

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 1 OF 14

CONTENT:

This instruction defines the process and responsibilities for the establishment and allocation of the BI-19, *Miscellaneous Projects & Purchases*, annual Master Appropriation funding to Business Lines/Administrative Areas and departments. This instruction further describes assignment of the Construction Agency, procedures for releasing funds, controlling expenditures against allocations and responsibility for accountability reporting.

The rules and principles laid down in this GI 20.620 are not all-inclusive. The final interpretation of issues relating to BI-19 will be determined by the Capital Programs, Forecast & Analysis Division (CP&FAD); Financial Analysis & Performance Advisory Department (FA&PAD).

The text includes the following sections:

1. Definitions
2. Establishing the BI-19 Master Appropriation and Allocating Funds
3. Processing Releases
4. Approval Authorities
5. Budget Transfers
6. Expenditure Overruns, Underruns, Project Cancellations and Redefinitions
7. Accountability Reporting
8. Related Documents

1.0 DEFINITIONS

1.1 Miscellaneous Projects & Purchases Master Appropriation is an annual Master Appropriation that funds the construction of smaller miscellaneous projects, purchases of miscellaneous equipment and other assets with a minimum cost of \$20,000 and maximum total project cost of \$4 million. That is, \$20,000 serves as the floor value of the project or asset while \$4 million serves as the ceiling cost of the project.

The project's or equipment's miscellaneous nature is an important characteristic of BI-19. The intention for BI-19 is to provide for a wide variety of smaller, general assets, and not to construct major facilities. Facilities constructed under BI-19 should be separate, distinct entities, and not components of a larger facility. The cohesive scope of a BI-19 project should not be split into multiple smaller projects to remain within \$4 million maximum cost for a BI-19 project or to circumvent the required approval authority levels. Similarly, related equipment purchases should not be made on a piecemeal basis in order to remain within the BI-19 \$4 million maximum cost. Pieces of equipment that are parts of a complete system, such as a swimming pool or an air conditioning system, should generally be funded and purchased as a complete system. An equipment purchase or a facility construction funded under BI-19 should not be within the scope of another Master Appropriation budget item. Examples of such Master Appropriations are: Communication Network Upkeep, EXPEC Computer Center Support Equipment, Enterprise Computing Systems, Medical Equipment, Research & Development Center Equipment, Advanced Research Center Equipment, Pipeline Rehabilitation projects and Maintain Potential projects. Refer also to General Instruction 20.500, *Expenditure Requests*.

1.2 Unallocated Funds is a portion of BI-19 funds retained by organization heads. It is held for discretionary allocation to meet unforeseen requirements.

1.3 Construction Agency is the organization responsible for engineering, materials procurement and construction of an engineered project.

* CHANGE

** ADDITION

NEW INSTRUCTION

COMPLETE REVISION

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

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GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
REPLACES 1/31/2005

APPROVAL BST
PAGE NO. 2 OF 14

1.4 Release is the mechanism authorizing expenditure of BI-19 funds. Preparation and approval of an Expenditure Request (ER) releases BI-19 funds for use by the proponent organization.

1.5 Minimum Capital Value is currently \$20,000 and includes delivery, installation and commissioning costs for a project.

1.6 Total Project Cost is the sum of the costs of both the capital and expense scope elements.

1.6.1 Capital and Expense project scope elements are both charged to the BI-19 budget item. The Proponent is responsible for determining and allocating the capital vs. expense amounts in accordance with Accounting Manual guidelines, Section 310 – Capital vs. Expense. In the event of a change by CPF&AD or the proponent in the capital vs. expense allocations of an ER request, the monetary amount charged to BI-19 will remain unaffected.

Projects must have at least one scope element that is capital in nature. This capital scope element should be an integral part of the cohesive scope of the project. Projects with no capital scope elements that are purely expense in nature should be funded by operating Net Direct Expenditures (NDE).

2.0 ESTABLISHING THE BI-19 MASTER APPROPRIATION AND ALLOCATING FUNDS

2.1 Establishing the BI-19 Master Appropriation

Capital Programs, Forecast & Analysis Division (CPF&AD) is responsible for soliciting and consolidating Business Line requirements. CPF&AD and the Facilities Planning Department provide Corporate Management with recommendations for appropriate BI-19 total funding levels. Proponent organizations are responsible for submitting their proposed following year requirements in the SAP system using transaction CJ40 under the planning version CP4. These online submissions serve as a reference in determining the appropriate level of the following year's funding.

Facilities Planning Department is responsible for preparing the Expenditure Request (ER) Brief and Budget Item Supporting Information (BISI) for the annual BI-19 appropriation budget item. The ER Brief is included in the annual Capital Budgets approved by the Saudi Aramco Board of Directors in October. The Master Appropriation ER specifies only the total funding and does not allocate funds among the Business Lines.

2.2 Allocating Funds Among Organizations

The President & Chief Executive Officer is responsible for allocating funds to the Business Lines. He may, at his discretion, retain part of the approved funds for use on corporate projects and unforeseen additional requirements as part of the allocation process. CPF&AD provides assistance during the allocation process.

Business Line Heads further distribute approved allocations among their Administrative Areas/Departments. They and successive levels of authority may, at their discretion, retain a portion of their funds as "unallocated" to meet unforeseen developments. Refer to Section 1.2 above and Section 2.3 below.

Organizations finalize the process by identifying in the SAP system their final list of proposed projects and the level of unallocated funds to be retained by each organization head within the Business Line. This selection of projects and budgeted unallocated funds represent the final Business Line submissions and is subsequently consolidated into a final corporate listing. CPF&AD uses the finalized information for the review and control BI-19 releases and to prepare management reports.

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
REPLACES 1/31/2005

APPROVAL BST
PAGE NO. 3 OF 14

2.3 Unallocated Funds

Unallocated Funds are the portion of the approved BI-19 Master Appropriation retained by successive management levels to meet unforeseen requirements.

2.4 Assignment of the Construction Agency

A Construction Agency is generally assigned to all projects. The Proponent or Project Management organization may serve as the Construction Agency. The default is for the Proponent organization is to be the Construction Agency for all projects, including engineered projects valued at \$500,000 or more. It is the Business Lines' responsibility to identify any projects to be executed by Project Management. It is also the Business Lines' responsibility to coordinate with Project Management on projects to be executed by Project Management. Stand-alone equipment does not require the assignment of a Construction Agency.

3.0 PROCESSING RELEASES

3.1 Project Releases

3.1.1 Expenditure Request (ER)

An approved Expenditure Request (Saudi Aramco Form 56 and Form 56D, when required) provides authorization to make commitments and incur expenditures for engineered projects or purchased items within a defined scope of work. The ER must be completed according to General Instruction 20.500, *Expenditure Requests*, and be signed by the proper approval authority.

3.1.2 Step 1: Preparing the Expenditure Request

Step-by-step instructions for preparing an ER are also available in the instructions shown on page 9.

Proponent organizations are responsible for initiating and processing ERs. For engineered projects, the assigned Construction Agency or engineering design group will assist in preparation of the ER.

When the final facility configuration has been selected and the scope defined, a preliminary engineering package must be prepared. Depending on the magnitude of the project, detailed engineering may be done by the Proponent Organization, Saudi Aramco Project Management or contracted to others. The package normally includes the following at a minimum:

- A detailed description of the facility or equipment involved
- Quotations on major Direct Charge (DC) purchases, the quotation date should not exceed 6 months prior to the ER request date
- Preliminary takeoffs of Saudi Aramco Materials Supply (SAMS) material
- Drawings:
 - Plot Plan
 - Process Flow Diagrams
 - Equipment Layout
 - Process and Instrument Diagrams
 - Electrical Schematics

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
REPLACES 1/31/2005

APPROVAL BST
PAGE NO. 4 OF 14

- Project Execution Method

Proponent Organization In-House Maintenance or Outside Contractor
Saudi Aramco Project Management

Since 2007, BI-19 funds the costs of both the capital and the expense scope elements of a miscellaneous project or purchase. The costs of the expense scope elements of a miscellaneous project or purchase are no longer charged to proponent operating Net Direct Expenditures (NDE). This is similar to and in line with the budgeting and accounting for major, stand-alone capital budget items.

The proposed scope and the related cost estimate for a BI-19 project should include any Saudi Aramco labor to be used on the project for engineering, design, construction, installation or other activities. That fact that certain scope activities may be performed by Saudi Aramco in-house labor does not change the fact that these costs should be estimated and reflected in the total project cost estimate, unless these costs are minimal or incidental in nature.

For ERs with a cost of \$500,000 or more, including both the capital and expense scope elements, the expenditure request package must include a detailed cost estimate on a Saudi Aramco Form 56D of "ER-quality" ($\pm 10\%$ accuracy) endorsed by the Estimating Services Division (ESD), Project Management Office Department (PMOD).

If the ER is less than \$500,000, the detailed cost estimate should still be "ER-quality," except that neither a Form 56D nor ESD/PMOD endorsement are required. The detailed cost estimate must be signed by both the preparer and his supervisor. If the cost estimate includes direct charge material a formal quotation or bid invoice no more than six (6) months old must be attached. Contingency allowances should not exceed 10%.

If significant preliminary engineering is required to develop the scope of the project and the related ER-quality, $\pm 10\%$ cost estimate, proponents should process the first release to fund the engineering work required for the entire BI-19 project. Subsequent supplemental releases would fund the materials and construction portions of the scope of work. Should the funds released for engineering prove insufficient, the initial release may be supplemented. When the project is approved, any labor costs will be charged to the BI-19 project account with no NDE credit realized for Saudi Aramco labor costs.

If the project is not approved, preliminary engineering costs incurred but rendered worthless are charged to expense account cost center 427-210, Abandonment Expense – Projects, according to AIM 203, *Incomplete Construction*. A Cancellation Release should be prepared and, if it is a current year project, any unused funds (the difference between release amount and write-off amount) will be restored to the organization's BI-19 budget. If it is a prior year ER, unused funds expire and cannot be used for other projects or purchases.

The ER should describe the project and define the scope as precisely as possible. It must also state whether the project was included in the finalized submission of projects used to prepare the annual BI-19 Budget, or whether it is a new or replacement project. If the project is an addition, the ER should contain a statement that other projects have been, or will be re-prioritized to accommodate this work.

Projects or purchases of items justified on the basis of economic benefit should be accompanied by an economic analysis of the project or purchase. The analysis should conform with the guidelines promulgated in the Investment Evaluation Manual published by Business Analysis Department.

The ER must show a completion date, which should not exceed two years starting from the project approval date.

* CHANGE

** ADDITION

NEW INSTRUCTION

COMPLETE REVISION

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 5 OF 14

The ER must contain an Environmental Impact Statement. If the facility or purchase does not affect the environment, the statement should simply indicate "no environmental impact." Proponents and/or PMT's should work with the Environmental Engineering Division of Environmental Protection Department during BI-19 scope development to ensure compliance. Additional information is available in Saudi Aramco Engineering Procedure 13 (SAEP-13), *Project Environmental Impact Assessments*.

The ER must show the total project cost and include its separate capital and expense components. The costs of both the capital and expense scope elements will be charged to the BI-19 budget. The Proponents are responsible for the determination of the capital vs. expense components and for indicating the capital and expense components in the BI-19 fund release. The preliminary capital vs. expense determinations made by the Proponent will be reviewed and confirmed by CPF&AD when the BI-19 fund release is processed. The capital vs. expense split will be changed by CPF&AD, if necessary, with no impact on the total cost of the project charged to BI-19. The approval authority for the release must be commensurate with the appropriate approval authority limits pertaining to the total cost of the ER.

For Supplement or Cancellation ERs, the capital, expense and total cost blocks on the ER must include the original release amount plus any scope additions/deletions and cost changes. That is, they must show the costs applicable to the completed project, not just the difference. "Amt. this Request" block on the ER shows the amount of the addition or reduction of BI-19 funds in the Supplement or Cancellation release.

3.1.3 Step 2: Review by Facilities Planning Department

All BI-19 ERs with a total original release amount or Partial Cancellation funding reduction of \$500,000 or more require FPD review and endorsement. This threshold can be reached or exceeded in two ways:

1. The original ER total, capital and expense amounts combined, at \$500,000 or more.
2. A Partial Cancellation ER resulting in a reduction of the total project cost by \$500,000 or more.

FPD review is not required for BI-19 projects approved with an original cost of less than \$500,000 which were subsequently supplemented resulting in a total cost of \$500,000 or more. The FPD review ensures that the project is scope and intent are consistent with current corporate objectives and other ongoing or planned projects; the scope meets the project intent; cost estimates are of ER-quality; and the economic analyses are sound. Project scopes and cost estimates for projects of less than \$500,000, capital and expense elements combined, are the Proponent's responsibility. However, Proponents are encouraged to work with FPD as necessary to ensure that funding requests are supported by well-defined scopes and detailed cost estimates.

3.1.4 Step 3: Review by Environmental Protection Department (EPD)

All BI-19 ERs require EPD review and endorsement. The review ensures that the proper environmental impact statement is included and proper prevention and/or remediation steps are proposed. The Environmental Engineering Division, EPD should be contacted for assistance.

3.1.5 Step 4: Review by Finance Organization

All BI-19 ERs must be reviewed and endorsed by CPF&AD. This review should occur prior to the final ER approval. CPF&AD's review encompasses, but is not limited to, proper capital versus expense accounting, completeness of information, availability of funds, proper approval, environmental impact statement, economic analysis and justification. Refer to Section 3.1.2 above. CPF&AD also rules on financial policies and procedures regarding BI-19.

* CHANGE

** ADDITION

NEW INSTRUCTION

COMPLETE REVISION

GENERAL INSTRUCTION MANUAL

ISSUING FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
 ORG. DEPARTMENT
 SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER
 APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
 REPLACES 1/31/2005

APPROVAL BST
 PAGE NO. 6 OF 14

3.1.6 Step 5: Final Approval and Processing

After CPF&AD endorses the ER, it will proceed for final approval. After final approval CPF&AD will create a job order Work Breakdown Structure (WBS) element for the item, which will serve as the project account and release the funds. SAP system will then send a notification to the proponent and the Projects & Fixed Assets Accounting Division (P&FAAD), Operations Accounting Department. P&FAAD will create the Phase Number and activate the project WBS element by removing the financial block so that charges can be accepted.

3.2 Initiating BI-19 ER Workflow System

All BI-19 expenditure requests actions must be initiated from the SAP BI-19 Online Workflow System. Each organization should assign one or more ER Initiators and Proponent Coordinators. The ER Initiator is authorized to initiate the ER online and the Proponent Coordinator would review all the ERs initiated for the subject organization. CPF&AD will grant the ER Initiators and Proponent Coordinators the appropriate roles in the SAP BI-19 Online Workflow System based on a request from the organization head.

The ER Initiator is authorized by requesting the following SAP roles:

CP:PFAD:ER_CREATE_BI19:000000
 CP:PFAD:ER_CREATE_BI19:XXXXXX

The X's represent the cost center of the organization responsible for the Work Breakdown Structure (WBS).

The ER workflow system can be accessed through SAP, PRC transaction ZPBI19. The main menu of the system includes the creating, tracking, reports and the link for e-training. Filling the online request is based on the instructions explained in this GI 20.620.

The ER actions include: New ERs, Supplements, Cancellations, Redefinitions, Redefinitions & Supplements, and Redefinitions & Partial Cancellations.

The online system provides the following features:

- Validation associated with different scenarios, such as new ERs or subsequent actions (Supplements, Partial Cancellations, etc.).
- The source of funds can be from more than one organization WBS budget within one Administrative Area. The budget balance is shown on the source of funds for each organization's WBS.
- Previous approved WBS job order budget and actual cost to date for subsequent actions (Supplements, Partial Cancellations, etc.).
- Attachments: all supporting documents, such as the cost estimate and vendor quotation(s) must be added as attachments for each Expenditure Request.
- The routing list is automatically generated after starting the approval cycle and names in the route list are based on the BI-19 organization WBS. The routing list will include the ER Initiator, the approvers from the initiator organization hierarchy up to the Financial Approver (the authorized position to approve the total cost budget) and the proponent Coordinator. Also, the routing list adds the Environmental Engineering Division reviewers and Division Head, the Facilities Planning Department reviewer and Manager for ERs with costs of \$500,000 or more. The routing list includes the CPF&AD Reviewer and the Coordinator for all requests. The initiator can further expand the routing list by adding more approvers and reviewers. Some roles are always required, such as Environmental

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
REPLACES 1/31/2005

APPROVAL BST
PAGE NO. 7 OF 14

Engineering Division Head, Facilities Planning Department, the CPF&AD Coordinator and Reviewer, the proponent Coordinator and the Financial Approver.

3.3 High Value Item Review

Every month, P&FAAD reviews the Materials Cost Report, SAP transaction code ZK0009, to identify items costing over \$20,000 purchased with Net Direct Expenditure (NDE) funds that might properly be capitalized. To reach a final determination, P&FAAD contacts the Proponent to determine the item's true nature. If the purchase is determined to be capital, P&FAAD will request that the Proponent process an Expenditure Request against their current BI-19 budget, which will transfer the cost from their expense account to the approved WBS element. The Proponent must adjust its internal records and should take corrective action to prevent further occurrence. P&FAAD may approach CPF&AD for ruling.

4.0 APPROVAL AUTHORITIES

4.1 Initial Releases

Approval authority for BI-19 releases is shown in Section 4 of the Management Guide and the on-line Automated Approval Authority System in SAP.

4.2 Supplement and Partial Cancellation Releases

The authority level for a Supplement Expenditure Request is determined by the final total project cost of the project or purchase (Original Release plus all Supplement releases). Supplements require an approval authority at least as high as required for the original release provided that the new total project cost is within his approval authority limit. Partial Cancellations of original release require approval at the same level as approved.

4.3 Budget Limits

No approval authority can approve releases during a calendar year that, in total, exceed the organization's BI-19 budget.

5.0 BUDGET TRANSFERS

An approval authority may cancel, substitute or reprioritize projects and may transfer funds between organizations within his area of responsibility at any time. This extends from Business Line down to Division level. This authority to make changes may be restricted by a higher authority within the Business Line.

Transfers are authorized by a letter signed by the appropriate Management level, the title and WBS account of both the exact source(s) and disposition(s) of transfers must be indicated. CPF&AD continuously monitors budget transfers and adjusts organization budgets. Unless it receives instructions to the contrary, CPF&AD will not reject releases for projects different from the final project list in the annual BI-19 Budget Book. However, new projects must state that items on the final project list have been or will be reprioritized to provide funds for the new project.

Transfers from one Business Line to another are authorized by a formal letter signed by both the sending and receiving Business Line Heads. The letter should be addressed to the Coordinator – Capital Programs, Forecast & Analysis Division. The recipient Business Line should indicate in the letter the purpose of the use of the transferred funds.

GENERAL INSTRUCTION MANUAL

ISSUING FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
 ORG. DEPARTMENT
 SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER
 APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
 REPLACES 1/31/2005

APPROVAL BST
 PAGE NO. 8 OF 14

6.0 EXPENDITURE OVERRUNS, UNDERRUNS, PROJECT CANCELLATIONS/PARTIAL CANCELLATIONS, REDEFINITIONS AND CLOSING

6.1 Expenditure Overruns

Project overruns require approval when they are anticipated to exceed 10% of the approved original release amount. Project overruns are approved only by initiating and submitting to CPF&AD a Supplemental ER. Approval authority level for supplemental funding is determined by the new total project cost (capital plus expense). FPD endorsement and a detailed cost estimate on a Saudi Aramco Form 56D of "ER-quality" ($\pm 10\%$ accuracy) endorsed by the Estimating Services Division, Project Management Office Department will be required if total project costs (capital plus expense) equal or exceed \$500,000.

Supplemental funding may be approved by the original approval authority, or higher, provided the new release total is within the original approver's authority limit and the estimated total cost (capital plus expense) of the project does not exceed \$4 million.

The maximum amount of funds that can be released under a BI-19 project cannot exceed \$4 million. This is similar to and in line with the budgeting for other Master Appropriation budget items. However, the total actual costs incurred for a BI-19 project may exceed \$4 million, as long as the cost overrun does not exceed 10% of the approved funding. For example, a BI-19 project approved for funding with an estimated cost of \$3,800,000 million may incur a cost overrun of \$380,000 ($10\% \times \$3,800,000 = \$380,000$) with actual costs up to \$4,180,000 ($\$3,800,000 + \$380,000 = \$4,180,000$) without additional approval for the cost overrun.

The President & Chief Executive Officer has full authority to approve an overrun of funds on a BI-19 project exceeding 10% of the approved funding provided that 1) the total expenditure on the BI-19 project does not exceed \$4.4 million [the \$4 million maximum release amount + \$400,000 representing the 10% accuracy of the cost estimate] and 2) the total of all appropriations does not exceed the BI-19 appropriation approved by the Board of Directors or its Executive Committee.

If an overrun exceeding 10% is for a prior year BI-19 release, the entire overrun amount must be funded from the organization's current year BI-19 budget. Project overruns of 10% or less require no approval action.

6.2 Expenditure Underruns

Underruns for an ER approved in the current year may not be used for other projects or purchases until a Partial Cancellation release is prepared and approved. Upon approval, the underrun amount is returned to the organization's available funds.

Partial Cancellations covering ERs approved in prior years do not increase funds available in the current year.

6.3 Project Cancellations/Partial Cancellations

A Cancellation Expenditure Request should be prepared and approved for all approved ERs later determined to be unnecessary. The approval level for a Cancellation action corresponds to the original level of the project.

A Partial Cancellation Expenditure Request should be prepared and approved for all approved ERs with more than 10% underrun. The approval level for a Partial Cancellation action corresponds to the original level of the project.

Costs already incurred but rendered worthless are charged to expense account cost center 427-210, Abandonment Expense – Projects, according to AIM 203, *Incomplete Construction*. If it is a current year project, any unused funds (the difference between release amount and write-off amount) will be restored to the

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010
REPLACES 1/31/2005

APPROVAL BST
PAGE NO. 9 OF 14

organization's BI-19 budget. If it is a prior year ER, unused funds expire and cannot be used for other projects or purchases.

6.4 Redefinitions

A Redefinition Expenditure Request is required for changes to the released scope regardless of amount. The scope of a Redefinition Release should closely relate to the original scope and intent of the project and will be reviewed by CPF&AD on a case-by-case basis. Redefinition & Supplement releases may be only be approved and funded against the current year BI-19 budget.

6.5 Review of Open Projects

Projects opened under BI-19 should normally be completed within two years from the project approval date. Projects for purchased items should normally have their purchase order placed within one year of project approval. Similarly, projects for engineered facilities should normally have a signed construction contract placed within one year of project approval. In the absence of any firm commitments, such as approved purchase orders or contracts, within one year of project approval, projects may be closed by P&FAAD provided the circumstances warrant such action (see also paragraph 6.6).

Projects that remain open beyond their stated date of completion will be reviewed by P&FAAD on a periodic basis and the necessary required action will be taken.

In cases where the completion time must extend beyond original completion date, approval from the following authorities is required:

Length of Extension	Approval Authority
Up through 6 months	No approval required
7 months through 12 months	Original Approval Authority
13 Months and longer	Two levels higher than the original Approval Authority but not higher than Senior Vice President

6.6 Lack of Progress on Open Projects

Projects which do not demonstrate reasonable progress to completion will be suspended or closed by P&FAAD. The criterion for suspension or closure will be the absence of any expenditure by the original ERC date. P&FAAD will require the Proponent to prepare a Cancellation Expenditure Request or provide documentary evidence that contracts have been executed or purchase orders placed to re-activate the project.

6.7 Project Closing

The proponent should clear and close all Network Order Activity (NWA) and Plant Maintenance Order (PM) before requesting P&FAAD to close any WBS. SAP transaction ZP0230 should be used for this purpose. In case the closed WBS is requested to be reinstated for the second time to settle late charges, a formal letter signed by the department head or the required approval authority requesting P&FAAD to reinstate the WBS with a new ER Completion Date will be required.

7.0 ACCOUNTABILITY REPORTING

7.1 Management Reports

CPF&AD issues a series of monthly status reports on BI-19.

* CHANGE

** ADDITION

NEW INSTRUCTION

COMPLETE REVISION

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 10 OF 14

AR 176-1 shows the original and current budget for each Business Line and summarizes current month and year-to-date releases.

AR 176-2 provides detail for individual Administrative Areas.

AR 176-3 shows list of individual releases made during the month and the year-to-date releases for each organization having BI-19 funds.

This information and additional details can be viewed and printed on-line using the SAP reporting functionality transactions ZP0055 and ZP0056.

7.2 Annual Report to EXCOM

CPF&AD issues the AR 176 annually to EXCOM. It includes a listing by Business Line of projects of \$100,000 or more. It also includes a single line item for each Business Line aggregating all projects of less than \$100,000.

8.0 RELATED DOCUMENTS

GI 20.500 Expenditure Requests
GI 21.201 Approval Authorities
AIM 201 Final Project Close-Out of Capital & Non-Capital Projects
AIM 203 Incomplete Construction
Section 4 Management Guide

Approved: Manager – Financial Analysis & Performance Advisory Department

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
 SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 11 OF 14

INSTRUCTIONS FOR PREPARING BI-19 RELEASES

This General Instruction provides a step-by-step guide to prepare a BI-19 release. It numbers each block on the Expenditure Request form and tells what information is needed.

1. **Date:** Preparation date of this release.
2. **Project Title:** The name of the facility for construction or equipment to purchase. Project Title also indicates subsequent changes to funding and scope such as Supplement, Partial Cancellation or Redefinition. The project title should not exceed 40 characters.

Name: If the release is for an item listed in Capital Programs, Forecast & Analysis Division BI-19 Budget Book or the final approved list of the planning version in the SAP system, please use that project title. If the release is a new project, use a title that discloses the nature of the facility or equipment.

Changes to Funding: Indicate when a subsequent release changes the funding status of the original release, either by increasing or decreasing the total funding. If the release Supplements the original funding, use this format:

Supplement: Insert original project title and assigned Job Order number.

Example, "Supplement: Power & Lighting for Golf Driving Range, WBS SA19-02810-0002"

Partial (or Full) Cancellation: Insert original project title and assigned Job Order number.

Example, "Partial Cancellation: Installation of Separator Basin, WBS SA19-02730-0001"

Changes to Scope: Indicate when a subsequent release changes the scope of the original release, either adding or reducing. Use this format:

Redefinition: Insert original project title and assigned Job Order number.

Example, "Redefinition: Upgrade Snack Bar, WBS SA 19-01144-0005"

Changes to Funding and Scope: Indicate when a subsequent release changes the funding and scope of the original release. It should be explained in the Present Situation the circumstances that lead to the required change since the approval, and focus on the Justification section on the reasons to support the proposed change. Use one of the following formats:

Redefinition & Supplement: Insert original project title and assigned Job Order number.

Example, "Redefinition & Supplement: Installation of Separator Basin WBS SA 19-01225-0004"

Redefinition & Partial Cancellation: Insert original project title and assigned Job Order number.

Example, "Redefinition & Partial Cancellation: Installation of Separator Basin, WBS SA 19-01003-0002"

3. Not required for BI-19. Proponents may use this block for their own internal record keeping.
4. This area provides a complete description of the nature, scope and objectives of the project. The narrative should include the following sections:

Description: A one sentence general statement of what will be provided or accomplished if the release receives approval. Examples of description paragraph are:

- "This ER is to replace existing obsolete battery chargers in ten critical substations".

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 12 OF 14

- "This ER provides for the purchase of one Demethanizer bottom pump for the Liquid Recovery Units at Shedgum Gas Plant".

Present Situation: Background information outlining what exists now with emphasis on the factors upon which the justification will be based. For subsequent action we should focus on the circumstances that lead to the required change since the approval.

Proposal: Proposed solution to the problems described in the present situation paragraph. It should describe in detail what the requested fund would provide including sizes, capacities, etc.

Justification: Explain why the proposal selected in the "Proposal" paragraph is the best course of action to resolve the circumstances, issues, problems or opportunities discussed under "Present Situation" paragraph. Examples of description paragraphs are:

- The primary justification for this project is safety. The installation of automatic foam fire fighting protection system at the fuel loading racks will enhance the Dhahran Bulk Plant fire fighting capability.
- The primary justification of this project is operational requirement. The installation of an additional Air Handling Unit in the north wing of the Tower Building will provide a comfortable environment and rectify the deficiencies in cooling capacity.

For subsequent action releases the justification should focus on the changes to the approved scope or budget rather than the justification for the original scope.

Alternatives: Present practical alternative solutions and describe the compelling reasons for selecting the proposed solution over the alternative/s.

Source of Funds: If the release is new (not budgeted) or for more than the original budget, explain from where the additional funding will come. This may be a budget transfer from another organization, reprioritization of other releases, cost savings from another current-year project or purchase or utilization of the Executive Management unallocated funds.

Risks: Any material chance that the chosen solution will be unable to fulfill the intended business requirement of the project due to technical or other limitations should be discussed in this section.

Environmental Impact: State whether or not the proposal will have an impact upon the environment. If it will, potential impact and prevention or remediation steps must be described. The release must then be reviewed and endorsed by the Environmental Engineering Division, Environmental Protection Department.

Completion Date: Show when the proposal will be accomplished. The intent of BI-19 projects is to fund a variety of smaller projects which are expected to be completed in less than two years. An explanation must be provided under this paragraph if more than two years are required to complete the project.

5. This is the capital funding required from BI-19. If this is an initial release, it will be the estimated capital cost of the project/purchase. If this is a Supplement or Partial Cancellation (with or without Redefinition), it will be the new, revised total capital cost. Round the amount to the nearest thousand dollars (for example, \$147,850 should be shown as \$148,000).

All BI-19 releases must contain an ER-quality ($\pm 10\%$ accuracy) cost estimate. Releases with a total project cost (Capital plus Expense) of \$500,000 or more must be supported by a Saudi Aramco Form 56D endorsed by the Estimating Services Division, Project Management Office Department. Releases of less than \$500,000 should contain a price quotation or other official documentation for construction & engineered projects to support the cost estimate.

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)**GENERAL INSTRUCTION MANUAL**

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER APPROPRIATION (BI-19)

GI NUMBER 20.620 **Approved**

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 13 OF 14

6. This is the expense funding required (source of both capital and expense funds is BI-19 budget). Round the amount to the nearest thousand dollars as in 5 above.
7. Not required for BI-19 releases. The costs of both the capital and the expense scope elements are charged to the BI-19 project.
8. Grand total cost of the project or purchase: capital plus expense. Round the amount to the nearest thousand dollars as in 5 above.
9. If this is a Supplement or Partial Cancellation, this is the BI-19 amount previously approved.
10. The BI-19 funding this release requests for approval. This amount is the net (Block 8) minus Previously Approved, (Block 9).
11. Show "20XX BI-19 Miscellaneous Projects & Purchases" where "XX" is the current year.
12. If the project/purchase appeared in the BI-19 Budget Book, use assigned "Ref No." If this project purchase is not in that listing, show "NEW" and place a statement in Block 4 that the Proponent has or will reprioritize the items in the BI-19 Budget Book to accommodate this new work.
13. The budget amount for the project/purchase shown in the BI-19 Budget Book. If this is "NEW," leave this block blank
14. Proponent Department name.
15. The name of the person preparing release. Do not use a position title or organization, but the originator's actual name.
16. The telephone of the person preparing release.
17. Successive levels of endorsement leading to final approval. CPF&AD should review and endorse the release just prior to final approval. If the release is at \$500,000 or more, FPD must endorse the release prior to submission to CPF&AD. Further, if the project has a negative environmental impact, the Environmental Protection Department must also endorse the release prior to submission to CPF&AD.
18. Not required for BI-19 releases.
19. The approval signature and position title of the final approval authority.
20. Date of final approval.
21. Not required for BI-19 releases.
22. Not required for BI-19 releases.
23. Not required for BI-19 releases.
24. The BI-19 Job Order Number assigned by Capital Programs, Forecast & Analysis Division after final approval. Proponents will use it later in the release title if a Supplement, Partial Cancellation or Redefinition action becomes necessary.

* CHANGE

** ADDITION

NEW INSTRUCTION

COMPLETE REVISION

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
 ORG. DEPARTMENT
 SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER
 APPROPRIATION (BI-19)

GI NUMBER **Approved**
 20.620

ISSUE DATE 07/01/2010
 REPLACES 1/31/2005

APPROVAL
 BST
 PAGE NO.
 14 OF 14

EXPENDITURE REQUEST Saudi Aramco 56 (11/2000)		SAUDI ARABIAN OIL COMPANY		SEE G.I. 20.500-3 FOR USE AND PREPARATION		Date 1	
PROJECT TITLE		2				Engineering Number 3	
PROJECT BRIEF 4							
DESCRIPTION:							
PRESENT SITUATION:							
PROPOSAL:							
JUSTIFICATION:							
ALTERNATIVES:							
SOURCE OF FUNDS:							
RISKS:							
ENVIRONMENTAL IMPACT:							
COMPLETION DATE:							
CHARGE DATA	Capital 5	Expense 6	Expense Account (if Applicable) 7	Total Cost 8	Prev. Approved 9	Amt. this request 10	
BUDGET DATA	Budget Year and Title 11				Item No. 12	Amount 13	
Proponent Department 14			Originator's Name 15			Phone No. 16	
	Recommended 17	Date	Recommended – Management Committee 18			Date	
	Recommended	Date	Approved – Company Management 19			Date 20	
	Recommended	Date					
	Recommended	Date					
	Recommended	Date					
	Recommended	Date	Approved - Executive Committee - Board of Directors 21			Date 22	
	Recommended	Date	ER No. 23		Job No. (s) 24		

* CHANGE

** ADDITION

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SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

ISSUING
ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
DEPARTMENT
SUBJECT MISCELLANEOUS PROJECTS & PURCHASES MASTER
APPROPRIATION (BI-19)

GI NUMBER 20.620 Approved

ISSUE DATE 07/01/2010 REPLACES 1/31/2005

APPROVAL BST PAGE NO. 15 OF 14