

Engineering Procedure

SAEP-1020

30 June, 2004

Capital Program Planning

Document Responsibility: Facilities Planning Dept.

Saudi Aramco DeskTop Standards

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1 Scope

This Saudi Aramco Engineering Procedure describes the steps necessary to establish and coordinate Budget Item information to be utilized in generating schedules and budget estimates in support of the five-year Capital Program.

2 Applicable Documents

None.

3 Instructions

The major organizational interfaces and responsibilities to generate the five-year Capital Program are the Proponent Administrative Areas, Long Range Planning, Facilities Planning, Project Support & Controls Departments and the Project Management Administrative Area.

The Facilities Planning Department (FPD) is responsible for coordinating the Proponent/Business Line input. This includes requesting and definition and scope in a standard document called Planning/Budget Brief. In addition, FPD is responsible for meeting with the Proponents to discuss the scope of potential new Budget Items, and to establish their priorities and impact to the existing facilities. FPD establishes a cut-off date for Business Lines to submit potential new Budget Items for the Capital Programs and Budgets. This date is set early in the year to accommodate the development of the scope, justification, cost estimate, and schedule to properly formulate the Capital Programs and Budgets.

The Project Support & Controls Department (PS&CD) is responsible for generating budget estimates, project schedules, construction agency assignments, cash flow, Capital Expenditure (CAPEX) reports and for consolidating all Project Management data.

4 Responsibilities

The following steps are listed in the sequence in which they need to be accomplished:

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| 4.1 | Issue Business Plan Guidelines, which include Capital Program Instructions to Business Lines based on the Corporate Objectives for that period. | LRPD |
| 4.2 | Submit list of BIs for the current Business Plan that are in line with the Corporate objectives as set in the Business Plan Guidelines. | BL |

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| 4.3 | Coordinate reviews with the proponent to confirm the scope of work and justification of submitted BIs. | FPD |
| 4.4 | Create BIs in the Capital Program database with preliminary cost estimates provided by proponents. Develop schedules to assure there is adequate front-end planning time included to support the DBSP, PP, ERA and OS dates and based on historical durations. | FPD |
| 4.5 | Generate budget estimates and assign the construction agency for each BI. | PS&CD |
| 4.6 | FPD archives the database for the EAC meeting. | FPD |
| 4.7 | FPD submits Planning Briefs, identifying the BI scope, cost and schedule based on the EAC archive to PS&CD. | FPD |
| 4.8 | Review the proposed BIs with Project Management Departments to establish initial agreement of BI assignments. The ERA/OS schedule dates and scope of work are also reviewed for reasonableness and adequate definition. | PS&CD |
| 4.9 | Generate major milestone schedules for each engineered Budget Item encompassing: <ul style="list-style-type: none">• Project Proposal<ul style="list-style-type: none">• ERA date• Engineering• Procurement• Construction<ul style="list-style-type: none">• OS date | PM/PS&CD |
| | This information provides the basis for the PS&CD Master Scheduling System (MSS). | |
| 4.10 | Develop organization charts that reflect BI assignments to Project Managers and Departments Management Staff. This provides a proper base line for manpower loading, if needed. | ALL PM |
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4.11	A. Generate Capital Program Appropriations summaries for the EAC meeting of the Business Plan.	FPD
	B. Generate Capital Program Expenditures summaries for the EAC meeting of the Business Plan.	PS&CD
4.12	EAC Review of the Capital Program in the Business Plan.	EAC
4.13	Revise the Capital Programs as required to incorporate recommendations made in the EAC meeting.	FPD/PS&CD
4.14	FPD archives the database for the MC meeting.	FPD
4.15	A. Generate Capital Program Appropriations summaries for the MC meeting of the Business Plan.	FPD
	B. Generate Capital Program Expenditures summaries for the MC meeting of the Business Plan.	PS&CD
4.16	MC Review of the Capital Program in the Business Plan.	MC
4.17	Revise the Capital Programs as required to incorporate recommendations made in the MC meeting.	FPD/PS&CD
4.18	FPD archives the database for the Board meeting.	FPD
4.19	A. Generate Capital Program Appropriations summaries for the Board meeting of the Business Plan.	FPD
4.20	B. Generate Capital Program Expenditures summaries for the Board meeting of the Business Plan.	PS&CD
4.21	Board Review of the Capital Program in the Business Plan.	Board
4.22	Finalize Operating Plans based on the approved Capital Plan.	PS&CD/PM
4.23	BOARD meeting to review and approve the five-year Capital Program.	BOARD
4.24	Upon approval of the Operating Plans and Budgets, all PM Departments, Proponent Administrative Areas, FPD and PS&CD will proceed with paragraph 3 in support of the Capital Programs and Budgets for the subsequent year.	ALL

5 Notes

Upon the cancellation of the Fall Update of the Five-Year Capital Program, FPD is tasked with coordinating Budget Item information to be utilized in generating schedules and budget estimates in support of the Capital Budgets. The Capital Budgets is comprised of the Budget Items that are scheduled for Expenditure Request Funding Approval in the first year of the endorsed Business Plan.

The Capital Budgets are reviewed by the same committees as the Five-Year Capital Program, with an additional review by the Corporate Staff.

Revision Summary

30 June, 2004

Revised the "Next Planned Update". Minor revision to reflect the recent change in the Capital Planning process of eliminating the Fall Update of the Five-Year Capital Program.