

Annexure A

PROPOSED AMENDMENT TO PETROLINE CONSTRUCTION LICENCE: PPL.pf.F1/67/2007 CONDITIONS OF LICENCE

For ease of understanding in this document underlined text means insertions and text with a ~~strikethrough~~ means deletions. This does not apply to paragraph numbering where changes are not reflected.



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.

“**authorised person**” means any [person](#) holding a valid authorization permit [as defined by Rule.issued in writing by the Energy Regulator as defined in the Rules on Entry, Inspection and Gathering of Information.](#)

“**licensed activities**” means [the activities contemplated in paragraph 1.1 of this licence.](#)

“**Rules**” means the Rules made by the [NERSA Energy Regulator](#) 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).

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed activities

- 1.1 ~~The NERSA Energy Regulator grants Petroline RSA (Pty) Ltd a combined licence to construct a twelve inch diameter petroleum product pipeline and storage system with a twelve inch pipeline from the border of Mozambique near Ressano Garcia /Komatipoort to Kendal via area to Nelspruit, in the District Municipality of Ehlanzeni, Mpumalanga Province and to Kendal and petroleum product storage facilities at Nelspruit and Kendal, Mpumalanga.~~
- 1.2 The construction activities contemplated in paragraph 1.1 above must be complete and these facilities must be ready for operation by 29th March 2010.

2. Duration of licence

- ~~2.1 The licence shall be valid for a period of 36 months, commencing on the date of issue of the licence, unless revoked.~~
- 2.1 The licence shall be valid for a period of 25 years, commencing on the date of issue of the licence, unless revoked. The date of issue is 29 March 2007.

CHAPTER TWO: GENERAL CONDITIONS

3. Amendment of licence

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

4. Revocation of licence

This licence may be revoked by the Energy Regulator in accordance with the provisions of the Act and the Rules.

5. Compliance with ~~Contravention of~~ licence

The licensee must at all times comply with the conditions of this licence, the Act and the Rules.

6. Entry, inspection and gathering of information

6.1 The licensee must, in accordance with the Act, permit any authorised person to enter and inspect any property on which the licensed activity is taking place.

6.2 The licensee must furnish the Energy Regulator with such information as may be necessary for the proper application of the Act.

6.3 The licensee must, where required provide appropriate health and safety equipment and instructions to the authorised person conducting an inspection.

CHAPTER THREE: SPECIFIC CONDITIONS

7. Commencement of licensed activities

7.1 The licensee must, prior to the commencement of the construction of the facility provide the Energy Regulator with:

- 7.1.1 a copy of a record of decision by the appropriate authorities on the Environmental Impact Assessment study for the licensed activity before construction commences;
- 7.1.2 the detailed facility engineering design drawings, pipeline route maps clearly showing the location of the pipeline and associated facilities and storage facilities and work schedule for consideration and approval;
- 7.1.3 the details of the operational procedures, emergency procedures and security arrangements that are to be applied to the licensed activity;

7.2 The licensee must notify the Energy Regulator of the date of commencement of construction, prior thereto.

8 Construction of petroleum pipeline facility

8.1 All construction must be performed in conformity with the maps, drawings and schedules as approved by the Energy Regulator.

8.2 All construction must comply with the applicable and relevant codes, standards and regulations including –

- | | | |
|------------------------------|---|------------|
| 8.2.1 Pipelines Design | - | ASME B31.4 |
| 8.2.2 Pipe Materials | - | API 5D |
| 8.2.3 Welding Specifications | - | API 1104 |

8.2.4	Structural Concrete	-	SANS 10100
8.2.5	Structural Steel	-	SANS 10162
8.2.6	Classifications of Hazardous Locations-		SANS 0108
8.2.7	Petroleum Storage Tanks	-	SANS 10089
	and NFPA		

8.3 The facilities constructed must comply with the applicable and relevant codes, standards and regulations including -

8.3.1	Pipelines Design	-	ASME B31.4
8.3.2	Pipe Materials	-	API 5D
8.3.3	Welding Specifications	-	API 1104
8.3.4	Structural Concrete	-	SANS 10100
8.3.5	Structural Steel	-	SANS 10162
8.3.6	Classifications of Hazardous Locations-		SANS 0108
8.3.7	Petroleum Storage Tanks	-	SANS 10089
	and NFPA		

9 Provision of information

9.1 The licensee must provide the Energy Regulator with quarterly reports on the progress made in the acquisition of the necessary servitudes.

9.2 The reports must provide details on all the servitude negotiations that have been concluded and that are underway, stalled or planned.

9.3 The licensee must provide the Energy Regulator with quarterly reports detailing progress made in the identification of a site for the location of the petroleum storage facility/s.

9.4 Such reports must be submitted within seven calendar days from the last day of the calendar month.

9.5 The first report must be submitted within three calendar months from the date of issue of the licence.

9.6 The licensee must provide the Energy Regulator with three-monthly reports detailing progress made in the process of obtaining a record of decision from the relevant authorities, regarding an Environmental Impact Assessment.

9.7 Upon completion of the construction, the licensee must provide the Energy Regulator with the as-built engineering drawing and maps, and identify any deviation and differences from the information contemplated in 7.1.2 and the reason for such deviations and differences.

10 Whole licence

This licence constitutes the entire licence and supersedes all prior understandings and agreements between the parties.

11 Indemnity

11.1 The Energy Regulator and its employees are not liable for any and all claims, liabilities, losses, costs, expenses (including attorney's fees) and damages, which the licensee may suffer resulting from the licensed activity.

11.2 This licence must not be construed as creating any right to the licensee to install any other new petroleum pipeline or storage facilities without the expressed written consent of the Energy Regulator.

12. Manner of Communication

All official communication with the Energy Regulator must be in writing.