

OIL AND GAS



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Department of Energy vision, mission and values

MANDATE

Ensure secure and sustainable provision of energy for socio-economic development.

MISSION

To regulate and transform the sector for the provision of secure, sustainable and affordable energy.

VISION 2014

A transformed and sustainable energy sector with universal access to modern energy carriers for all by 2014.

VISION 2025

Improving our energy mix by having 30% of clean energy by 2025.

VALUES

Batho-Pele
Ethics
Honesty
Integrity
Accountability
Professionalism
Ubuntu

Petroleum Licensing

Background

The Department of Energy is mandated amongst others to regulate the petroleum industry at the manufacturing, wholesaling and retailing levels, through the implementation of the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended and hereinafter referred to as “the Act”. The above responsibility is carried out by the Controller of Petroleum Products (hereinafter referred to as “the Controller”) who is appointed in terms of the Act. The Petroleum and Liquid Fuels Charter hereinafter referred to as “the Charter”) is annexed to the Petroleum Products Amendment Act (PPAA), no. 58 of 2003 and is thus an important strategy to effect transformation of the industry. The Charter was signed and released in November 2000 by the South African Petroleum Industry Association (SAPIA), each of the SAPIA member companies, as well as the African Minerals and Energy Forum (AMEF) to empower the HDSA participation in the liquid fuels industry by 2010. The Charter stipulated that “A quarter of all facets of the liquid fuels industry or plans to achieve this. The 25% ownership and control of all facets of the industry that the parties to this Charter are seeking to bring about over a ten year period means HDSAs owning in total, by the end of that period, not less than 25% of the aggregate value of the equity of the various entities that hold the operating assets of the South African oil industry.” A major component of the Liquid Fuels Charter is procurement which can provide opportunities to many HDSA companies. Accessing these opportunities may require licensing from the Department of Energy.

Functions of the Petroleum Licensing

Directorate

The directorate is responsible for:

- Managing the adjudication of the manufacturing,

wholesale and retail of petroleum products licences as prescribed by the Petroleum Products Act.

- Monitoring the Petroleum and Liquid Fuels Charter compliance by industry.
- Processing of annual information submissions of the licensed manufacturing; wholesaling and retailing activities received by February each year in line with regulations 18; 17 and 26 for licence types respectively.
- Publishing information as stipulated by Regulation 29; 28 and 39 for manufacturing; wholesale, site and retail licence types respectively.
- Facilitating the development of small businesses in the petroleum and liquid fuels industry by rendering advice on the formulation of bankable business plans in line with the licensing objectives.
- Stakeholder engagement and render advisory services on petroleum licensing process to facilitate the development of small business, e.g. development of business plans, licence application and tracking process.

How to apply for a licence

Regulations stipulating documents to be completed and attached are available at our nine regional offices and on www.energy.gov.za (Click on Acts & Regulations, then Petroleum link).

Additional information over and above the minimum standard requirements per application form, to be attached are:

- Loan agreement (if no loan agreement is in place a declaration to that effect, stating how much money was used and the source of the money i.e. R2 000 000, from own capital/retirement fund used).

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- Franchise agreement (if the franchise agreement has not yet been signed, a letter of appointment as franchisee from the respective oil company or if the site is not a franchised site a declaration to that effect).
- In the case of the entity being a CC, the Certificate of Incorporation and certified copies of all the members' identity documents.
- In the case of the applicant being a sole trader/individual, a certified copy of the identity document.
- In the case of the entity being a trust, the trust deed, letters of authority and certified copies of identity documents for all the trustees and beneficiaries of the trust. Please note that should the beneficiary of the trust be another trust, the same documents would be required for that trust so that the natural persons behind the business can be found.
- In the case of the entity being a private or public company, the Certificate of Incorporation, shareholders agreement, share register, share certificates, memorandum and articles of association and certified copies of all shareholders' identity documents. Please note that should one of the shareholders on the share certificates be a CC, another company or a trust, the appropriate above-mentioned bulleted documents should be attached for either that CC, company or trust as well, in order for the analyst to be able to find the natural people behind the business for the purposes of the HDSA calculation.
- If the site is an existing site being taken over by a new owner, the monthly volumes that the previous owner pumped for a period of two years before the business was sold.
- If the site is an existing site being taken over by a new owner, the deed of sale or offer to purchase between the previous owner and the new owner.
- If the site is an existing site being taken over by a new owner, a certified copy of the licence certificate that was issued to the previous owner. If the licence has not yet been issued, a certified copy of any invoice for January, February or March 2006, proving that the site was in existence. Alternatively, certified proof that the applicant was in a process of developing that site within a period of 12 months from the date of commencement of the Petroleum Products Act.
- If the site is new, the traffic count and all data and assumptions used in the NPV calculation.
- The number of employees employed/expected to be employed categorised in the following manner:

	AM	AF	CM	CF	IM	IF	WM	WF	Disabled Individuals
Forecourt									
Admin									
Shop									

Please note that the application should still be advertised in two newspapers as per Regulations 4(1) and 16(1), and this can only be done once the applicant has been issued with a reference number.

- A bankable business plan aligned to licensing objectives. Refer to the Office of the Controller Business Plan Guideline in this brochure – this provides a guideline on the information required in the business plan.

Petroleum Licensing

Office of the Petroleum Controller Business Plan Guideline

1 Introduction

1.1 Summary

This is a brief overview of your business plan which should talk to your business model, financial features, financial requirements, principal owners and major achievements.

1.2 Index of Content

It should provide an overview of the contents of your business plan with headings for major sections.

2 Business Description

Name of business; when formed; where is it located; how many people does it employ; is it a company, close corporation (CC), partnership, trust or individual; who are the owners; what does it do; to whom does it sell its products and services?

3 Capacity Building/Supportive Culture

How many HDSA individuals does the company employ or intend to employ; how many HDSA individuals are involved in ownership and management; what skills development plan does the company intend to have and how long will implementation take?

4 Strengths, Weaknesses, Opportunities and Threats (SWOT)

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates.

5 Profile of Target Market(s)

The company must provide a market overview and segmentation describing the overall market broadly: what are the different segments; what are the

advantages and disadvantages of each segment; why has the business selected a particular segment?

6 Product

What product(s) will your company offer to the market; is the specification according to the regulation?

6.1 Pricing

How will the business respond to competitors; to what extent is the business affected by the exchange rate and interest rate; price elasticity?

6.2 Promotion

Describe the business promotion strategy, how it will be executed and measures that will be used to check the effectiveness of the strategy.

6.3 Customer Analysis

Who are your customers or what sectors of the economy will you target; what customer retention strategy does the business have; how did you secure each customer; what is the bargaining power of the customer?

6.4 Competitive Advantages

What competitive advantage does the firm enjoy over its competitors; how will this influence growth in sales or attract new customers? Give examples.

6.5 Comparative Advantages

What factors are specific to the market or industry that makes it more likely for the business to gain market share?

7 Location and Premises

Where the business is located; why is it located in this place; how long will it be located there; is the company owning or leasing the premises?

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8 Source of Petroleum Products

Discuss the source of petroleum products; is it available inside the country, if not where can it be sourced?

9 Funding Plan

9.1 Source of Funds

What funding is required; from whom will the funding be obtained; in what form will the funding be provided; what are the terms of the funding (period, interest rate, instalments, grace periods, special terms)?

9.2 Financial Projections

Provide financial projections (including the assumptions related thereto) for at least two years and ensure that the financial projection fits in with what has been stated in the rest of the document. The financial projection should reflect the most likely scenario (best and worst).

10 Sensitivity Analysis (what if scenarios)

Show what would happen to the key aspects (debt service ability, return on investment) of the business; what will happen if the price of petroleum products decreases locally; how the business ability to service debt would be affected by an increase in interest rate.

11 Operational Plans

An operational plan will explain to the reader how you plan on getting your product and/or service out to market or to their clientele.

12 Management and Administration

- (a) Management background
- (b) Organogram of the company

13 Conclusion

How to track your application

The Act and subsequent Regulations to the act prescribes that all licence applications must be processed within a period of 90 days if it has all relevant documents over and above what is in the regulations.

How long should I wait for my application to be processed?

90-day period

- After lodging your application for site and retail, wholesale or manufacturing licences, you will receive a receipt of application, which contains your application number. Application number must be used to reference your application at all times and during any correspondence with this office.
- You will receive a letter of request for publication in appropriate newspapers advertising your intention to trade with the liquid fuels value chain. A sample of the publication will be given to you.
- Furthermore, you will receive a letter to provide additional information. This information is important in order for us to process your application effectively.
- The Petroleum Controller's office will take a maximum of 90 days to process your application after proof of publications and all additional information is provided to our office.
- The 90-day period starts once we receive and record the proof of publications, thereafter we observe a period of 20 working days for any objections of your intention to operate by interested and affected parties. (Please note that the 90-day period does not start from the date of lodgement of application).

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- A request for information can be made at any time during the processing of your application, which STOPS the 90-day period clock until the information requested is provided. (Therefore the faster you provide information requested by the Petroleum Controller's office the faster your application can be processed).
- Once a decision is made on your application by the Petroleum Controller, you will be informed of such in writing.
 - Approval of licence: An approval letter requesting payment will be given to you, where you need to make cash payment at a Nedbank branch nearest to you quoting a bank reference number appearing on your approval letter.
 - Refusal of licence: A refusal of licence letter will be given to you stating the reasons for

the refusal. At this point you can make an appointment to meet with the appropriate manager to obtain further clarity. You are however entitled to lodge an appeal with the Minister of Energy against the refusal decision made by the Controller of Petroleum Products within 60 days of receiving the refusal letter.

Beside the Head Office, the Department has established regional offices in all nine provinces where all enquiries and lodgement of applications can be conducted. The aim of regional offices is to bring service delivery closer to the people of South Africa. All regional offices are fully operational and are occupied with a full staff compliment.



BP Southern Africa (Pty) Ltd

BP's history in South Africa reaches back to the early 1920s. Today BP Southern Africa (BPSA) has its head office in Johannesburg and is one of the largest oil companies operating in South Africa.

There are over 500 BP branded service stations, 13 depots and other distribution sites, including three coastal installations.

The company processes its crude oil through, and has a 50% stake in the South Africa Petroleum Refineries (Sapref) at Reunion in Durban. The company employs some 1 200 people in South Africa, excluding those employed by Sapref, the refinery and a lubricants blending plant.

Opportunities available

Procurement

Opportunities arise on an ongoing basis across the business relating to secondary transport, printing, equipment maintenance, professional and other services.

Franchising

Acquiring an existing BP dealership

Existing BP dealerships do not belong to BP but to the operators/dealers themselves. BP does not advertise or sell them on behalf of the dealers - the dealers do this themselves. As these

transactions are subject to BP's approval, BP only discovers that a business is for sale when the dealer brings prospective purchasers to BP for approval. The best way to acquire an existing dealership is via business brokers or the classified sections of newspapers where brokers and dealers advertise under Business For Sale.

Acquiring a new BP dealership

BP carries out new developments from time to time and places advertisements in the local newspapers to recruit new dealers. Once all the applications have been received by the due date, an interview and selection procedure will be followed. It is important to note that BP may offer the new opportunity to applicants in a pre-approved pool. In such instances, the new opportunity will not be advertised.

Contact details

Procurement

Alan Reid (Services)

Vishal Devan (Transport)

(011) 488 5111 or (011) 488 5218

Franchising

Li Lai

(011) 488 5205



Chevron South Africa (Pty) Ltd

Chevron, the world's fifth largest energy company, markets its products in South Africa under the Caltex brand. Caltex is one of the country's top four petrol brands with more than 950 service stations nationwide. With its headquarters in Cape Town, Chevron South Africa operates the country's third largest crude oil refinery with a production capacity of 110 000 barrels a day. Operating 24/7, it produces petrol, diesel, jet fuel and liquefied gas for the Western Cape and for export to other African countries. Employing approximately 1 450 people predominantly in the Western Cape, Chevron South Africa is a major contributor to the region's economic growth. It has also developed wide-reaching community engagement programmes, including a three-year commitment of \$5-million (USD) to the Western Cape Provincial Health Department to fight HIV/AIDS, tuberculosis and malaria as part of Chevron's commitment to the Global Fund.

Opportunities available

Procurement

The categories of opportunities are only applicable as and when they become available and are not guaranteed to exist currently.

Refinery: supply of chemicals; catalysts; gases (FCCU catalyst); Meth Manganese Tricarbonyl; Scentinel A; Polycat C84-3; valves, pipes and fittings; gaskets; turbine spares; personal protective

equipment and clothing; stationery; gases; stud bolts; bearings; chemicals – caustic lye, ammonia, sulphuric acid, MEA, DEA, MDEA.

Maintenance services: scaffolding, insulation, painting, etc; equipment including engineering and capital projects; general consumables.

Marketing: C-Stores consumables; retail facility maintenance and constructions; advertising, print and promotions.

Lubricants: additives and packaging.

Franchising

Caltex franchise

Other

Freshstop Franchise

Contact details

Procurement

Fabian Magerman

Desmond Cecil

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Email: FabianMagerman@chevron.com

Franchising

Henry Hoffman

Tel: (021) 403 7240



Engen Petroleum Limited

Engen is an African-based energy company that refines crude oil at its refinery in Durban, markets petroleum products and provides convenience services through an extensive retail network. The company also exports its products to more than 30 other territories, mostly in Africa and the Indian Ocean islands. Engen's geographic focus is sub-Saharan Africa and it currently has a presence in 18 African countries which include South Africa. Engen runs a refinery, a lubricating oils blend plant, service stations across South Africa and in sub-Saharan Africa, convenience centres, depots, aviation facilities and a bitumen plant. Through the process of refining crude oil, Engen produces primary refined petroleum products which include LPG, chemicals, automotive fuels (petrols and diesels), jet fuel / kerosene, furnace oils, lubricants, asphalt, and bunker fuel oils. Products are sold locally and internationally. Engen processes approximately 125 000 barrels of crude oil per day at its refinery in Durban. The company employs 3 739 staff members in South Africa.

Opportunities available

Procurement

The provision of services and materials are generally related to midstream and downstream activities. Supplier profiles will be placed on our potential vendor database and may be called upon to tender,

as and when opportunities may arise and on the assumption that the set minimum criteria in respect of the relevant discipline is fulfilled. Opportunities may exist for suppliers who meet the prescribed criteria, in respect of additives, packaging in respect of plastic supplies and drums, as well as transport, HVAC, specialised refinery and retail forecourt engineering and maintenance services, such as fuel storage tank desludging, application of protective coatings and the installation of thermal insulation and high pressure cleaning of process equipment.

Franchising

KwaZulu-Natal: 1
Gauteng: 5
Eastern Cape: 3
Free State: 1

Contact details

Procurement

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Franchising

Refilwe Mokoto, Retail Development Manager
Fax: 011 480 6999
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PetroSA (Pty) Limited

The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PetroSA) is the national oil company of South Africa. The company manages the state's petroleum industry commercial assets. PetroSA's growing portfolio of assets spans the full petroleum value chain, with all operations run according to world-class safety and environmental standards.

PetroSA is engaged with upstream exploration and production activities offshore along the Southern African coastline with acreages in other countries such as Equatorial Guinea, Namibia and Egypt.

The company's GTL refinery in Mossel Bay produces ultra clean, low sulphur, low aromatic synthetic fuels and high value products converted from natural methane-rich gas and condensate using a unique GTL Fischer Tröpsch Technology. Key commodities produced include unleaded petrol, kerosene (paraffin), diesel propane, liquid (oxygen/nitrogen), distillates, eco-fuels and alcohols.

PetroSA employs an excess of 1700 employees in its Mossel Bay plant and the head office in Cape Town.

Opportunities available

Procurement

Upstream: Drilling, catering to rigs and vessels, painting, etc.

Downstream: Fabrication, scaffolding, industrial painting, protective clothing manufacturing, site security, site catering, etc.

Trading: Feedstock (crude and condensate), chemicals trading, liquid fuel distribution.

Franchising

There are no franchising opportunities.

Other

Stationery, cleaning, weed and pest control, gardening services, etc.

Contact details

Procurement

Comfort Bunting
(021) 929 3000

Email: comfort.bunting@petrosa.co.za



Sasol Limited is an integrated energy and chemical company. We beneficiate coal, oil and gas into liquid fuels, fuel components and chemicals with the help of our proprietary Fischer-Tropsch (FT) processes. We mine coal in South Africa and produce gas in Mozambique and oil in Gabon. In South Africa, we refine imported crude oil and retail liquid fuels through our network of retail convenience centres. We also supply fuels to other distributors in the region and gas to industrial customers in South Africa.

Sasol Oil (Pty) Ltd is 25% owned by Tswarisano, our broad-based BEE partner, and its operations are focused on marketing fuels blended at Secunda and refined through our 63.6% share in Natref oil refinery at Sasolburg. Products include petrol, diesel, jet fuel, illuminating paraffin, liquefied petroleum gas, fuel oils, bitumen and lubricants. It imports fuels to balance its product slate and meet contractual commitments. Sasol Oil operates 410 Sasol and Exel retail convenience centres in South Africa.

Sasol Gas, a wholly owned subsidiary of Sasol Limited, markets and distributes natural gas from Mozambique and methane-rich gas produced by Sasol Synfuels at Secunda. It delivers gas through a 2 118 km pipeline network to 550 industrial and commercial customers in Gauteng, the Free State, Mpumalanga and KwaZulu-Natal.

Opportunities available

Procurement

There are opportunities ranging from crude oil sourcing, in-bound and out-bound logistics, engineering projects and professional services.

Franchising

There are franchise opportunities in both Sasol and Exel branded service stations.

Other

Providing access to non-refining wholesalers to participate in the upliftment of Sasol Oil petroleum products. Exporting opportunities of petrol and diesel to selected Southern African countries.

Contact details

Procurement

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Franchising

Sabelo Ngwabi, Manager: Property Support

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Shell South Africa Marketing (Pty) Ltd

Shell has been active in South Africa since 1902. Our main business activities in South Africa include retail and commercial fuels, lubricants, oils, chemicals and manufacturing. Our head offices in South Africa are based in Johannesburg.

Our values

Our core values of honesty, integrity and respect for people form the basis of the Shell general business principles.

Shell in South Africa

Shell came to South Africa in 1902. Shell South Africa's main focus at the time was on paraffin and kerosene, which brought both light and heat to communities across Southern Africa. Throughout its long association with South Africa, Shell has played an important role in the country, not only as a premier oil company, but also as a committed corporate citizen and change agent.

Our business activities in South Africa

Today, Shell South Africa is mainly involved in the retail and commercial fuels, lubricants, oils, chemicals and manufacturing sectors. We have a nationwide retail network of strategically located service stations, offering our customers a variety

of fuel products, as well as friendly service and convenience shopping. Our commercial fuels and lubricants division sells diesel, lubricants, illuminating paraffin, bitumen and heavy furnace fuels directly to end users in the transport, construction, manufacturing, mining, marine, agriculture and general consumer markets. In the manufacturing area, the Sapref refinery, jointly owned by Shell and BP, is one of the largest refineries in Africa. Other Shell interests in South Africa include aviation, chemicals and LPG (Liquid Petroleum Gas).

Opportunities available

These opportunities will be made available during the exhibition.

Contact details

Procurement

Akhona Mponco
Tel: (011) 361 0636
Email: Akhona.Mponco@shell.com

Franchising

Witness Mahlangu
Tel: (011) 996 7030
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Total South Africa (Pty) Ltd

Total South Africa's business focus encompasses the manufacturing and sales of a comprehensive range of petroleum products to the retail, commercial and industrial markets.

Total has a portfolio of 530 service stations located throughout South Africa. Our company is also a key player in the petrochemical markets with products ranging from jet fuel and liquid petroleum gas to lubricants, grease and kerosene.

Total is a level four BBBEE contributor, committed to the national transformation agenda of South Africa.

Opportunities available

Procurement

There are ongoing opportunities in:

Transport: bulk fuel and lubes.

Construction: civils and upgrading of existing sites.

Services: recruitment, cleaning and management consultation.

Franchising

There are franchising opportunities in new service station sites and existing sites.

Other

There are opportunities in the painting of service stations and general maintenance.

Contact details

Procurement

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