

Licence Number: PPL.p.F3/198/2015

LICENCE FOR THE OPERATION OF 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

The Petroleum Oil and Gas Corporation of South Africa SOC Ltd

(Company Registration No: 1970/008130/07)

hereinafter referred to as “the Licensee”.

This licence is only for the purpose of operation of a petroleum pipeline connecting the FA Platform located offshore of Mossel Bay to the Gas to Liquids Refinery located at Mossel Bay in the Western Cape Province.

The operation of the petroleum pipeline 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 27th day of July 2015.



Mr Paseka Nku
ACTING 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:

“**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 American Petroleum Institute

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

“**m³**” means cubic metres

“**m³/hr**” means cubic metres per hour

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1. The Energy Regulator issued the Petroleum Oil and Gas Corporation of South Africa SOC Ltd ("the Licensee") a licence to operate an eight inch diameter petroleum pipeline connecting the FA Platform located offshore of Mossel Bay to the Gas to Liquids Refinery located at Mossel Bay in the Western Cape Province ("the pipeline" or "the facility").
- 1.2. This licence is issued to the Licensee for the operation of the facility for the transportation of crude oil (condensate).
- 1.3. The pipeline route is shown in **Annexure A: Pipeline Route**.
- 1.4. The details of the pipeline are provided in **Annexure B: Details of the Pipeline**.

2. Commencement and Duration of Licence

- 2.1. This licence commences on the date of issue of this licence.
- 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), (g), (h), (i), (j), (q), (s), (u), (v), (w), (x), (y) (z), (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 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 Facility

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the facility. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Changes to the 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 the Energy Regulator has amended or revoked this licence or issued a new licence.
- 9.3. Changes to the facility must be made in accordance with applicable legislation, codes and standards, including those listed in **Annexure C – Legislation, Codes and Standards**.

10. Maintenance and Interruption of Operations

- 10.1. The Licensee must maintain the pipeline in a fully operational condition.
- 10.2. The Licensee must notify the Energy Regulator 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 workthat 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 the Energy Regulator as soon as possible or within 7 (seven) days of the emergency.
- 10.4. Any maintenance or repair work done to the pipeline must be done 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. 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 the Energy Regulator 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 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. Access

- 14.1. The Licensee must comply with section 20 (1) (g) of the Act.
- 14.2. The Licensee must not discriminate between customers as contemplated in section 21 of the Act.

15. Tariffs

- 15.1. The Licensee must submit a tariff application to the Energy Regulator for setting of its tariff:
 - (a) within 30 days of receipt of a request by a prospective customer to use the pipeline; or
 - (b) when directed by the Energy Regulator to do so.

- 15.2. The tariff application submitted by the Licensee must comply with:
- (a) the Energy Regulator prescribed Minimum Information Requirements for Petroleum Pipelines Tariff Applications; and
 - (b) the relevant tariff methodology.
- 15.3. Once a tariff have been set by the Energy Regulator, the Licensee must only charge that tariff until the Energy Regulator sets a different tariff.

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 the Energy Regulator

The Licensee must:

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

18.2. on request from the Energy Regulator, provide all other information the Energy Regulator 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 the Energy Regulator.

20. Emergency Plan

The Licensee must annually submit to the Energy Regulator:

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 the Energy Regulator 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 the Energy Regulator, 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 the Energy Regulator.

21.4. The Licensee must obtain from the Energy Regulator 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 facility or services that are the subject of this licence and/or that are subcontracted to other parties.

23. Whole Licence

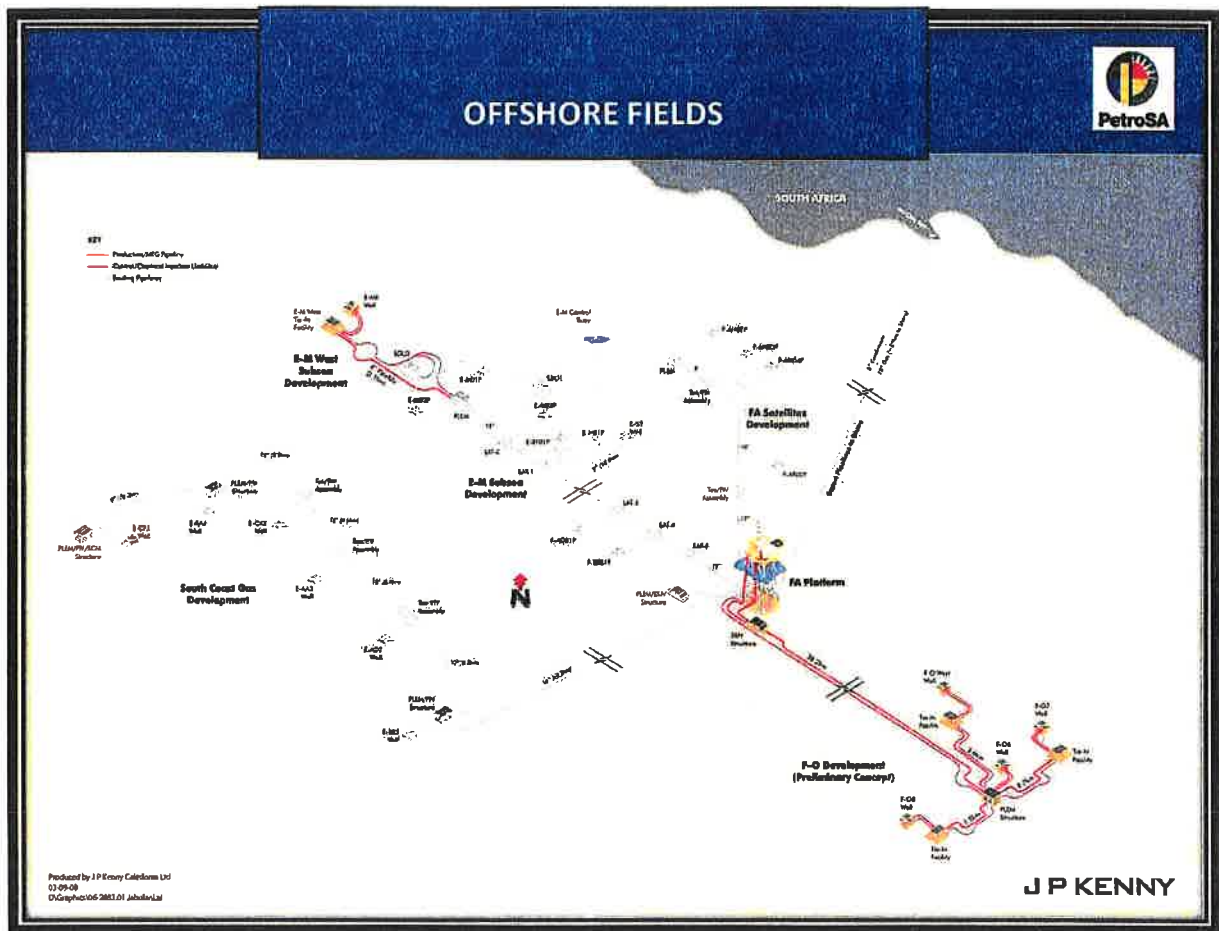
This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the Energy Regulator.

ANNEXURE A: PIPELINE ROUTE

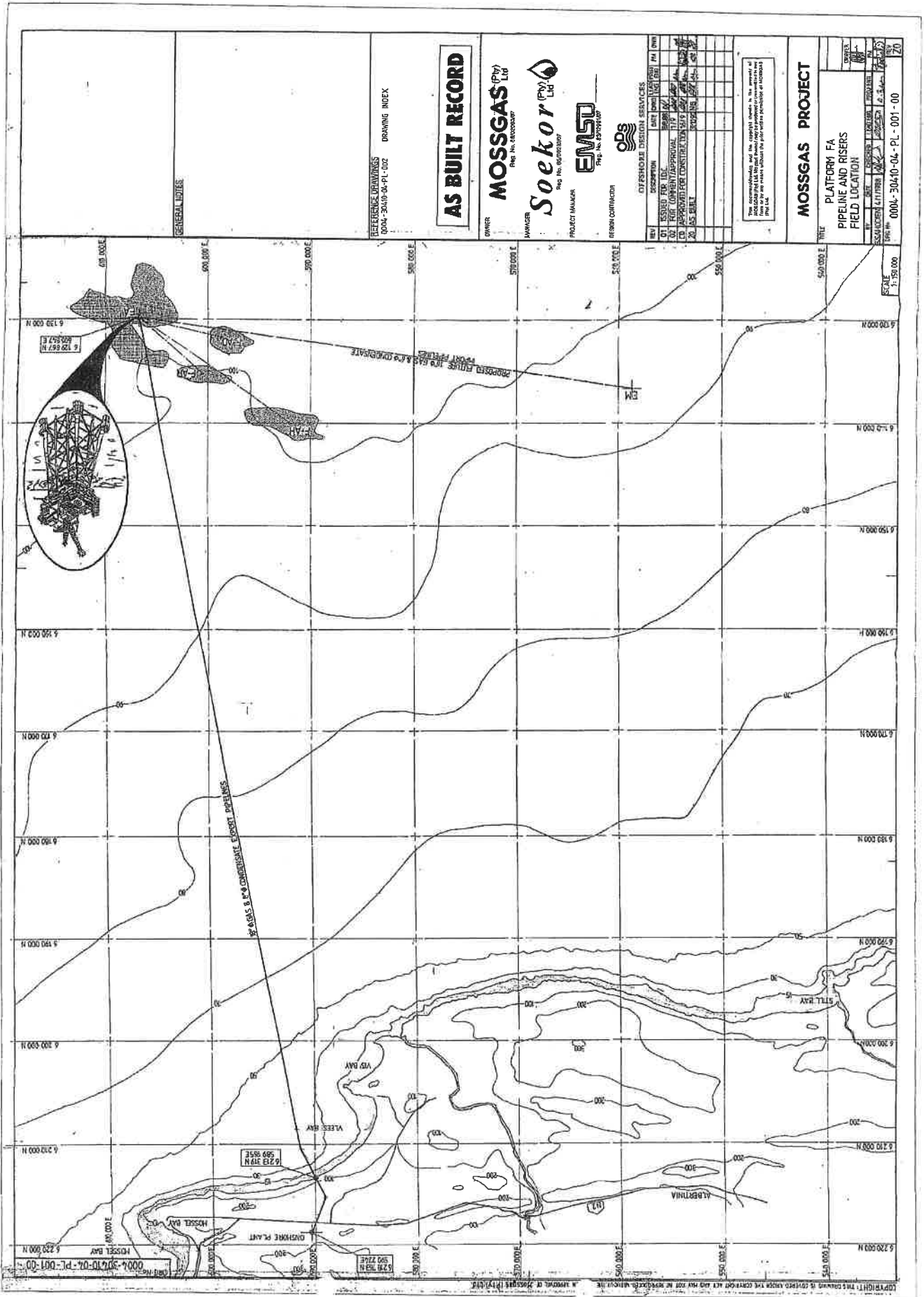
Annexure 1: Offshore fields

Annexure 2: Platform FA Pipeline and Risers Field Location (confidential)

ANNEXURE 1



ANNEXURE 2



GENERAL NOTES

REFERENCE DRAWINGS
0004-30410-04-PL-002 DRAWING INDEX

AS BUILT RECORD

OWNER
MOSSGAS (Pty) Ltd
Reg. No. 60000000

MANAGER
Soekor (Pty) Ltd
Reg. No. 60000000

PROJECT MANAGER
EMSD
Reg. No. 60000000

ISSUED FOR CONSTRUCTION

ISSUED FOR CONSTRUCTION

REV	DESCRIPTION	DATE	BY	CHECKED	APP. NO.
01	ISSUED FOR CONSTRUCTION	17/11/2004	...	...	...
02	FOR APPROVAL	17/11/2004	...	...	...
03	FOR APPROVAL	17/11/2004	...	...	...
04	FOR APPROVAL	17/11/2004	...	...	...
05	FOR APPROVAL	17/11/2004	...	...	...
06	FOR APPROVAL	17/11/2004	...	...	...
07	FOR APPROVAL	17/11/2004	...	...	...
08	FOR APPROVAL	17/11/2004
09	FOR APPROVAL	17/11/2004
10	FOR APPROVAL	17/11/2004

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MOSSGAS PROJECT

PLATFORM FA
PIPELINE AND RISERS
FIELD LOCATION

SCALE	DATE	PROJECT NO.	DRAWING NO.
1:150 000	17/11/2004	0004-30410-04-PL-001-00	001

0004-30410-04-PL-001-00

0004-30410-04-PL-001-00

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ANNEXURE B: DETAILS OF THE PIPELINE

Diameter (inch)	Length (m)	Design Flow Rate (m ³ /hr)	Start	Finish	Product Type
8	90 590	200	FA Platform ¹	Refinery ²	Condensate

Notes:

1. The GPS coordinates of the FA Platform are: 34°57'13.29" South and 22°10'10.22" East.
2. The GPS coordinates of the Refinery are: 34°10'15.07" South and 21°58'41.87" East.

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. API 5LX52; and
 - b. ASME B31.4 code.

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 Atmospheric Pollution Prevention Act (Act No. 45 of 1995)
 - i. The Health Act, 1977(Act No. 63 of 1977).
 - j. The National Health Act, 2003 (Act No. 61 of 2003).
 - k. Major Hazardous Installation Regulation in terms of Occupational Health and Safety Act, 1993 (GNR 692 in Government Gazette No. 22506 of 30 July 2001).