



Licence No: PPL.p.F1/83/2008

LICENCE FOR THE CONSTRUCTION OF A PETROLEUM PIPELINE

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

This licence is issued to

Sasol Oil (Pty) Limited

(Company Registration No: 1981/007622/07)

hereinafter referred to as “the Licensee”. This licence is only for the purpose of construction of a petroleum pipeline from the existing Sasol refinery in Secunda to the Natref Refinery in Sasolburg, including its auxiliary equipment.

The construction of the petroleum 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. The Licensee must comply with these licence conditions.

ISSUED at Pretoria on this 26th day of March 2009.

**CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR**

LICENCE FOR THE CONSTRUCTION OF PETROLEUM PIPELINE SYSTEM

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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 and -

“authorised person” means any person holding a valid authorisation permit as defined by Rule.

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

“Regulations” means regulations made in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

“Rules” means Rules made by NERSA in terms of section 33(3) of the Act and Rule has a corresponding meaning.

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

CHAPTER ONE: LICENSED ACTIVITY

1 Licensed Activities

1.1 The NERSA grants 'the Licensee' a licence to construct a petroleum pipeline and associated auxiliary equipment consisting with the following details:

- a. an inlet flange in the primary area of the Secunda refinery;
- b. 10" diameter, 145 km long multi-product pipeline;
- c. a delivery flange at the tank farm of the Natref refinery;
- d. a pump station located in the Secunda refinery;
- e. a maximum design volume throughput of 270 m³/hr; and
- f. a design pressure of 100 bar gauge and an operating pressure of 80 bar gauge.

1.2 The construction of the licensed activities contemplated in paragraph 1.1 must be complete and ready for operation within forty eight months of the date of issue of this licence.

2 Duration of Licence

2.1 The licence is valid for a period of 25 years, commencing on the date of issue of the licence, unless revoked by NERSA in accordance with the provisions of the Act.

2.1.1 The Licensee may apply to have its licence renewed subject to the provisions of the Act and the Rules.

CHAPTER TWO: GENERAL CONDITIONS

3 General conditions of licence

Sections 20(1) (a), (b), (d), (e), (g), (h), (i), (j), (q), (s), (t), (u), v),(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 Revocation of Licence

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

6 Changes in the Licensee's Particulars

6.1 The Licensee must notify the NERSA if the control of the Licensee, as contemplated in Section 12(2) of Competition Act (89 of 1998), changes, within thirty days of such change.

6.2 The Licensee must provide the NERSA with the details of any changes in the registered name, operating or trading name, registered address and other contact details.

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

7 Correspondence with the NERSA

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

8 Regulatory Financial Reporting

- 8.1 The Licensee must comply with the requirements concerning regulatory financial reporting as determined by the NERSA from time to time.
- 8.2 The Licensee must maintain accounts and compile data for storage operation activities separate from any other accounts or data collection. These separately maintained accounts must be prepared in accordance with NERSA's prescribed regulatory financial reporting requirements.

9 Entry, Inspection and Gathering of Information

The Licensee must permit any authorised person, at all reasonable times, to enter and inspect any property on which the licensed activity is taking place as prescribed by Rule.

CHAPTER THREE: SPECIFIC CONDITIONS

10 Commencement of Activities

- 10.1 The Licensee must commence the construction activities contemplated in paragraph 1.1 of this licence, within twelve months of the date of issue of this licence. This period may be extended, upon application by the licensee, for a further twelve months if there are delays in obtaining a Record of Decision or authorisation from the relevant environmental, water or other authorities.
- 10.2 The Licensee must, prior to the commencement of the construction of the activities listed in paragraph 1.1, provide the NERSA with:
- 10.2.1 a copy of a record of decision by the appropriate environmental authorities for the construction activity concerned;
 - 10.2.2 the detailed final engineering design drawings;
 - 10.2.3 maps clearly showing the proposed location of each licensed activity;
 - 10.2.4 a construction schedule or Gantt chart;
 - 10.2.5 a detailed explanation of how the risk of contamination between products shipped will be minimised; and
 - 10.2.6 the details of emergency procedures and security arrangements that are to be applied to the licensed activities.
- 10.3 The Licensee must notify the NERSA of the date of commencement of construction prior thereto.

11 Information for monitoring purposes

- 11.1 The Licensee must, in respect of the licensed activity, provide the NERSA with reports on:

- 11.1.1 the progress towards and award of all Engineering Procurement and Construction contracts;
 - 11.1.2 progress in the construction of the licensed activity compared to the project plan approved by its Board of Directors;
 - 11.1.3 the progress made in the acquisition of land or any right in, over or in respect of land necessary for the licensed activity and such reports must provide details on all negotiations that have been concluded and that are underway, planned or stalled;
 - 11.1.4 the progress made in obtaining a Record of Decision from the relevant environmental authorities for the construction of the licensed activity;
 - 11.1.5 any approach for negotiations contemplated in section 20(1)(h) of the Act;
 - 11.1.6 any approach for an interconnection with the facilities of another licensee and the developments in that regard;
 - 11.1.7 in respect of the licensed activity, for each financial year for the duration of this licence:
 - 11.1.7.1 detailed cash flow statements in nominal Rands (not adjusted for inflation) including:
 - (a) capital expenditure;
 - (b) interest paid;
 - (c) debt repayments;
 - 11.1.7.2 details of sources of funding and financing;
 - 11.1.7.3 financial assumptions including but not limited to the cost of debt, exchange rate/s, inflation, depreciation rate/s, and discount rate/s;
- 11.2 The first report contemplated in paragraph 11.1 must be submitted within six months of the commencement of construction and further reports at six monthly intervals thereafter.

- 11.3 All six-monthly reports contemplated in this licence must be submitted to NERSA within 7 days of the end of a six month period.
- 11.4 The Licensee must keep records of processes leading to and decisions taken relating to the procurement of goods and services necessary to construct the licensed activities.
- 11.5 The Licensee must on request provide the NERSA with a copy of all Engineering Procurement and Construction and other contract/s concerning the licensed activities.
- 11.6 Upon completion of construction of the licensed activities, the Licensee must provide the NERSA with:
 - 11.6.1 the as-built engineering drawings and maps, and identify any deviation and differences from the information contemplated in paragraphs 10.2.2 and 10.2.3 and the reason for such deviations and differences; and
 - 11.6.2 the final audited costs of construction and identify any deviation and differences from the information contemplated in paragraph 10.2.2 and the reason for such deviations and differences.

12 Construction standards

- 12.1 All construction work must be performed in conformity with the maps, drawings and schedules in paragraph 10.2.2.
- 12.2 All construction must comply with all relevant laws and the following codes, standards and regulations including, in so far as they are applicable, but not limited to the:
 - American Society of Mechanical Engineers (ASME B31.4);
 - American Society of Mechanical Engineers (ASME B31.3);
 - American Petroleum Institute (API 6D);
 - Occupational Health and Safety Act;
 - Hazardous Substances Act; and
 - and other relevant standards.

13 Ancillary Obligations

The Licensee is responsible for compliance with these licence conditions regardless of it having sub-contracted or in any other way authorised another person to discharge any responsibility the Licensee has arising from these licence conditions.

14 Routes and locations

The routes of the pipelines contemplated in paragraph 1.1 will be in accordance with Annexure A hereto subject to approval by the appropriate environmental, water and other relevant authorities.

15 Whole licence

- 15.1 This licence constitutes the entire licence and supersedes all prior understandings and agreements between the Licensee and NERSA.
- 15.2 This licence must not be construed as creating or granting any right to the Licensee to install any petroleum pipeline facilities other than those contemplated in paragraph 1.1 of this licence without the express written consent of the NERSA.

ANNEXURES:

Annexure A: Route map

Annexure B: Specifications and Standards

Annexure A: Route map

Attach a copy of the route strip map from Secunda to Natref

Annexure B: Specifications and Standards

Applicable Regulations, Technical Standards, Codes and Specifications

- American Society of Mechanical Engineers number B31.4 (ASME B31.4);
- American Petroleum Institute number 6D (API 6D);
- American Society of Mechanical Engineers number B31.3 (ASME B31.3); and
- American Society of Mechanical Engineers number B31.4 (ASME B31.4).

The last two standards are for designing, manufacturing, installation and maintenance of the transmission pipelines.