

Submittal Requirements for New Projects

<http://engsvcs.aramco.com.sa/fpd/CPBLinks/PDF's/Submittal.pdf>

Introduction

At the end of each November, FPD requests that the Business Lines (BLs) submit new projects for inclusion in the Capital Program. BL coordinators consolidate input from each department in their BL identifying potential new projects. These projects will vary in their justifications; i.e. some are justified based on crude Maximum Sustained Capacity (MSC), gas production, economics (reliability), safety or other justifications. In addition, the initial input varies in the amount of data provided in relation to its justification; i.e. some proposals have strong justifications and detailed input while others are conceptual and may be simply “place holders” identifying problems or opportunities where capital expenditures may be required in the future. The latter projects are often subject to cancellation or major conceptual redefinition after additional study.

The Planning Cycle

Approximately four months prior to the Board’s review of the Spring BP, BL coordinators submit their new projects to FPD to include in the Capital Program based on guidelines and instructions issued by Corporate Planning. The BP is reviewed by the Executive Advisory Committee (EAC), then by Management Committee (MC) and finally approved by Saudi Aramco’s Board of Directors. Figure 1-2 shows the activities and associated deadlines that are typical for the development of a Spring BP. Figure 1-3 shows the interactions of Saudi Aramco organizations with FPD and where Corporate Management reviews occur in the development of the Spring BP.

FPD uses the input data received from BL coordinators to define the scope of the new projects. Within one week, FPD submits the scope of new proposed projects for cost estimating to Project Support and Controls Department (PS&CD). Two weeks later, PS&CD produces cost estimates for all the projects within the BP. FPD then enters the cost estimates, as well as project milestone dates (DBSP, PPS, ERA, OS), in the Capital Program database. Continuous discussions take place between FPD and representatives from all BLs regarding the cost, schedule, and justification of the newly proposed projects.

FPD then archives the Capital Program database for the EAC review, which will take place approximately three weeks later. During this period, FPD further screens the new projects, ranks them among the other projects already in the BP, and generates Planning Briefs for new projects. Planning Briefs are required for all projects included in the five-year BP.

As soon as the BP is archived for the EAC review, PS&CD in conjunction with FPD issues the master scheduling system (MSS) report and Planning Briefs for the projects in the BP for review prior to the Table Top meeting. PS&CD Scheduling Engineering Unit reviews PPS-ERA and ERA-OS durations for reasonableness, taking into account historical data, project priority, discussions with PMT, and management directives to set challenging durations. At the Table Top meeting, PMT and PS&CD convey their concerns with the schedule of each project to FPD, for further follow up with the BL coordinators.

After the EAC review, the Capital Program is revised to reflect EAC changes. Then FPD archives again for the MC review. Also, changes from MC are archived for the Board review and approval. After the approval of the Spring BP in May, the BP is then updated, following a similar planning process, to be reviewed by the Board in November. This process is called the Business Plan Fall Update. In this review, the Board approves the BP and the annual Capital Budget, which is a list of projects to be funded in the first year of the BP. The Budget Briefs of these projects are presented to the Board for approval.

FIGURE 1-2

**FIVE-YEAR SPRING BUSINESS PLAN
PLANNING SCHEDULE**

ACTION		Week #
1	LRPD issues Business Plan Guidelines & Instructions	1
2	FPD submits FIVE-YEAR Appropriations to BL Coordinators	1
3	Business Lines submit preliminary planned FIVE-YEAR Appropriations by year together with descriptions of any new Budget Items to FPD	4
4	FIVE-YEAR Estimate Requests to PS&CD by FPD Divisions	6
5	All estimates for FIVE-YEAR Business Plan in database	8
6	FPD does an internal archive of database	9
7	FPD archives database for EAC Meeting	10
8	FPD submits EAC archive appropriations to BL Coordinators	10
9	FPD submit Capital Appropriations to LRPD	10
10	FPD Divisions submit FIVE-YEAR planning briefs to CP&B	10
11	PS&CD submit Expenditures to LRPD	10
12	FPD & PS&CD issue MSS report to PMT for Table Top review	10
13	FPD issues FIVE-YEAR Planning Briefs to PMT	10
14	Business Lines submit the 1st two years' BI Priority Lists to LRPD w/cc to FPD	11
15	FPD submits the Capital Text and Tables to the print shop	12
16	FPD submits the Capital Program Text and Tables to LRPD for EAC and MC Review	12
17	FPD/LRPD/BL's meet to consolidate priority lists	13
18	Table Top Review Meeting with Project Management and PS&CD	13
19	Table Top Review Meeting minutes issued	14
20	EAC Review of FIVE-YEAR Business Plan and Capital Plan	14
21	FPD & PS&CD archive database for MC Meeting	15
22	FPD submits MC archive appropriations to BL Coordinators	15
23	FPD submits Capital Appropriations to LRPD	15
24	PS&CD submits Capital Expenditures to LRPD	15
25	FPD submits addendum for MC Review to LRPD showing major changes since EAC	16
26	MC Review of FIVE-YEAR Business Plan and Capital Plan	16
27	FPD & PS&CD archive database for Board Meeting	16
28	FPD submits Board archive appropriations to BL Coordinators	17
29	FPD submits Capital Appropriations to LRPD	17
30	PS&CD submits Capital Expenditures to LRPD	17
31	FPD submits 100 copies of Capital Program text and tables to LRPD	18
32	Board Review of FIVE-YEAR Business Plan and Capital Plan	23

(1) This is approximate. It depends on holidays and other changes required by management.

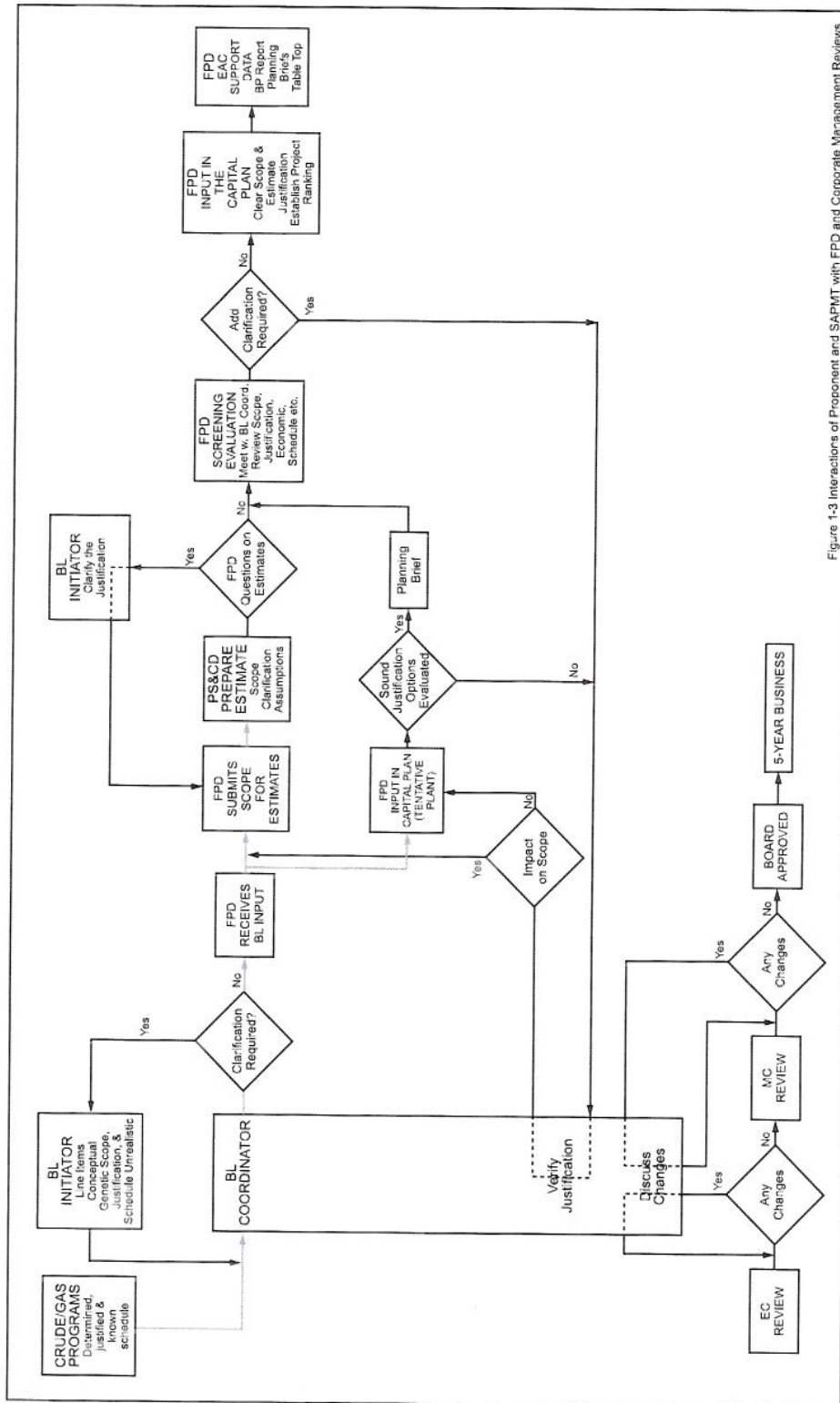


Figure 1-3 Interactors of PropONENT and SAPMT with FPD and Corporate Management Reviews