

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

**GENERAL INSTRUCTION**

**Approved**

**230.002**

**ISSUING ORG.** ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

**ISSUE DATE**

06-21-06

**REPLACES**

06-21-03

**SUBJECT** LEASES, CONTRACTS, AND OTHER SOURCES OF  
FINANCIAL LIABILITY

**APPROVAL**

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**SCOPE:** This instruction addresses financial commitments of Saudi Aramco to pay non-affiliated parties. It is intended to be a source of general information about: 1) types of commitments; 2) the location of signed written agreements; 3) methods of payment; 4) responsible departments; and 5) sources of information.

This instruction does not address financial commitments to or from Saudi Aramco subsidiaries or joint ventures or obligations arising from crude oil or refined product sales commitments. It also does not address governmental or tax obligations or obligations arising from pensions or other employee benefit programs. The text of this instruction includes:

1. Glossary
2. Definitions
3. Leases
4. Contracts

**1. GLOSSARY:**

**1.1 ABBREVIATIONS AND ACRONYMS**

AAAS	Automated Approval Authority System
AP	Accounts Payable
AP&SD	Accounting Policies & Systems Department
OAD	Operations Accounting Department
PAD	Payables Accounting Division/OAD
SCM	Supply Chain Management

**1.2 RELATED GENERAL INSTRUCTIONS**

GI 885.000      Leasing of Improved/Unimproved Real Property

**1.3 RELATED ACCOUNTING INSTRUCTIONS**

AIM 707      Payments to Contractors and Vendors

**1.4 RELATED MANUALS**

Contracting Manual  
Supply Chain Management

**1.5 RELATED FORMS**

SA-60	Payment Authorization
SA-1148	Transmittal
SA-5715	Change Order

\* CHANGE

\*\* ADDITION

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SA-5715-1 Change Order Settlement

**2. DEFINITIONS:**

**2.1 AMENDMENT**

Any written alteration changing the terms of a contract (other than a Change Order) which is signed by all parties.

**2.2 CHANGE ORDER**

A Saudi Aramco Form 5715 which authorizes changes in the general scope of work defined in the contract made at the direction of Saudi Aramco. The form is processed through SAP Transaction ME51N.

**2.3 CHARTER**

A legal agreement conveying usage rights of aircraft or seagoing vessels for a specified term and a sum certain of money from one party to another (that may or may not include operational staff).

**2.4 CONTRACTING MANUAL**

A resource issued and maintained by the Contracting Department containing policies and procedures concerning the contracted procurement of goods and services and administration of contracts.

**2.5 LEASE**

A legal agreement by which property rights are conveyed for a specified term and a sum certain of money from one party to another. A lease as referred to in this instruction is a real property lease. Other leases, such as for vehicle rentals, are normally handled as contracts.

**3. LEASES:**

**3.1 RESPONSIBILITY**

The Proponent is responsible for the procurement and administration of leases both for unimproved (without rent limitation) real property and improved real property with annual rent not exceeding SR 250,000. Refer to GI 885.000 for more details. Leases for improved property over SR 250,000/year are procured by the Contracting Department.

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**4. CONTRACTS:**

**4.1 RESPONSIBILITY**

Refer to Attachment.

**4.2 CONTRACT INFORMATION**

The Services Procurement Module in SAP contains confidential information about contractors and contracts including contract estimated expenditures, purchase orders, amendments, changes orders, and claims. It is the source of information for Contracting, Finance, and proponent organizations.

**4.3 APPROVAL AUTHORITY**

The AAAS system maintained by the Accounting Policies & Systems Department records the limits set by management on the authority which individuals have to commit Saudi Aramco assets. AAAS also contains the limits set to procure goods and services and the authorized levels at which individuals may approve expenditures against these obligations.

Certain contracts are subject to review by the Services Review Committee. Refer to Procedure 17 in Volume 1 of the Contracting Manual or Section 3 of the Management Guide.

**4.4 ON-LINE INQUIRIES**

The Services Procurement Module in SAP contains information about contracts and contractors. Access authorization can be obtained by filling out the SAP Access Request form signed by the requester's approval authority (Manager or above.) The user must have an account on client PRC222 Finance & Logistics.

**4.5 OTHER SOURCES OF FINANCIAL LIABILITY**

Saudi Aramco commits to payment for purchases, vessel charters, and common carrier transactions. See Attachment for a non-exclusive list of contractual commitments that Saudi Aramco makes with outside parties and the departments responsible for managing them. There are several different types of purchases which, in aggregate, represent major Company financial commitments and are not covered by standard contracting procedures. For example, Saudi Aramco purchasing offices use the Materials Management Module (MM) in SAP for procurement and logistics and purchasing policy and procedures are contained in the on-line SCM Manual. Responsible departments are required to keep adequate files and records of all commitments into which they enter.

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4.6 PAYMENTS UNDER CONTRACT TERMS (NON-PURCHASE ORDER)

- 4.6.1 PAD/OAD receives copies of leases, contracts, support documentation, and payable documents under a transmittal or covering memo.
- 4.6.2 PAD/OAD will distribute copies of leases, contracts, supporting documents and payable documents to the Invoice Processing Unit for payment in accordance with the terms of the agreements.
- 4.6.3 Payments will be made on the basis of a properly approved Form SA-60/SA-5715-1, an approved Service Entry Sheet for the Drilling and Workover Department, or an approved invoice. The Form SA-60/SA5715-1 or the invoice will be reviewed against terms in the available documentation and appropriate transaction in SAP. If the payable document is in accordance with the terms of the contract the payment will be processed through the AP Module in SAP. For more details about payment procedures, refer to AIM 707.

Approved: \_\_\_\_\_  
**FARHAN W. AL-JABIR, Manager**  
Accounting Policies & Systems Dept.

TPB (W/C# M774)

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ATTACHMENT  
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TYPES OF AGREEMENT	RESPOSIBLE DEPARTMENT
Improved Real Property less than SR 250,000/year and Unimproved Real Property without rent limitation	Proponent
Improved Real Property more than SR 250,000	Contracting Dept.
Most construction or service contracts	Contracting Dept./Proponent Org.
Purchase Commitments	Operations Purchasing & Inventory Control Dept.
Common Carrier Transactions*	Materials Logistics Dept.
Vessel Charter	Contracting Dept./Marine Dept.
Legal Services	Law Dept.
Banking Activities/Compensating Balances	Treasurer's
Medical Designated Facilities	Saudi Aramco Medical Org.

\* Transportation services (to any value) acquired on the basis of tariffs (or discounts to such tariffs) and aircraft/charter agreements with a value of less than \$2,000,000 including:

Commercial Account Agreements (CAA)  
Worldwide Passenger Agreements (WPA)  
Part Charter Agreements (PCA)  
Aircraft Charter Agreements (ACA)  
Tariff Rate Agreements (TRA)  
Vessel Charter Agreements (VCA)

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