

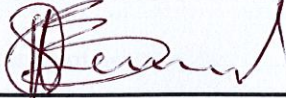
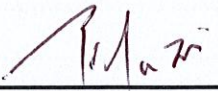


**ECON**  
OIL & ENERGY (PTY) LTD

**QUALITY MANAGEMENT SYSTEMS  
MANUAL**

**TITLE: DEPOT STORAGE CAPACITY  
ALLOCATION MECHANISM**

**DOC. No: ECON QMS 021 Pr**

<b>Section:</b> Commercial	<b>Effective Date:</b> 2018	<b>REV. NO:</b>	01
	<b>Revision Date:</b>	<b>LANGUAGE:</b>	English
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**DEPOT STORAGE CAPACITY ALLOCATION MECHANISM**

for

**ECON OIL & ENERGY (Pty) Ltd**

## ECON OIL - STORAGE CAPACITY ALLOCATION MECHANISM.

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## ECON OIL - UNCOMMITTED STORAGE CAPACITY ALLOCATION MECHANISM.

### 1. Background

This document defines the allocation mechanism for access to uncommitted capacity at Econ Oil depots as required by Regulations published under GNR 342 Government Gazette No. 30905 of 4 April 2008 in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

Econ Oil (Pty) Ltd has been granted the following operating licences in terms of the Petroleum Pipelines Act.

Location	Licence number
Bethlehem	PPL.sf.F3/255/2016.
Ermelo	PPL.sf.F3/253/2016

The allocation of uncommitted capacity for the storage of petroleum product (as defined in the Act) at these depots is managed at the Econ Oil Head Office in Alberton. The allocation mechanism contained in this document applies to all the depots listed.

Uncommitted capacity means the capacity determined by the Energy Regulator not currently met by contractual obligations by the licensee/s.

Storage will be allocated to customers on a first-come first-serve basis. In the event a customer do not use the allocated capacity for a period of more than 30 days and there is confirmed storage requirement from other customers then the allocated storage capacity will be forfeited on a use-it or lose-it principle.

Storage allocation will be provided strictly on a throughput accounting basis meaning that there will be no 'borrow/loan' situation allowed. In the event of a product shortage or over supply Econ Oil will enter into a separate buy/sell agreement with the customer.

The uncommitted capacity information for the above sites are published on the NERSA website ([www.nersa.org.za](http://www.nersa.org.za))

### 2. NERSA tariffs.

The storage tariffs approved by NERSA for the listed depots are shown in Attachment 1 and can also be viewed on the NERSA website

The tariff allows for the storage and handling of product at the depot. The storage period included in this tariff is for 30 days from date of receipt. If the storage period exceeds 30 days, the customer will be charged for a further 30 days storage and handling. Customers can also elect to rent storage capacity on a take or pay basis.

Further details are defined within each storage and handling agreement between Econ Oil and the customer.

### 3. Process to be followed by the third party when requesting access.

Potential customers wishing to utilise uncommitted capacity at the depots shall make a request to the company as follows:

The request shall:

- a) Be in writing or e-mail to Managing Director Econ Oil (Janine@econoil.co.za) with subject heading “Request for access to capacity at (Depot name)”;
- b) Specify the customer name and contact details;
- c) Specify the nature and type of product requiring storage, together with a quality certificate for the product;
- d) Specify the desired location of storage;
- e) Specify the volume of product (in tons and cubic metres) requiring storage;
- f) Specify the intended method of receipt and dispatch of product from the storage facility and truck/tanker capacity to be use;
- g) Specify any technical service requirements;
- h) Specify the intended time periods of storage.
- i) Copy of their valid wholesale licence to be attached.
- j) Customer must be willing and able to submit the information to Econ Oil as stipulated under the License Conditions as imposed by NERSA.

The documents submitted with the application will be screened and vetted and the potential customer will be advised within 15 days of receipt of the request if it the request can be accommodated.

In the event capacity is available the potential customer will have to complete a Credit Application Form, and conclude a Commercial Storage and Handling Agreement with Econ Oil. The Credit Application Form and Commercial Agreement shall be supplied by Econ Oil.

#### 4. Conditions of Use.

In order to manage the depots efficiently and safely all customers requesting access to unallocated storage capacity at the depot will have to adhere to the following conditions of use:

##### 4.1 Mode of receipts and dispatches.

Customers must adhere to the receiving and dispatch methods of product at the depots. These are

Terminal / Facility	Receipt Mode	Dispatch Mode	Products
Bethlehem	Road Rail	Road	ULP95, Diesel 50ppm, Paraffin ULP95, Diesel 50ppm
Ermelo	Road	Road	ULP93, Diesel 50ppm, Paraffin

##### 4.2 Planning and scheduling.

- a) The monthly planned schedule of receipts and dispatches must be provided to Econ Oil three weeks prior to the start of the calendar month and the customer will be notified whether this can be accommodated. Once confirmed the customer must send a firm order for receipts/ delivery one week before the activity takes place
- b) All orders are to be confirmed at least 24 hours in advance and the necessary documentation lodged with Econ Oil.
- c) In an event where product arrives earlier or later than expected and there is a lack of storage ullage it is the responsibility of the customer to seek alternative storage. Volumes are not interchangeable between depots.

- d) The customer may not at any time change the primary mode of replenishment without prior written consent of Econ Oil. Econ Oil will have no obligation to accept any delivery in respect of any quantity outside the time period or materially different from the agreed volume.
- e) In the event any unplanned delays or disruptions at the depot impacts on receipts or dispatches then Equality of Misery will apply to all customers at the depot.

#### 4.3 Petroleum quality

- a) Products stored and handled must meet the SANS and Oil Industry Petroleum Exchange Standards (OIPES) specifications. Refer to SANS website for the latest specifications.
- b) All deliveries to the depot must be accompanied by quality certificates from an accredited laboratory.
- c) Products will be tested on each truck/rail tanker to ensure that they comply with the specifications before offloading. Any product not meeting the specification will not be offloaded and the customer must remove the truck rail/tanker at its own cost from the depot.
- d) Econ Oil's own on-site laboratory (where installed) or accredited third party laboratory will take and test samples of products. Samples are taken on all product receipts and retained and stored at the depot. The tests performed are:
  - Temperature testing
  - Density testing
  - Flash point testing
  - Water content
- e) In the event that product do not meet the specification and this is not detected before offloading, the customer shall bear the cost for the loss or contamination of - or other damage to all the product in the relevant tank(s) and the cleaning of the tanks as required.
- f) In the event the customer is allocated a complete tank for own use, it remains the responsibility of the customer to ensure sufficient throughput in the tank to maintain product quality.
- g) Econ Oil will not accommodate any slop.

#### 4.4 Custody and measuring of petroleum

- a) Where the customer replenishes to the depot by truck or rail tankcar, the risk shall pass from the customer to Econ Oil at the inlet flange to the depot. For dispatches from the depot risk shall pass from Econ Oil to the customer at the outlet flange on the depot loading arm/hose.
- b) Product measurements shall be done in accordance with the South African National Standards (SANS) at 20°C.
- c) A meter receipt is printed for the purposes of quality control and this receipt is deemed binding
- d) Receipts/dispatches to/from the depot is accounted in the following ways:
  - Metered truck receipt: If the terminal has temperature compensated meters then the metered discharged volume at 20<sup>o</sup> C shall be used as the transfer volume.
  - Meter-less truck/rail tankcar receipt: (Seals intact). If the receiving depot does not have temperature compensated meters at the discharge location and the seals on the truck/rail tankcar are intact and the seal numbers correspond with the documented seal numbers at point of loading then the load volume on the Bill Of Lading shall be used as the transfer volume. All meter-less deliveries shall have a delivery note with seal control and dip charts.
  - Meter-less truck/rail tankcar receipt: (Seals not intact) in the event that the seals on the bridging truck are not intact, the product will not be received at the depot. The Econ Oil Operator will immediately inform the replenishing customer of the non-compliance and the customer will be responsible to take the necessary actions to resolve
  - Product dispatched via top loading of trucks e.g. HFO will be measured by weighbridge (where installed). In this case the truck will be weighed before and after loading. The Econ Oil weighbridge ticket will be the only official proof of the volume/weight loaded.



- Product dispatched via bottom loading via the temperature compensated meters at the loading gantry.
- Product dispatched by rail via bottom loading only using temperature compensated meters.
- Differences in volumes arising from differences in temperature and density will be dealt with in a way as defined by the storage and handling agreement.

e) Installed meters are calibrated 2 times per annum and certificates can be made available on request.

#### **4.6 Unpumpable stock**

Unpumpable stock refers to the volume in the bottom of each individual tank which cannot be removed by the normal pumping process. This is allocated with the following method:

- a) Short term storage of less than one month – The customer do not have to contribute to unpumpable stock unless otherwise required by Econ Oil.
- b) Storage of more than one month. – The customer must contribute to unpumpable stock in the proportion of the capacity of the tank(s) allocated to him/her or tanks shared by the customer. Such stock must be removed immediately at the end of the storage agreement. Econ Oil cannot be held responsible for the product quality of tank bottoms.

Further details on the customer's liability with respect to unpumpable stock is defined within each storage and handling agreement.

#### **4.7 Gains and Losses**

Gains and losses for each product and tank will be recorded as shown in 4.10 below.

The gains and losses will be apportioned to Econ Oil and customers on a pro-rata basis determined by each party's throughput in the relevant reconciliation period.

#### **4.8 Documentation**

The following documents will/must be provided:

- a) All product deliveries to the depot must be accompanied by the documents as described in this document. See 4.3; 4,4; 4.9
- b) All orders for dispatches from the depot must be placed with the Econ Oil Head Office Orders department.
- c) Econ oil may require that all orders are processed on the EDI System (where installed) and verified on the order management system.
- d) Amendment to orders require that the initial order is cancelled and a new order is issued by the customer before loading takes. No amendments will be allowed once the truck has entered the Econ Oil depot.
- e) Product reconciliation reports will be completed and signed off on a daily basis by Econ Oil and the customer over the term of the storage and handling agreement.

#### **4.9 Access for trucks/rail tankcars to the depot.**

All trucks and Rail tankcars must comply with the Econ Oil Safety inspection requirements as shown in [Attachment 2](#). Once product availability for the customer at the specific Econ Oil depot has been confirmed the customer's trucks will be granted access to the loading gantry.

- a) The driver must complete the Loading Instruction document provided at the depot and a Filling Advice Note will be created. The driver must verify the Filling Advice Notice's correctness before proceeding
- b) The following must be updated on the Econ Oil loading system (Fuelfacs or other) in order for a driver/truck to be granted access to the gantry to load:
  - Truck License
  - Truck Compartment Overfill Sensors tested
  - Driver Certificate of Fitness
  - PDP
- c) The customer will be billed and the driver issued with an invoice once loading is complete.
- d) Econ Oil reserves the right not to allow any truck or driver into any of our depots if the driver/truck do not meet and adhere to the safety requirements or have misbehaved at any of Econ Oil's properties.
- e) Bulk Truck receiving to a depot will only be done during normal daylight hours and the depot's normal operating days.

#### **4.10 Stock Reconciliations**

- a) The Econ Oil operator will provide reconciliation per product detailing each months opening balance, receipt/issue transactions and closing stock balance on a daily basis following the transactions. A transaction that takes place on a weekend will be accounted for on the Monday report.
- b) All transactions shall be reflected in volumes at 20° C and referenced to the customer, the terminal relating to the transaction as well as the appropriate transaction number (EDI number or other). All disputes on transactions must be communicated immediately following the specific transaction.
- c) The transaction report (reconciliation) shall be signed by the operator and the assigned customer representative.
- d) It is the responsibility of the customer to ensure that transactions are processed accurately and on time in their respective systems.

#### **4.11 Conditions for Payment**

Detail payment terms will be outlined in the individual storage agreements.

- a) Econ Oil will invoice for each product dispatch.
- b) Invoices to be paid in full by the customers within the agreed payment terms.
- c) Each tax invoice will reflect the following:
  - Name of the depot from where product dispatched.
  - Product volume, storage price (as per individual agreement) and applicable duties and other costs.
  - The amount of Value Added Tax owing in relation to the storage of the products
  - The customer order number (EDI or other)
  - Econ Oils reference number (EDI or other) allocated to each dispatch.
  - Product delivered and volume at 20°C.
  - Unit rate of charge
  - Delivery date

Payments amounts due shall be made in South African currency and made through an electronic transfer to a bank nominated by Econ Oil. Any amount due for payment and not paid on the due date shall bear interest as stipulated in the individual contracts.

Econ Oil also retains the right to withhold product loading to the customer if payments are not up to date. If at the end of the agreement period costs are not paid, then Econ Oil will have the right to sell some of the customer's product to defer costs incurred.

#### **4.13 Insurance**

The customer is responsible to acquire insurance to cover all its staff, product, trucks and any other property which may be on Econ Oil's property at any time. Econ Oil will not accept any liability for any losses or damages incurred by the customer and the customer explicitly release Econ Oil from any liability in this regard.

#### **4.14 Changes to infrastructure**

Econ Oils retains the right to change or upgrade it's the facilities and support systems at its depots from time to time. Customers will be advised of such changes in advance.



### Attachment 1. NERSA approved storage tariffs

NERSA approved the storage for the depots as listed.

Depot	Approved storage tariff cpl excl VAT	Date approved
Bethlehem	TBA	TBA
Ermelo	TBA	TBA

## **Attachment 2. Technical requirements for access to the depots.**

### **1 Trucks**

Customers requiring access are required to have their trucks and drivers vetted to obtain an Econ Oil Safe Loading Pass. This will be done once per year where-after a visual inspection will be performed on each entry. Compliance with all these requirement is a pre-condition to a customer entering an Econ Oil facility. Econ Oil will refuse entry to any customer that fails to comply with this requirement.

Any truck entering a depot is required to sign in on entry. Such signature may include any relevant indemnities. Trucks and drivers must adherence to The National Road Traffic Act (1996) and Regulations, particularly with reference to carriers of hazardous goods and be informed of the terms of SANS 10231 which establishes rules and procedures for the safe operation and handling of all road vehicles that are used for the transport of dangerous goods.

All driver/truck training and certificates must be valid, up to date and available when entering the depot. These are:

- Terminal specific induction
- Security entrance book sign
- Indemnity agreement signed at gate
- Perform a Breathalyzer test
- Econ Oil Safe Loading Pass certification (See Attachment 2)
- A valid driver's license
- PDP license
- Driver loading instruction manual
- Flammable liquids and substances regulations permit

### **2. Rail tankcar**

Any rail tankcar entering the facility will be subject to the following:

1. Inspect the car for overall integrity and any visible damage. All safety appliances must be in proper condition. The car must show no sign of leakage and have no visible defects.
2. All fittings, valves, gaskets and fasteners must be in proper condition, i.e. not corroded, torn, worn, stripped or otherwise damaged.
3. For loading - unless the car is cleaned, ensure that the residue in the car is compatible with the product to be loaded into the car. Do not load a car that has an unidentified residue.
4. If equipped with a pressure relief valve or vent valve, the valve must be inspected to ensure safe operation.
5. Before unloading all fittings seals should be examined before removing them for evidence of tampering. Verify that valves and fittings are closed before removing plugs, caps and flanges.
6. Before unloading, verify the contents of the tank car and of the receiving tank for compatibility.
7. All required documentation must be available.



**ECON**  
OIL & ENERGY (Pty) Ltd

**VEHICLE/DRIVER HAZCHEM SAFETY CHECKLIST  
ROAD TANKERS//ISOTAINERS//FLATBEDS**

**SECTION A: THE DRIVER**

Is the driver in possession of a valid ID document/Passport	Yes	No	N/A
Is the driver's license valid	Yes	No	N/A
Relevant PrDP-G for Goods and D for dangerous goods (SABS0231)	Yes	No	N/A
Is the medical certificate valid (Check expiry date) (SABS0231)	Yes	No	N/A
Is the Hazchem training/Product certificate valid(Check expiry date)	Yes	No	N/A
Certificate of cleanliness/Proof of previous load where applicable (multi-loads only)	Yes	No	N/A
The correct P.P.E	Yes	No	N/A
Delivery documents	Yes	No	N/A
Is there any signs of substance abuse	Yes	No	N/A

**SECTION B: THE VEHICLE**

Tanker clean and no visible leaks	Yes	No	N/A
Truck tractor no oil/water leaks	Yes	No	N/A
Roadworthy certificate valid (COF)	Yes	No	N/A
Operators disc valid	Yes	No	N/A
Fire extinguishers: Hazardous products: 1 x 9 Kg on each vehicle Non-hazardous products: 1 x 9Kg for truck tractor Extinguisher must be sealed and have a valid service date (SABS1398)	Yes	No	N/A
Mudguards and mud flaps	Yes	No	N/A
Tyres that comply with the legislation. (Thread at least 1mm over 100% of contact surface, no deep cuts, no lump or bulge, fabric or cord not exposed. (Use thread depth gauge)	Yes	No	N/A
Appropriate Hazchem labels for Hazardous products (Multi-loads only)	Yes	No	N/A

An orange warning diamond on Truck tractor (SABS0231) when transporting dangerous goods	Yes	No	N/A
Is battery cover in place	Yes	No	N/A
General items required by the Road Traffic Act			
Reflective tape	Yes	No	N/A
Lights and indicators	Yes	No	N/A
Rear chevron board	Yes	No	N/A
Fuel tank secure and undamaged	Yes	No	N/A
<b>SECTION C: EQUIPMENT FOR FLATBEDS</b>			
Corner plates	Yes	No	N/A
Net or canvas	Yes	No	N/A
Straps	Yes	No	N/A
<b>SECTION D: ACTIONS BEFORE DEPARTURE</b>			
Checked for leaks	Yes	No	N/A
Hazchem and other relevant stickers are in place	Yes	No	N/A
Checked for correct Emergency numbers: Operator: _____ Number on truck Specialist: 0800 112 890	Yes	No	N/A
Tremcard issued	Yes	No	N/A
Check G.M.V not exceeding weight as indicated on loading instruction	Yes	No	N/A
Compare seal numbers on documentation against seals	Yes	No	N/A
<b>INSPECTED BY</b>	NAME _____	C/ NO _____	DATE _____
<b>DRIVER</b>	NAME _____	SIGNATURE _____	_____