

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE

04-07-08

REPLACES

8-14-04

SUBJECT **MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO USER ACCOUNTS**

APPROVAL

MOS

PAGE NO.

1 of 6

CONTENT: This instruction lists the procedures related to the posting of charges for vessels and services provided by the Marine Department (MD) to user's accounts. The text includes:

1. GLOSSARY
2. BACKGROUND
3. MARINE SUPPORT SERVICES COSTS
4. RATES CHARGED
5. ACTIVITIES CHARGEABLE TO USER
6. FULL COST REPORTING
7. RESPONSIBILITIES
- APPENDIX

1. GLOSSARY**1.1 ABBREVIATIONS & ACRONYMS**

AI	Accounting Instruction
AR	Accounting Report
E-Marine	Electronic Marine System
FA&PAD	Financial Analysis & Performance Advisory Department
GI	General Instruction
MD	Marine Department
MTSD	Marine Technical Services Division/MD
OAD	Operations Accounting Department
PAD	Payables Accounting Division/OAD
PMBA&CD	Performance Management, Business Advisory & Costing Division/ FA&PAD
SAP	Systems Applications & Products in Data Processing
SAP-FI	Financial System Module in SAP
SA&RU	Services Accounting & Receivable Unit/ PAD/OAD

1.2 RELATED REPORTS**1.2.1. REPORTS FROM E-MARINE**

E-Marine RPT 1	Fleet User Support Details Report
E-Marine RPT 2	Fleet List Month Ending Report
E-Marine RPT 3	Vessels Activity Report
E-Marine RPT 4	Offhire Vessels Report
E-Marine RPT 5	Vessel Assignment Report

1.2.2 OTHER REPORTS

ARB-1	Daily Activity Log
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1.3 RELATED INSTRUCTIONS

GI 216.965	Cost Distribution Rates
AI 716	Oil Spill Clean-Up Work
AI 724	Marine Assistance Charges To Third Parties

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

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**MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO
USER ACCOUNTS**

APPROVAL

MOS

PAGE NO.

2 of 6

2. BACKGROUND

MD acts as a fleet manager providing more than 20 types of oil industry vessels and services that are used to support Saudi Aramco offshore exploration, maintenance, terminal operation, and pollution control activities. Types of vessels include docking tugs, pilot boats, mooring boats, utility/work boats, crew boats, supply boats, diving service boats, jack-up barges, support boats, security boats, pollution control boats, etc. The expenses referred to herein include all costs associated with the charter or ownership, operation, repair, and administration of these vessels and services. Expenses are transferred to users through the E-Marine system and charged as support services cost.

For information regarding special charges, see AI 724 "Marine Assistance Charges to Third Parties" and Accounting Instruction No. 716 "Oil Spill Clean-Up Work".

3. MARINE SUPPORT SERVICES COSTS**3.1 HOURLY RATES**

Organizations that use MD vessels or services are charged an hourly rate that is referred to as a Cost Distribution, Budgeting, or Estimating Rate.

3.2 VESSEL AND SERVICE GROUPS

Vessels and services of similar function and capability are grouped together to establish hourly rates which are calculated by dividing the projected annual cost of that group by the total projected time the individual units of that group will be "assigned" to users. Each vessel or service within the group is identified by a unique number referred to as a Vessel, Craft, or Service Code.

3.3 FORECASTED USAGE

Projected "assigned time" is based upon the Marine Vessel-Months Support Services Forecast which is prepared by users during the annual Operating Plan.

3.4 VESSEL ASSIGNMENT FORM

Upon notice of a vessel assignment to a user, Marine Operations personnel prepare a Vessel Assignment Form. This form contains the user account that will be charged for the vessel unless rotating accounts (i.e., work order, internal order, well head numbers) are applicable; in which case, the user will prepare the Vessel Usage Form referred to in Para 3.6.

3.5 VESSEL ACTIVITY FORM

The daily status of a vessel is documented on the Vessel Activity Form prepared by MD personnel. This form indicates the actual assignment status of a vessel through the use of activity codes. These codes are described in Para 5 of this instruction. The Vessel Activity Form applies to situations in which the user charge account does not change frequently.

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE

04-07-08

REPLACES

8-14-04

SUBJECT

**MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO
USER ACCOUNTS**

APPROVAL

MOS

PAGE NO.

3 of 6

3.6 VESSEL USAGE FORM

In situations where the user charge account does change frequently as with work orders, or well head numbers, etc. the Vessel Usage Form is used to document the vessel status and the applicable charge account number. This form is also used to document the status of vessels that change users frequently (diving service vessels, pollution control vessels, etc.) and may be prepared by either MD or user personnel as required by the situation.

3.7 DATA VERIFICATION

MD divisions verify the forms (completeness, accuracy and validity of charge-to numbers) mentioned above and enter the data into E-Marine (see 3.8 below).

3.8 E-MARINE AND ACCOUNTING SYSTEM INTERFACE

The SAP system is the accounting system that processes MD vessel/service charges to the users. The feeder system interface program into which divisions enter the verified data is called E-Marine System. In addition to the accounting interface function via Marine (period-end) SAP Interface, E-Marine provides MD with statistical data regarding fleet operations.

3.9 USER CHARGES

At the end of the accounting month, E-Marine interfaces with SAP-FI system through the Marine (period-end) SAP interface and provides hours of chargeable or non-chargeable activities by Vessel or Activity Type and charge account numbers, when applicable. The SAP system contains the hourly rate that is applicable to each Marine Vessel or Activity Type which, when multiplied by the chargeable hours, results in an accounting entry crediting the cost center of the servicing unit and debiting the user charge account.

4. RATES CHARGED**4.1 PUBLISHED RATES**

GI 216.965 "Cost Distribution Rates" contains the applicable hourly rates for Marine vessels and services. These rates are calculated by the MTSD in coordination with PMBA&CD. This instruction also contains general descriptions of the types of services offered, the names of vessels or services, SAP Activity Type, and the normal work schedule (12 or 24 hours per day) of each type of vessel or service.

4.2 CHANGES TO RATES

The Cost Distribution Rates are recalculated annually as a function of the Operating Plan cycle and entered into the SAP system at the beginning of each Operating Plan year. Vessels or services that start-up after the beginning of the Operating Plan year are established in the SAP system within the month of their arrival or start-up dates. Inactive vessels or services are removed for financial processing purposes at the start of each new Operating Plan year.

4.3 RATE DETERMINATION

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE
04-07-08REPLACES
8-14-04SUBJECT **MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO USER ACCOUNTS**APPROVAL
MOSPAGE NO.
4 of 6

Rates are determined by MTSD based on the full cost operating expenses, such as: operating labor and materials, labor and material prorates, maintenance costs, catering costs, utilities, direct depreciation, training and administrative costs, other support services utilized, charter costs (for contractor vessels) and other appropriate expenses.

4.4 ACTUAL EXPENSES

Actual expenses to operate and maintain types of marine craft are collected in a MD cost center for that type of vessel. For example, the costs for all pilot boats are collected in cost center 720728. Reallocated costs from other MD accounts are prorated on a percentage basis to the 720728 cost center for MD expenses such as, asset depreciation from cost center 720130, in-house training costs from cost center 720370, navigation aid support costs from cost center 720381, and the Marine Terminal Operations Division administration from cost center 720700.

4.5 OUTSIDE BENEFICIARIES

Although the MD does not provide marine craft to outside users, the rate the MD charges may affect the amount other Saudi Aramco activities invoice outsiders for services performed, for example: oil spill clean-up. Pilot boat and docking tug services are ordinarily provided without charge at Saudi Aramco ports.

5. ACTIVITIES CHARGEABLE TO USER

The MD records the hours of the work schedule of each vessel or service on the Vessel Activity and Vessel Usage Forms. The following table shows activities chargeable to users:

ID	Activity Code	Description	Charge
1	STM	Steaming	Y
2	SF-SBT	Safety & Fire - Stand-By Time	Y
3	W-SBT	Weather-Stand-By Time	Y
4	WOWT	Waiting on Weather Time	Y
5	BW-SBT	Bad Weather-Stand-By Time	Y
6	OET	Operation Engaged Time	Y
7	DTS	Down Time (Repair Time - (Scheduled))	O
8	DTU	Down Time (Repair Time - (Unscheduled))	O
9	WOS	Waiting on Station	Y
10	POL-TIME	Patrolling Time	Y
11	POL-CTR	Pollution Control	Y
12	OFF	Off-hire	C
<p>Y = Chargeable to User O = Chargeable for owned vessel only C = Non-Chargeable to User</p>			

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE

04-07-08

REPLACES

8-14-04

SUBJECT **MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO USER ACCOUNTS**

APPROVAL

MOS

PAGE NO.

5 of 6

6. FULL COST REPORTING

- 6.1 Users of Marine vessels and services are charged for the time that the vessels or services are "assigned" to them. Data from E-Marine are processed in SAP to charge the user via activity allocation. These allocations are recorded in secondary cost elements (8000100- Vessel Services, 8000101 – Diving Services, or 8000102 – Pollution Services) and shown under the Support Services Section of the user's Cost Sheet.
- 6.2 At the end of each month, the net difference between MD's total operating expense (at Full Cost) and credited service cost are allocated to the main business line of Saudi Aramco (Exploration & Producing and Refining, Marketing & International) as part of the Full Cost Administrative and General Overhead Cost (FC-Cost Element 8700020).
- 6.3 Full Cost Reports are available on the Saudi Aramco Corporate Portal – Costsheets Dashboard. The MD Cost Center Group in the Saudi Aramco Standard Hierarchy is **S4K--7** (see Appendix- I).

7. RESPONSIBILITIES

- 7.1 **SA&RU** is responsible for:
- 7.1.1 Examining ARB-1 (Daily Activity Log) report for accuracy.
- 7.1.2 Posting the Activities as in ARB-1 using SAP transaction KB21N (Enter Direct Activity Allocation).
- 7.2 **MD** is responsible for:
- 7.2.1 Developing and updating the MD service rates in coordination with PMBA&CD.
- 7.2.2 Providing new Vessel (Activity) cost allocation rates and annual revision of rates for inclusion in the Operating Plan Instructions and the Cost Distribution Rates G.I. 216.965 maintained by FA&PAD.

Approved: Original Approved by MOHAMMED O. SUBAIE**MOHAMMED O. SUBAIE, Manager (A)**

Accounting Policies & Systems Department

SMD
T-1954
Previous

GENERAL INSTRUCTION MANUAL

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE
04-07-08REPLACES
8-14-04SUBJECT **MARINE DEPARTMENT VESSEL OR SERVICE CHARGES TO USER ACCOUNTS**APPROVAL
MOSPAGE NO.
6 of 6

NMK WC# M802

APPENDIX - I

COSTSHEET REPORT FROM SAUDI ARAMCO PORTAL

Cost Sheet Dashboard - SAP NetWeaver Portal - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://myhome.aramco.com.sa/irj/servlet/prt/portal/prtroot/pcd/3aportal_content12PortalLauncher

Welcome Sonny Dalapo

Corporate Portal

[Password Management](#) | [Help](#) | [Change Theme](#) | [Log Off](#)

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Home Reports Systems Services Collaboration **Cost Sheet Dashboard** Search

Cost Sheet Dashboard

Report Groups

COSTS

MANPOWER

PLANNING

OVERTIME

ORDERS

YBU REPORTS

MASTER DATA

FAVORITES

Period 003/2007

Cost Center

Cost Center Hierarchy : SA0.8783

SAUDI ARAMCO STANDARD HIERARCHY

SAUDI ARAMCO

SAUDI ARAMCO

EXPLORATION & PRODUCING

REFINING, MARKETING & INTERNAL LOGISTICS

GAS OPERATIONS

ENGINEERING & OPERATIONS SERVICES

PROJECT MANAGEMENT

MATERIALS SUPPLY

KING ABDULLAH UNIV. OF SCIENCE & TECHNOLOGY

INDUSTRIAL SERVICES

TRANSPORTATION DEPARTMENT

ROADS & HEAVY EQUIPMENT

MARINE DEPT

RESOURCE DEVELOPMENT

E&OS PLANNING STAFF

ENGINEERING SERVICES

INDUSTRIAL RELATIONS

ADMINISTRATIVE & GENERAL

EXCEPTIONAL ITEMS

EXCLUDED ITEMS

DELETED COST CENTERS FOR SAUDI ARAMCO

ARAMCO SERVICES COMPANY

Cost Sheet Plan/Act/Var Trends Comparisons Cost Sheet Review Line Items History Advanced Favorites

Select the report Saudi Aramco Cost Sheet Report - (\$US)

Saudi Aramco Cost Sheet Report - (\$US) MARINE DEPT | 003/2007

	Jan 2007	Feb 2007	Mar 2007	Cost Element / Description	YTD Actual	YTD Plan	YTD Var	Var
6,075,239	5,467,972	5,911,044		▶ TOTAL LABOR	17,454,256	17,144,500	309,756	
733,762	756,251	1,154,605		▶ TOTAL MATERIALS	2,644,618	3,000,000	(355,382)	(1)
15,019,343	8,313,506	12,764,899		▶ TOTAL INVOICES	36,097,740	57,475,000	(21,377,252)	(3)
		(374,784)		▶ NET SERVICE INCOME	(374,784)		(374,784)	
21,828,344	14,537,729	19,455,764		▲ NET DIRECT EXPENDITURES	55,821,838	77,619,500	(21,797,662)	(2)
2,176,611	1,706,876	1,875,574		▶ TOTAL EMPLOYEE BENEFITS	5,759,061	5,207,502	551,559	
1,279,000	1,350,967	1,436,210		▶ TOTAL MEDICAL EXPENSE	4,066,257	4,153,035	(86,777)	
(684,840)	163,020	241,534		▶ TOTAL LABOR RATE VARIANCE	(200,267)		(200,267)	
82,648	178,098	230,351		▶ TOTAL TRAINING EXPENSE	491,097	503,498	(12,401)	
42,659	42,026	42,026		▶ TOTAL ASSIGNED VEHICLES	126,711	123,624	3,087	
13,086	6,303	7,784		▶ TOTAL CARGO SERVICES	27,172	31,832	(4,659)	(1)
(26,894,719)	(34,906,917)	(37,172,900)		▶ TOTAL MARINE SERVICES	(100,974,536)	(137,089,647)	36,115,111	
154,690	210,632	191,789		▶ TOTAL AIRCRAFT SERVICES	557,111	547,010	10,101	
563,024	331,107	401,698		▶ TOTAL HEAVY EQUIPMENT SERVICES	1,295,829	708,048	587,781	
	77,050	133,510		▶ TOTAL SURVEY SERVICES	210,560	672,025	(461,465)	(E)
909,522	433,874	704,433		▶ TOTAL MATERIAL SUPPORT COST	2,047,829	1,990,952	56,876	
107,940	125,431	119,204		▶ TOTAL ENGINEERING SERVICES	352,574	393,303	(40,729)	(1)
3,264,952	3,266,727	3,268,975		▶ TOTAL DEPRECIATION & AMORTIZATION	9,800,654	9,575,369	225,285	
(20,985,347)	(27,014,808)	(28,519,812)		▲ SUPPORT SERVICES	(76,519,968)	(113,183,449)	36,663,482	
842,997	(12,477,079)	(9,064,048)		▲ FULL COST CONTROLLABLE ITEMS	(20,898,130)	(35,563,949)	14,665,819	
626,997	668,932	773,369		▶ TOTAL EMPLOYEE SUPPORT COST	2,069,298	2,043,567	25,732	
4,148,604	4,083,803	4,465,187		▶ TOTAL IRIT SUPPORT COST	12,697,594	13,166,887	(469,293)	
814,629	1,261,893	1,082,018		▶ TOTAL ADMIN & GENERAL OVERHEAD COST	3,158,540	2,463,134	695,406	
560,269	508,332	813,391		▶ OVHD&PRORATA/ALLOC	1,881,991		1,881,991	
6,150,499	6,522,960	7,133,965		▲ REALLOCATIONS & MISC COSTS	19,807,423	17,673,587	2,133,836	
6,150,499	6,522,960	7,133,965		▲ TOTAL OTHER COST	19,807,423	17,673,587	2,133,836	
6,993,496	(5,954,119)	(1,930,084)		▲ GRAND TOTAL	(890,707)	(17,890,362)	16,999,655	

Info Cube ZOO_M01 Run By DALAPOSM at 4/11/2007 10:24:40 AM

Report Technical Name YCO_SA_FULLCOST_COSTSHEET Data Last Updated On 01/16/2007 21:37:07

Cost Center MARINE DEPT(S4K--7)

Period Month 2007

* CHANGE

** ADDITION

NEW INSTRUCTION □

PARTIAL REVISION

