

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Master of Project
Management

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Project Risk Management

Instructions:

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Saudi Aramco is one of the biggest oil and gas Producer Companies. It is one of the main suppliers for oil and gas in the global market so Saudi Aramco Company cares more about any exposed risk that could affect negatively on its productions. In this case, Saudi Aramco is facing the 4 types of risk; Compliance risk, Hazard risk, control risk and opportunity risk.

Compliance risk, Saudi Aramco has commitment to the global market that the company will continue the production of oil and gas beside other producer countries as Russia. The OPEC organization regulates the percentage of each producer country to keep the prices of oil and gas on an accepted level for both producer and consuming countries. Saudi Aramco must comply with the OPEC's legal obligation to not conflict with other producers. Also, their eternal agreement between Aramco and other countries, logistic companies. Saudi Aramco cares more about its reputation so it created a compliance system to avoid any exposing of compliance risk such as membership of OPEC and legal department who coordinate any contracting issues.

Saudi Aramco has development strategies to be the prime oil and gas producer. Saudi Aramco expended and increment its plants such as Marjan and Berri. These new projects or ongoing productions are exposed to Hazard risk. Aramco created a system to control the environmental and health safety. So each department of Aramco has its own team who present safety and environment prevention. These teams coordinate the work on site to ensure all safety requirements are applied. They report daily through the system to top management.

New plant, developed plant or operation inside plant, are exposed to control risk. So Saudi Aramco made a software to analyze all expected risk that could happen and started programs and courses to aware their employees from any control risk could happen to reach zero incident in its plants.

Finally, Saudi Aramco has a plan to be the only and top producer that can produce energy the entire world. So Saudi Aramco always planning to increase its

capacity of production to cover the entire needed of oil and gas market. By expending and increasing the production capacity there is opportunity risk. For example, in 2019 Saudi Aramco announced about its 2 big projects Marjan and Berri which will double its production of oil and gas but same year Covid-19, drop the oil and gas to lowest price while Saudi Aramco established its projects. For now, it is effect negatively on Aramco budget but in the future may it get better. Now in Feb 2021 the oil price reached \$60s the request of oil increase more and more. The Opportunity risk needed and Saudi Aramco planned for risk capacity always.