

Licence Number: PPL.sf.F1/166/2014

LICENCE FOR THE CONSTRUCTION OF A PETROLEUM STORAGE FACILITY

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

Oryx Oil South Africa (Pty) Ltd
(Company Registration No: 2002/013607/07)

hereinafter referred to as “the Licensee”. This licence is only for the purpose of construction of a petroleum storage facility located at:

21 Marconi Drive, Riverside Industrial Area, Newcastle, KwaZulu-Natal Province

The construction 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 the Energy Regulator.

Issued at Pretoria on this 23rd day of July 2014.



**CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR**



TABLE OF CONTENTS

DEFINITIONS.....	3
ACRONYMS/ABBREVIATIONS.....	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, 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. Correspondence with the Energy Regulator	6
CHAPTER THREE: SPECIFIC CONDITIONS.....	7
11. Commencement and Completion of Construction.....	7
12. Information for Monitoring Purposes	7
13. Regulatory Reporting	8
14. Entry, Inspection and Gathering of Information.....	9
15. Provision of Information to the Energy Regulator.....	9
16. Ancillary Obligations.....	9
17. Whole Licence	9
ANNEXURE A: PROPOSED SITE LAYOUT.....	10
ANNEXURE B: NEWCASTLE STORAGE FACILITY DETAILS.....	11
ANNEXURE C: LEGISLATION, CODES AND STANDARDS.....	12
ANNEXURE D: PROJECT SCHEDULE.....	13

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 the Energy Regulator in terms of section 33(3) of the Act.

ACRONYMS/ABBREVIATIONS

“API” means the American Petroleum Institute.

“BS EN” means the British Standard European Norm.

“EEMUA” means the Engineering Equipment and Materials Users' Association.

“IEC” means the International Electrotechnical Commission.

“ISO” means the International Organisation for Standardisation.

“LPG” means Liquefied petroleum gas.

“L/min” means litres per minutes.

“m” means metre.

“m³” means cubic metres.

“SANS” means South African National Standards.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1 The Energy Regulator issues the Licensee a licence to construct a petroleum storage facility located at 21 Marconi Drive, Riverside Industrial Area, Newcastle, KwaZulu-Natal Province (site GPS coordinates 26°04'52.24" South and 27°48'34.03" East), as follows:
 - (a) two storage tanks with a design capacity of 500 m³ each; and
 - (b) auxiliary infrastructure and equipment associated with the operation of the tanks including interconnecting pipelines, pumps, firefighting equipment and valves.
- 1.2 This licence is issued to the Licensee for the construction of a petroleum storage facility for the storage of LPG only.
- 1.3 The proposed layout of the storage facility is shown in **ANNEXURE A – PROPOSED SITE LAYOUT**.
- 1.4 The tanks details and the proposed mode of operation are provided in **Table 1** and **Table 2**, respectively, in **ANNEXURE B – NEWCASTLE STORAGE FACILITY DETAILS**.

2. 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), (n), (o), (p), (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

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

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 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 days of any change in its registered name, operating or trading name, registered address and other contact details, notify the Energy Regulator 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 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 storage facility 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.
- 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, CODES AND STANDARDS**.

10. Correspondence with the Energy Regulator

- 10.1. 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 Pipeline Regulation.
- 10.2. 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

11. Commencement and Completion of Construction

- 11.1. The Licensee must commence with the construction of the petroleum storage facility within six (6) calendar months of the date of issue of this licence or within six (6) months from receipt by the Licensee of a final positive Record of Decision from the relevant environmental authority in accordance with the National Environmental Management Act, 1998 (Act No. 107 of 199) permitting the activities for which this licence is granted, whichever is the latter.
- 11.2. The Licensee must prior to the commencement of the construction of the storage facility provide the Energy Regulator with:
- a) a copy of a Record of Decision issued by the appropriate authority on the Environmental Impact Assessment study for the licensed activity;
 - b) the final, revised engineering design drawing for the storage facility, if any changes took place since the licence application was submitted; and
 - c) the date on which construction will commence and provide the revised project schedule, if applicable (see **ANNEXURE D - PROJECT SCHEDULE**).
- 11.3. The construction of the storage facility must be completed and the storage facility must be ready for operation, within thirty (30) calendar months of the commencement of the construction date contemplated in condition 11.2 (c).

12. Information for Monitoring Purposes

- 12.1. The Licensee must provide the Energy Regulator with reports on progress in the construction of the storage facility, after every six (6) calendar months from the date of issue of the licence.
- 12.2. The reports contemplated in condition 12.1 above, must be submitted within seven (7) days from the last day of every six (6) calendar months.

- 12.3. 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.
- 12.4. The reports contemplated in condition 12.1 above must provide updates on:
- (a) progress towards and award of all Engineering Procurement and Construction contracts;
 - (b) the progress made in the acquisition of land or any right in, over or in respect of land necessary for the licensed activity, including details on all negotiations that have been concluded and that are underway, planned or stalled;
 - (c) the progress made in obtaining a Record of Decision from the relevant environmental authorities for the construction of the storage facility;
 - (d) any negotiations contemplated in section 20 (1) (o) of the Act;
 - (e) progress in the construction of the storage facility compared to the project plan schedule contained in **ANNEXURE D** (where there have been changes to the project plan schedule, the updated project plan must be submitted with the progress report); and
 - (f) any other related matter.
- 12.5. Upon completion of construction of the storage facility, the Licensee must:
- (a) provide the Energy Regulator with:
 - (i) the as-built maps, drawings, diagrams and schedules, identifying any deviations and differences from **ANNEXURE A** and **B**, and must provide reasons for such deviations and differences;
 - (ii) the final audited costs of construction of the storage facility; and
 - (iii) a certificate or confirmation from a competent authority certifying or confirming that the storage facility is fit for operation.

13. 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.

14. 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.

15. Provision of Information to the Energy Regulator

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

16. 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.

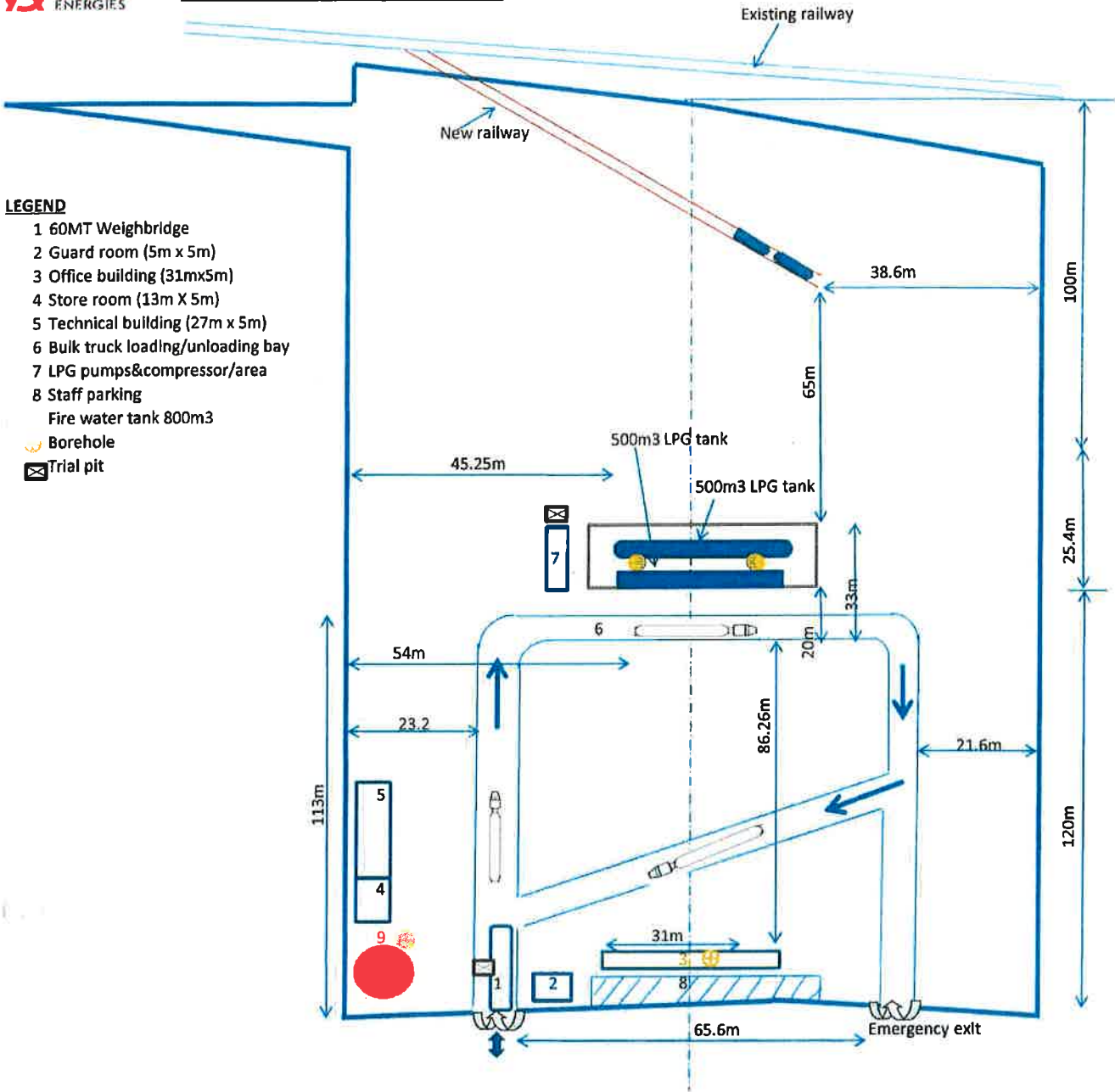
17. Whole Licence

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

ANNEXURE A: PROPOSED SITE LAYOUT



NEWCASTLE LPG PROJECT- SKETCH LAYOUT



LEGEND

- 1 60MT Weighbridge
- 2 Guard room (5m x 5m)
- 3 Office building (31m x 5m)
- 4 Store room (13m X 5m)
- 5 Technical building (27m x 5m)
- 6 Bulk truck loading/unloading bay
- 7 LPG pumps & compressor/area
- 8 Staff parking
- 9 Fire water tank 800m³
- Borehole
- Trial pit

ANNEXURE B: NEWCASTLE STORAGE FACILITY DETAILS

Table 1: Tank details

Tank ID	Tank Type	Product	Diameter (m)	Length (m)	Design Capacity (m ³)
To be advised	Horizontal bullet	LPG*	4.3	33	500
To be advised	Horizontal bullet	LPG	4.3	33	500
Total					1,000
* LPG will be stored in its liquid form.					

Table 2: Mode of operation

Mode	Into the facility	Out of the facility
	Rate (L/min)	Rate (L/min)
Road gantry	700	700

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 application:
 - a) API 620 Design and Construction of Large Welded, Low Pressure Storage Tanks.
 - b) API 650 Welded Steel Tanks for Oil Storage.
 - c) API 653 Aboveground Storage Tanks Inspection.
 - d) BS EN 14015 Specification for the Design and Manufacture of Site Built, Vertical, Cylindrical, Flat-bottomed, Aboveground, Welded, Steel Tanks for the Storage of Liquids at Ambient Temperature and Above.
 - e) EEMUA publication number. 159 Users guide to the inspection, maintenance and repair of aboveground vertical cylindrical steel storage tanks.
 - f) IEC 61508 Functional safety of electrical/electronic/programmable electronic safety related systems.
 - g) IEC 61511 Functional safety – Safety instrumented systems for the process industry sector.
 - h) SANS 10087 Part 3: Liquefied petroleum gas installations involving storage vessels of individual water capacity exceeding 500L.

2. The Licensee must 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).
 - j) The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977).

ANNEXURE D: PROJECT SCHEDULE

Infrastructure	Period	
	Commencement date	Estimated completion date
Two x 500 m ³ and a road gantry	01 July 2014	01 March 2016