

“POLICY FOR GRANT OF PERMISSION FOR LAYING AND OPERATING THE PIPELINES IN KPT LIMIT”

(A) Permission to lay pipelines for handling liquid cargo from 'Y' junction to installation inside Port area:

After detailed discussion & deliberations the Policy along with Terms & Conditions has been recommended to place before the Board as under:

(2) Scope of Permission

- (a) The right of way permission for laying pipelines from 'Y' Junction Inside Oil Jetty to Tank farms within the port area shall be granted with the approval of Board of Trustees of Kandla Port Trust
- (b) The permission to lay pipelines shall be granted on *Right of Way Basis* and shall be on a purely temporary basis.
- (c) Only permission shall be given. There shall not be any allotment of land to the party nor is to be construed to be a lease or license.
- (d) The permission to lay pipelines shall be on a common user basis. If any other party wants to use the pipelines, they may be given permission on such terms as agreed to between the Parties and the Port Trust Board.
- (e) The permission granted by DPA shall not be any way be transferable. However, in case of transfer of leasehold rights approved by the Board in respect of plots allotted for construction of liquid terminals as well as in cases wherein successful bidders of E-Tender-cum-E auction of liquid storage tank (with structure) are other than the ex-lessees, the Transferee/successful bidder shall be entitled for transfer of associate permission of pipelines in their favour. However, the transfer of Pipeline permission shall be subject to statutory clearances to be obtained by the Transferee in their name as well as submission of Undertaking to the effect that they shall abide with all the terms and conditions of pipeline permission.
- (f) The permission shall be granted only to the lessees of tank farms.
- (g) KPT reserves the right to withdraw the permission at any time after assigning reason.
- (h) The permission granted shall be strictly as per the provisions and Terms & Conditions of the Land Policy Guidelines / any other guidelines issued by the Ministry of Shipping, Govt. of India from time to time and the same shall continue to be governed by the provisions of the Land Policy guidelines issued from time to time. The latest land policy guidelines issued by the Ministry of Shipping are annexed as Annexure A to the terms and conditions for reference.
- (i) The permission shall not give any right of access to Jetty and handling of ships
- (j) Permission shall be granted purely on the basis of availability of space and handling capacity from time to time and in this regard the decision of port shall be final and binding.
- (k) The validity of the way leave permission granted by the port shall be co-terminus with lease period of the land on which the storage facility has been built.
- (l) The permission shall be governed by Security Regulations of the port applicable from time to time as per ISPS Code.
- (m) The pipeline have to laid within a period of one year from the date of grant of permission failing which the permission shall stand automatically cancelled and security deposit paid by the party shall be forfeited forthwith. Within seven days of completion of laying work, the party shall inform the port about the same and seek NOC from Chief Engineer, KPT by submitting completion drawings and the completion certificate shall be issued within 7days.
- (n) Extension of time for laying the pipelines will however be granted in case of delay due to non permission of hot work & Force majeure.
- (o) Kandla Port Trust reserves right to direct the parties to remove, modify or re-route the pipelines and the parties shall carry out the same at their own cost.

2. Charges Payable

- (a) The party who is granted permission for laying pipelines shall have to pay the following charges to Kandla Port Trust for laying pipelines and handling cargo through them at the frequency showing against each:-

Type of Charges	By whom payable	Rate	Frequency
Supervision Charges	Party laying the pipelines	15% or at the rate fixed by the Board from time to time on the cost of work (cost of pipelines and laying) and shall be payable even in case of third party supervision.	One Time. Cost of laying pipelines shall be got approved from Civil Engineering Department of KPT.
Way leave charges	All parties who lay pipelines irrespective of tiers existing in one way leave (pedestal)	On the basis of area occupied by pipelines which shall be calculated as under $2X \text{ Diameter of Pipelines} \times \text{Length of pipelines} \times \text{Rate per Square meter.}$	Annually to be paid in advance at the rates prevailing from time to time in the Scale of Rates of KPT. Additionally the WLC shall be subject to escalation @ 2% per annum or at the rates of escalation revised from time to time

Illustrations provided at Annexure-A

- (b) Service Tax & Cess, at the rates prevailing from time to time shall be extra on all the charges mentioned at (a) above and shall be borne by the parties.
- (c) All other applicable taxes, duties & cess etc shall have to be borne by the party and shall be payable directly to the concerned authority.
- (d) Delayed payment of Way Leave Charges shall attract penal interest @ SBI Prime Lending Rate + 2% from the due date of payment till the actual date of payment.
- (e) *Non-payment of WLC for consecutive two years shall lead to automatic cancellation of permission and forfeiture of two years WLC deposited as security deposit with a further right to port trust to seek legal / any other remedy to recover outstanding way leave charges together with penal interest.*
- (f) Way Leave charge shall be payable by all the parties, irrespective of tiers existing in on way leave (pedestal).

3. Security Deposit

The party seeking way leave permission for laying pipeline etc shall have to deposit Security Deposit as under:

Sr . No	Purpose	Time of Deposit of security towards	Rate	Whether Refundable / Non Refundable	In case refundable when shall the same be refunded
01	Laying of Pipelines	Prior to commencement of laying work	10% of the estimated cost which is the cost of pipelines plus cost of laying as approved by Chief Engineer [Discuss Independent Structural Engineer]	Refundable without interest	After satisfactory completion of work and submission of NOC from Chief Engineer
02	Way leave charges	Within the period of 15 days from the date of permission of laying pipeline.	2 years Way Leave Charges	To be refunded/adjusted at the end of lease period	Not applicable

4. Obligations of the party

4.1 Prior to and during the Laying Stage

- (a) Adequate safety measures shall be taken during the laying of pipelines.
- (b) The laying of pipelines etc should be carried out under the supervision of Senior Engineer (PL)
- (c) The party shall lay pipelines etc as per the route plan approved by the competent authority of the port subject to modifications as per the site conditions which shall be got approved from the PortTrust
- (d) While laying pipelines, if road cutting is required in port limits the party shall have to obtain prior permission from Executive Engineer (Road) and the required charges shall have to be paid.

(e) After completion of laying work, the entire area of work shall be got cleared /leveled by the party at its own cost.

(f) The party shall ensure that during the work of laying of pipelines the normal port activities are not hampered.

(g) The party shall not re-route /extend the pipeline to other parties without prior approval / permission of the port, failing which the permission granted shall be cancelled without any further notice.

(h) The party shall have to provide pipeline pedestal and trestle with design to accommodate pipelines in three layers. The design and drawing of the pedestal and trestle are required to be got approved from Chief Engineer before commencement of work.

4.2 Operational Stage

(a) The party shall take adequate safety measures during connection/disconnection and operation of lines.

(b) The party shall handle the cargo as permitted by Chief Controller of Explosives, Nagpur

(c) Before handling cargo through the laid down pipelines a Hydro test is to be carried out in presence of representative of Senior Engineer (Pipeline), Fire Cum Safety Officer (FCSO) and authorized representative of PESO. This test has to be carried out every year.

(d) If required, the party shall have to provide booster pumps to get the designed discharge.

4.3. During repair / replacement

(a) The party shall not carry out any repairs /replacement of their line without prior permission of the port.

(b) All the prevailing procedures of Kandla Port Trust shall be applicable for repairing / replacement of lines in future.

(c) The party shall follow Petroleum Rules, 1976 and also follow the procedure laid down under the Petroleum Rules 2002 and OISD 105 while carrying out repair work and hot work.

(d) The party shall have to take the fire watch permission from FCSO, KPT by making payment of necessary charges per the Scale of Rates of the Port prevailing from time to time while carrying out hot work directly under intimation to Senior Engineer (PL). The fire watch services with the permission of FCSO, shall however, be subject to availability only and in case of non-availability the party shall have to make its own arrangements.

4.4 At all times

- (a) The party shall arrange for patrolling of their pipelines round the clock at its own cost.
- (b) The party shall bear the expenses on account of any damages to approach road patrolling path or structures during the execution of the work and also during operation and maintenance of work.

5. Statutory permission to be obtained

- (a) All statutory permissions including that of explosives and fire safety etc., shall be obtained by the parties concerned from the respective authorities
- (b) The party shall obtain necessary permission / approval from Gujarat Pollution Control Board, Gandhinagar, if required.
- (c) Whenever, the pipelines are required to be laid across railway tracks, the party has to obtain the required permission from Railway authorities and /or any other concerned authorities at its sole risk and cost in advance.

6. Precaution, Protection and Indemnity

The party shall take following precautions and ensure the following indemnifications:-

- (a) The party shall indemnify Kandla Port Trust against all kinds of damages including third party, loss to port property, person etc., caused during the laying, maintenance and operation of pipelines.
- (b) Kandla Port Trust shall not be held responsible for any loss, damages, pilferages etc of the products from the pipelines.
- (c) The party shall obtain all Risk Insurance Policy to cover any untoward incident.
- (d) The party shall carry out safety audit as per prevalent rules and regulations in force and instructions issued by KPT from time to time and those issued by other statutory authorities of State /Central Government and report to KPT every year or as at intervals specified in the regulations framed by various statutory authorities. All necessary actions for safety and security of pipelines will be taken by the party.
- (e) The party shall forthwith stop pumping operation as soon as leakages are noticed in the pipeline. In case of any leakage, adjoining area shall be cordoned off to prevent occurrence of fire. The product shall be immediately collected and transported by the party to its installation at its own cost.
- (f) In case of fire / accidents / emergency the party shall have to make its own arrangements at its own risk and cost to meet with the situation as per requirement. KPT will provide services on no obligation basis and only subject to availability and at the prevailing rates.

- (g) The party shall strictly follow the Oil Industry Safety Directorate Standards (OISD) to ensure protection from the view point of security, fire and safety threats.
- (h) All other usual operating conditions as relevant to the Port Trust and as prescribed by the Port shall have to be followed by the party.
- (i) The party shall have to submit a copy of Disaster Management plan to KPT, if required. (SOP, HAZOP etc.)

7. Compliance with applicable laws

The party shall at all times comply with:

- (a) All laws of land with regard to storage, transportation, evacuation etc from safety and security view point.
- (b) All relevant and applicable rules, regulations and amendments thereof time to time of Kandla Port Trust and other statutory authorities such as Chief Controller of Explosives, Nagpur and also provisions of relevant statutes.

8. Removal of Pipelines in case of non requirement

- (a) In case pipelines are no more required, the party shall inform the same to KPT and remove the pipe lines within a period of three months from the date of intimation to KPT and shall surrender the vacant area to the port in its original condition and no compensation whatsoever shall be paid to the party.
- (b) In case the pipelines are not removed within a period of three months from the date of intimation, the same shall be removed by KPT at the risk and cost of the party.

9. Timeline for the approval of Pipeline.

- (a) The lay out plan / drawings showing the route of pipeline with structure is required to be submitted by party within 45 days after receipt of permission letter for approval of competent authority.
 - (b) After receipt of lay out plan / drawing the competent authority of KPT shall approve the same within 45 days.
- (B) Permission to lay pipelines for handling liquid cargo from oil jetties to 'Y' junction inside oil jetty area.

Chief Engineer informed that the Procedure for appointment of Consultant for grant of permission from Oil jetties to 'Y' Junction inside Oil jetty area is in process and after getting the Consultant report, the Policy along with Terms & Conditions will be separately submitted to Land Allotment committee and approval of Board.

(C) Permission to lay Air/Pigging pipelines from oil jetties to installation inside Port area.

After detailed discussion & deliberations the Committee decided that the Policy already approved for Repair/replacement of existing Pipelines and laying of New Air/Pigging pipelines vide Resolution No. 195 of 20.5.2011 shall be continued as the same is in the line with Land Policy Guidelines 2014.

(D) Permission to lay pipeline for handling liquid cargo from one terminal to other terminal.

The practice of allowing permission from One Terminal to other Terminal with the approval of Chairman shall be continued as per the Terms & conditions of laying of Pipelines from 'Y' Junction to Tank Terminals detailed at (A) above.

Illustration

Sub: Permission for laying of 300 mm. dia. Pipeline from Oil Jetty No. 4 to Installation.

(a) Approval of route plan.

(b) Checking of Estimate

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Considering 1000 mtr. Length from Oil Jetty to Terminal.

(a) Oil Jetty to Custom wall Length :- 350 mtr.

(b) Custom wall to Terminal Length :- 650 mtr.

(c) Total Cost of Estimate for pipeline and laying = Rs. 30,00000/-

Charges Payable

(a) Wharfage Charges :

(b) Super vision Charges: 15% of Rs. 30,00000/-
i.e. Rs. 4,50000/-

(a) Way leave Charges :

- 1) Oil Jetty to custom wall = $2 \times 0.300 \times 350 = 210$ m2.
- 2) Custom wall to terminal = $2 \times 0.300 \times 650 = 390$ m2.

210 m2 @ Rs. 259.20 = Rs. 54432.00

390 m2 @ Rs. 941.74 = Rs. 367279.00

Total =Rs. 421711.00/ yearly

Security Deposit

(b) 10% of estimate cost Rs. 30,00000 /- i.e. Rs. 3,00,000/- Refundable without interest after completion of work.

(c) Way leave Charges :

Two Years Way leaves i.e. $2 \times 421711 = \text{Rs. } 8,43,422.00$