

Licence Number: PPL.SF.F1/91/2010

LICENCE FOR THE CONSTRUCTION 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

Shell South Africa Marketing (Pty) Limited

(Company Registration No: 1961/000645/07)

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

No.1 Hibiscus, Gate No.9, General Alberts Park, Alrode, Gauteng 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 NERSA.

ISSUED at Pretoria on this 17th day of **August 2010**.



CHIEF EXECUTIVE OFFICER



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

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1 NERSA grants the Licensee a licence to construct a petroleum storage facility at Alrode:

No.1 Hibiscus Road,

Gate No. 9,

Alrode Depot

General Alberts Park

Gauteng

Hereinafter “the storage facility”

- 1.2 The storage facility to be constructed consists of:

(a) Phase 1: two 10 000m³ above ground tanks; one each for diesel and petrol;

(b) Phase 2: two 10 000m³ above ground tanks; one each for diesel and petrol.

- 1.3 The layout of the storage facility is as reflected in **Annexure A- Site Layout.**

- 1.4 Details of the storage facility are provided in **Annexure B- Proposed facility details.**

2. Duration of Licence

- 2.1 This licence is valid for a period of 25 years, commencing on the date of issue.
- 2.2 The Licensee may, in accordance with the Act and the Rules, apply for the renewal of the licence.

CHAPTER TWO: GENERAL CONDITIONS

3. General conditions of License

Sections 20(1)(a),(b), (c), (d), (e), (n), (o), (p), (r), (u), (x), (aa) and 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, construction codes and standards, including those listed in **Annexure C - Legislation, Construction 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 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 days of any change in its registered name, operating or trading name, registered address and 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 to be constructed. 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 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 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, Construction Codes and Standards.**

10. Correspondence with NERSA

- 10.1. 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.
- 10.2. The Licensee must, in all correspondence with NERSA, 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 storage facility within six months of the date of issue of this licence.
- 11.2. The construction of Phase 1 the storage facility must be completed and the storage facility must be ready for operation by December 2011 and Phase 2 must be complete and ready for operation by December 2015.
- 11.3. Prior to commencement of construction of each phase of the storage facility, the Licensee must:
 - (a) provide NERSA with the detailed final engineering design drawings for the storage facility;
 - (b) notify NERSA of the date on which construction will commence.

12. Information for Monitoring Purposes

- 12.1. The Licensees, must provide NERSA with reports on progress in the construction of the storage facility, after every six calendar months.
- 12.2. The reports contemplated in condition 12.1 above, must be submitted within seven (7) days from the last day of every six calendar months.
- 12.3. The first progress report must be submitted within seven (7) days of the last day of the six 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) any negotiations contemplated in section 20(1)(o) of the Act;
 - (b) progress in the construction of the storage facility compared to the project plan contained in Annexure D; and
 - (c) any other relevant matter.
- 12.5. Upon completion of construction of the storage facility, the Licensee must:
- (a) provide NERSA with:
 - (i) the as-built maps, drawings, diagrams and schedules, identifying any deviations and differences from Annexures 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 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. 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 NERSA

The Licensee must on request by NERSA, provide all other information NERSA 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 NERSA.

ANNEXURE A: Site Layout

Site map is Confidential – this is a National Key Point in terms of the National Key Points Act, 1980 (Act No. 102 of 1980)

CONFIDENTIAL

ANNEXURE B: Proposed Facility Details

The tanks in the storage facility are:

Phase	Tank Identity	Tank Type	Design Capacity (m ³)	Product Type
Phase 1	32	Fixed roof vertical tank	10 000	Petrol
	34	Floating roof vertical tank	10 000	Diesel
Phase 2	33	Fixed roof vertical tank	10 000	Petrol
	35	Floating roof vertical tank	10 000	Diesel

ANNEXURE C: Legislation, Codes and Standards

The Licensee must comply with the codes and standards as submitted in its licence application:

1. Shell's design and Engineering practice 34.5101.31 technical specification for vertical carbon steel storage tanks based on EN 14015
2. Storage and distribution of petroleum products above ground (SANS 10089-2)
3. Welded steel tanks for oil storage (API 650)
4. Flammable and combustible liquids codes (NFPA 30)
5. Welding of pipelines (API 1104)
6. Above ground storage tanks for petroleum products (SANS 10131-2004)

The Licensee must also comply with all other relevant legislation including but not limited to the following:

1. Occupational Health and Safety Act, 1993 (No. 85 of 1993)
2. The National Environmental Management Act, 1998 (No. 107 of 1998)
3. The Environment Conservation Act, 1989 (Act No.73 of 1989)
4. The National Water Act, 1998 (No. 36 of 1998)
5. The Water Services Act, 1997 (No. 108 of 1997)
6. NEM.Air Quality management Act, 2004 (No.39 of 2004)
7. The Hazardous Substances Act, 1973 (No. 15 of 1973)
8. The Health Act, 1977 (No. 63 of 1977)
9. The National Health Act, 2003 (No. 61 of 2003)
10. The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)

ANNEXURE D: Project Plan Schedule

Phase 1	Planned commencement	Planned completion
1	October 2010	December 2011
2	January 2014	December 2015