



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Master of Project
Management

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Course Code

(PMG510)

Project Risk Management

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I will take about Saudi Aramco.

First Risk: Risks related to licenses, permits and approvals.

1. Why is this a risk?

Any failure to renew, maintain or obtain the required permits and approvals, or the revocation or termination of existing licenses, permits and approvals, may interrupt Saudi Aramco's operations and could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

2. What type of risk is it?

Compliance Risk

3. What is the likelihood of the risk? How great is the impact?

Low Likelihood but High Impact

4. What strategy or policy does the company use to manage the risk?

obtain and renew any license, permit, or approval that is required under the Hydrocarbons Law, GSPR or with respect to certain other activities unrelated to Hydrocarbons operations.

Second Risk: Risks related to environmental protection, health and safety laws and regulations.

1. Why is this a risk?

Compliance with these obligations can result in significant expenditures. If Saudi Aramco fails to comply with applicable laws and regulations, it could be subject to fines or the partial or total shut down of related operations.

2. What type of risk is it?

Hazard Risk.

3. What is the likelihood of the risk? How great is the impact?

Low Likelihood but High Impact.

4. What strategy or policy does the company use to manage the risk?

Saudi Aramco has, from time to time, shut down certain facilities in order to ensure compliance with applicable laws and regulations.

Third Risk: Risks related to achieving growth objectives.

1. Why is this a risk?

Saudi Aramco's ability to achieve its strategic growth objectives depends on the successful delivery of current and future projects. If projects are delayed, cost more than expected or do not generate the expected return, Saudi Aramco's operations and expected levels of production could be impacted.

2. What type of risk is it?

Opportunity Risk

3. What is the likelihood of the risk? How great is the impact?

Low Likelihood and Impact

4. What strategy or policy does the company use to manage the risk?

Saudi Aramco may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures.

Fourth Risk: Risks related to equalization compensation.

1. Why is this a risk?

The mechanism for equalization compensation Saudi Aramco receives from the Government in respect of domestic sales of certain hydrocarbons may be changed. The regulated prices for these products have historically generated less revenue for Saudi Aramco than if the same products had been sold for export.

2. What type of risk is it?

Control Risk

3. What is the likelihood of the risk? How great is the impact?

High Likelihood but low Impact

4. What strategy or policy does the company use to manage the risk?

Effective January 1, 2017, the Government implemented an equalization mechanism to compensate Saudi Aramco for the revenue it directly forgoes as a result of selling these products in the Kingdom at regulated prices. Under this mechanism, Saudi Aramco receives compensation for the difference between regulated prices and equalization prices (which are determined using reported regional prices) in respect of such sales.