



Attention: Ms. L Mekwe

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23 April 2020

Reference: Ref: 12/3/236

Dear Ms. Mekwe

RE: 2D Seismic Survey Programme in ER236 - the Durban and Zululand basins, off the East Coast of South Africa: Submission of an Environmental Compliance Audit Letter, as required in terms of Regulations 54(A)(2) of the Environmental Impact Assessment Regulations (as amended)

Sasol Africa (Pty) Ltd (hereafter referred to as Sasol) was granted an Exploration Right related to 2D seismic surveys in Exploration Right Block 236 (ER236) (i.e. the Durban and Zululand basins, off the East Coast of South Africa), on 13 November 2013, as per the exploration right 12/3/236. In 2014, Eni South Africa B.V. (hereafter referred to as Eni) and Sasol reached an agreement in which Eni acquired a 40% participating interest and operatorship of Exploration Right 12/3/236.

Eni received a letter from the Petroleum Agency of South Africa (PASA) dated 07 February 2020, requesting the submission of an environmental audit report in terms of Regulation 54(A)(2) of the Environmental Impact Assessment Regulations (EIA Regulations), 2014, by 8 March 2020. A subsequent letter from PASA dated 5 March 2020 was received by Eni; clarifying that the environmental audit is only applicable to the Environmental Management Programme (EMPr) which was approved on 18 December 2012, and extended the audit report submission date to 8 May 2020.

Eni appointed Environmental Resources Management Southern Africa (Pty) Ltd, (ERM) to prepare an environmental compliance audit in response to the correspondence from PASA in accordance with section 34 of EIA Regulations, GNR 326 of April 2017, which states:

34 (1) *The holder of an environmental authorisation must, for the period during which the environmental authorisation and EMPr, and where applicable the closure plan, remain valid—*

- (a) ensure that the compliance with the conditions of the environmental authorisation and the EMPr, and where applicable the closure plan, is audited; and*
- (b) submit an environmental audit report to the relevant competent authority.*

(2) The environmental audit report contemplated in subregulation (1) must—

- (a) be prepared by an independent person with the relevant environmental auditing expertise;*
- (b) provide verifiable findings, in a structured and systematic manner, on*
 - (i) the level of performance against and compliance of an organisation or project with the provisions of the requisite environmental authorisation or EMPr and, where applicable, the closure plan; and*
 - (ii) the ability of the measures contained in the EMPr, and where applicable the closure plan, to sufficiently provide for the avoidance, management and mitigation of environmental impacts associated with the undertaking of the activity;*
- (c) contain the information set out in Appendix 7; and*
- (d) be conducted and submitted to the competent authority at intervals as indicated in the environmental authorisation.*

(3) The environmental audit report contemplated in subregulation (1) must determine—

- (a) the ability of the EMPr, and where applicable the closure plan, to sufficiently provide for the avoidance, management and mitigation of environmental impacts associated with the undertaking of the activity on an ongoing basis and to sufficiently provide for the [.] avoidance, management and mitigation of environmental impacts associated with the closure of the facility; and*
- (b) the level of compliance with the provisions of environmental authorisation, EMPr and where applicable, the closure plan.*

(4) Where the findings of the environmental audit report contemplated in subregulation (1) indicate—

- (a) insufficient mitigation of environmental impacts associated with the undertaking of the activity; or*
- (b) insufficient levels of compliance with the environmental authorisation or EMPr and, where applicable the closure plan; the holder must, when submitting the environmental audit report to the competent authority in terms of subregulation (1), submit recommendations to amend the EMPr or closure plan in order to rectify the shortcomings identified in the environmental audit report.*

(5) When submitting recommendations in terms of subregulation (4), such recommendations must have been subjected to a public participation process, which process has been agreed to by the competent authority and was appropriate to bring the proposed amendment of the EMPr and, where applicable the closure plan, to the attention of potential and registered interested and affected parties, including organs of state which have jurisdiction in respect of any aspect of the relevant activity and the competent authority, for approval by the competent authority.

(6) Within 7 days of the date of submission of an environmental audit report to the competent authority, the holder of an environmental authorisation must notify all potential and registered interested and affected parties of the submission of that report, and make such report immediately available—

- (a) to anyone on request; and*
- (b) on a publicly accessible website, where the holder has such a website.*

(7) An environmental audit report must contain all information set out in Appendix 7 to these Regulations.

Background

The Exploration Right and approved Environmental Management Programme (EMPr) dated December 2012, originally covered an area of approximately 82 202 km², situated in the Durban and Zululand basins off the East Coast of South Africa between Port Edward and the South African /Mozambican border. The co-ordinates of the original Exploration Right area, granted in 2013, are as follows:

Point	Latitude (S)	Longitude (E)
1	29° 00'	32° 00'
2	29° 00'	32° 36'
3	30° 00'	32° 36'
4	30° 00'	31° 00'
5	29° 30'	31° 25'
6	29° 30'	32° 00'

The granted (but not exercised) Reconnaissance Permit area overlapped with Impact Africa's Exploration Right Area, which was 10,059 km² in extent.

The following outlines the background to the Exploration Right and subsequent activities applicable to the compliance audit:

- In September 2011, PASA awarded Sasol a Technical Co-operation Permit for the petroleum licence block in the Durban and Zululand basins, off the East Coast of South Africa.
- Sasol subsequently lodged an application for an Exploration Right for the same area with PASA in terms of Section 79 of the MPRDA. PASA accepted Sasol's Exploration Right application on 6 September 2012.
- Sasol appointed CCA Environmental (Pty) Ltd. (CCA) to compile the Exploration EMPr to meet the relevant requirements of the MPRDA and the Regulations thereto. The EMPr was approved by PASA on 18 December 2012.
- As the proposed 2D survey extended beyond the proposed Exploration Right area into the adjacent Tugela Block, Sasol lodged an application for a Reconnaissance Permit for this area in terms of Section 74 of the MPRDA, which indicated that an Exploration Right and a Reconnaissance Permit must be issued prior to the commencement of the proposed 2D seismic survey programme. PASA accepted the Reconnaissance Permit application on 10 December 2012.
- In 2014, Eni and Sasol reached an agreement whereby Eni acquired a 40% participating interest and operatorship of ER236.
- All data acquired under the Exploration Right which forms part of the holder's work programme commitments have been licensed through multi-client sources. Therefore no proprietary operations or exploration activities have been initiated, and this EMPr has therefore never been exercised by the holders of ER236 to date.

Findings and Way Forward

No proprietary activities have been undertaken within Block ER236 since the granting of Exploration Right. As such, compliance auditing against the EMPr is not applicable.

Further to this, a high level review of the mitigation and management measures presented in the EMPr (dated 2012) indicates that appropriate mitigation and management topics are included in accordance with the NEMA, with MPRDA, and with relevant industry standards and international best practice. Section 34 of EIA Regulations, GNR 326 of April 2017, requires review of *“the ability of the measures contained in the EMPr, and where applicable the closure plan, to*

sufficiently provide for the avoidance, management and mitigation of environmental impacts associated with the undertaking of the activity", and ERM is therefore of the opinion that the measures contained in the EMPr sufficiently provide for the avoidance, management and mitigation of key environmental impacts identified for future exploration activities, as defined in the Exploration Right.

Please do not hesitate to contact the undersigned should you have any queries in this regard.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Stephanie Gopaul', with a stylized flourish at the end.

Stephanie Gopaul

Principal Consultant