

Everyone's Smart University

Assignment 1 (Spring 2021)

Student Name: MOTAZ ABDULJALIL HADI

اسم الطالب: معتز عبدالجليل حادي

Students I.D : 2021201583

الرقم الجامعي: ٢٠٢١٢٠١٥٨٣

Section

**Master of
Project**

Date

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Course Code

(PMG510)

Project Risk Management

Saudi Arabian Oil Company - ARAMCO

1) operational risk

Oil companies are exposed to many operational risks that may affect their business or result in them incurring large expenses, obligations and costs such as oil and gas leakages, leaks in pipelines, fires and shortage or interruption of electric power supply. The company must be fully aware of the basic features of operating risks as they differ from other financial risks and also of the necessity to manage them. It should also authorize and periodically monitor the framework used in the company to manage operational risks. It is essential that this framework provides defining the concept of operating risks at the company level, setting principles for managing, evaluating and controlling them, and working to reduce them.

2) Competition risk

Aramco is considered one of the largest petroleum companies, but it operates in a very competitive market. Competitive pressures may have a negative and substantial impact on the selling price of crude oil and other products.

Mitigate the risk by Commitment to international agreements for the number and cost of production to ensure export to all countries.

3) Terrorism and conflicts

Political instability and conflicts in the Middle East, North Africa and other regions affect Aramco's operations and its market value, terrorism and conflicts may have a materially and negatively impact on the price in the global market

Managing oil reserves is one of the solutions in the event that the company supply stops for any reason .

4) corruption

corruption is a major issue for any company . It will affect the company reputation. over the years , financial report for aramco never shared to public . however the recent offering of the company's shares in the Saudi market puts it under the control of the government.