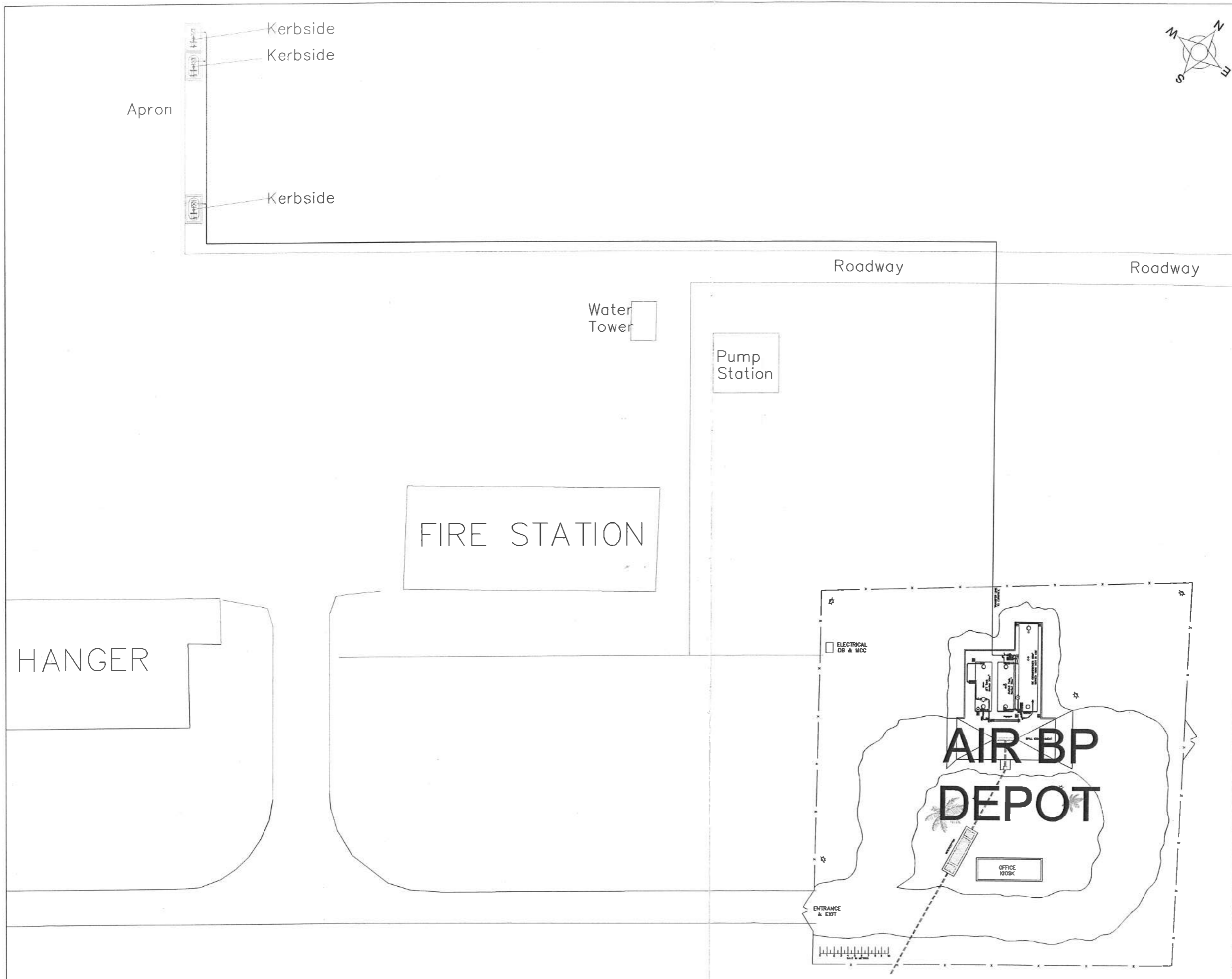
22. Ancillary Obligations

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

23. Whole Licence

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

ANNEXURE A - Site Layout



No.	Revised Name	Date

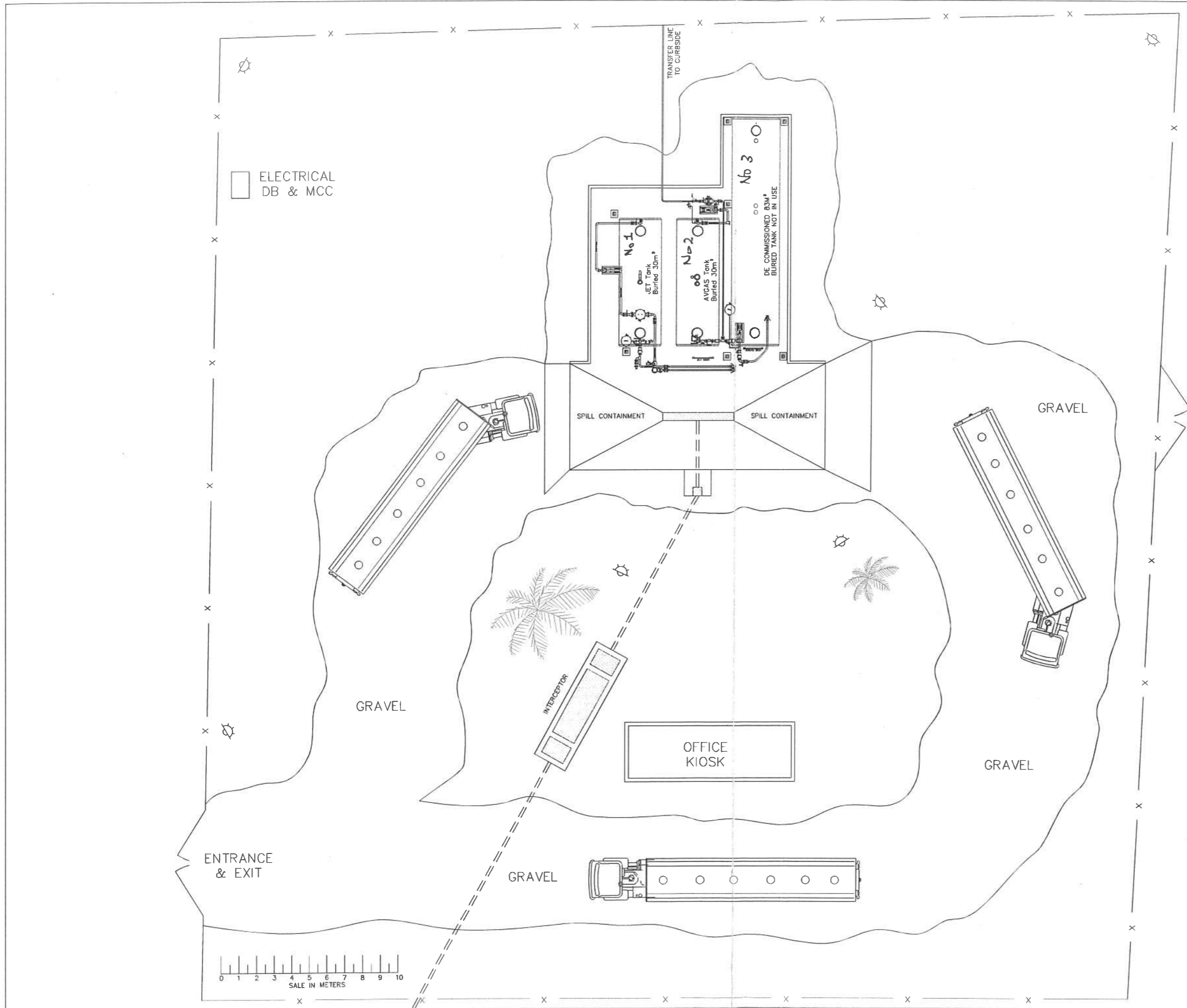


DO NOT SCALE THIS PRINT	ISSUED BY	ISSUED DATE	APPROVED BY
PRELIM.		2010-10-01	
TENDER		2010-10-01	
CONST.		2010-10-01	
AS BUILT		2010-10-01	

Project: **ORBIT AIRPORT SOUTH AFRICA-**
INTEGRITY MANAGEMENT
 Title: **GENERAL LAYOUT**
 Project Drawing No.: Layer No.: Revision:
 Date: Drawing No.: **(A1): 250BIY_001_1000_0** Layer No.: **1** Revision: **0**

ANNEXURE B: Storage Facility Details

Annexure B-1: Depot Layout



ELECTRICAL
DB & MCC

ENTRANCE
& EXIT



No.	Revised Issue	DATE	DATE



DESIGN REVIEW	DESIGNED BY	DESIGNED DATE	APPROVED BY
PRELIM		2010-10-01	
TENDER		2010-10-01	
CONST.		2010-10-01	
AS BUILT		2010-10-01	

Project Location:
BISHOP AIRPORT SOUTH AFRICA--
Project:
INTEGRITY MANAGEMENT
Title:
DEPOT LAYOUT
Project Drawing No.:
Sheet: (A1)1:100BIY_001_1002_0
Drawing No.:
Layout No.: 1
Revision: 0

Annexure B-2: Tank details

Tank Number	Tank Type	Product Type (s)	Design Capacity (m ³)	Operational Capacity (m ³)
1	Buried, Mild steel GRP ^(Note 1)	Jet fuel (Jet A1)	30	27
2	Buried, Mild steel GRP ¹	Aviation gasoline (Avgas)	30	27
3	Buried, Mild steel GRP ¹	Decommissioned ^(Note 2)	(83) ²	(76) ²
Combined			60	54

Notes:

1. "GRP" means a Glass Reinforced Plastic protective coating around the tanks.
2. The decommissioned capacity of tank 3 is excluded from the licensed combined capacity.

Annexure B-3: Auxiliary equipment and mode of operation

Intake		Discharge	
Means	Rate (litres/min)	Means	Rate (litres/min)
1x Road tanker gantry	Jet A1: 800 Avgas: 700	Jet: Fueller vehicle/ bowser and flexible hose ^(Note 1) Avgas: 3x Kerbside Dispensers ^(Note 2)	Jet A1: 900 Avgas: 100

Notes:

1. The customer's fueller vehicle/bowser parks alongside the facility and the Jet is pumped from tank 1 through a 3m long, 3inch diameter flexible hose by means of a pump situated above the tank.
2. From the storage facility, an 145m, 2 inch diameter transfer pipeline transports the Avgas to three kerbside pumps on the apron.

ANNEXURE C: Legislation, Codes and Standards

1. The Licensee must comply with all relevant codes and standards including the following submitted in its licence application:

a. Core Petroleum Industry Standards:

- SANS 10019 – Transportable metal containers for compressed gas;
- SANS 10087-1/2/3/6/7/8/10 - The handling, storage, and distribution of liquefied petroleum gas;
- SANS 10089-1 - The Petroleum industry – Part 1: Storage and distribution petroleum products in above-ground bulk installations;
- SANS 10089-2 -The Petroleum industry – Part 2: Electrical installations in the distribution and marketing sector;
- SANS 10089-3 -The Petroleum industry – Part 3: The installation of underground storage tanks, pumps/dispensers and pipe work at service stations and consumer installations;
- SANS 10131 - Above-ground storage tanks for petroleum products; and

b. Relation to Aviation Facilities:

- Air BP Regulations Fuelling and Quality Control;
- Jet A-1 meeting British Ministry of Defence Standard 91-91;
- Jet A-1 meeting ASTM D 1655;
- Avgas 100LL meeting British Ministry of Defence Standard 91-90;
- All fixed storage and dispensing systems comply with SANS 10089;
- Airports Company South Africa standard D010 004AOM – Refuelling of aircraft (applies at ACSA controlled airports).

2. The Licensee must also comply with all other relevant legislation, including but not limited to the following:
 - a. 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, 1977 (Act No. 108 of 1977);
 - f. 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. The 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).