

PROJECT PROFILE **RAS TANURA REFINERY UTILITIES UPGRADE**

10 SEPTEMBER 2007

CLIENT

Stone & Webster Engineering Corporation

LOCATION

Ras Tanura, Kingdom of Saudi Arabia

DESCRIPTION

Bugshan Stone & Webster, the Saudi Arabian business entity for Stone & Webster Engineering Corporation, undertook a contract for ARAMCO for the detailed engineering and construction of major upgrades to the power and other utilities for the Ras Tanura refinery, one of the world's largest. Other contractors performed upgrades to the process works.



Ras Tanura Oil Refinery (Used with permission from Saudi Aramco World/PADIA)

About half way through the project, Stone & Webster management realized that they were experiencing cost overruns. The company retained William A. Wheatley, now Chairman of THE WHEATLEY COMPANIES (SM), while practicing as a Principal of MDC Systems, Inc., and James T. Hamje, P.E., of Delaware Valley Construction Consulting, P.C., a WHEATLEY GLOBAL PARTNER (SM), to review the overall project to determine the potential claims and to estimate ultimate project costs for possible recovery from the owner, as well as to review and evaluate subcontractor claims and provide continuing project monitoring until completion of the contract. Supervising the expert team, Mr. Wheatley provided project management for the investigation and analysis on-site in Saudi Arabia; in Stone & Webster's offices in Al Khobar, Saudi Arabia; Abu Dhabi, U.A.E.; Houston, Texas; and Boston, Massachusetts. Additional analysis was performed in the team's US office.



Ras Tanura Refinery (Used with permission from Houssain Ramadan/*Saudi Aramco World/PADIA*)

The potential claims by and against Bugshan Stone & Webster involved the consequences of allegedly defective preliminary engineering provided to the contractors by ARAMCO, which is alleged to have caused substantial delays and acceleration of the work, resulting in substantial increased costs to the project. Other issues involved unforeseen concealed conditions and engineering changes mandated by ARAMCO. Significant un-compensated additions to the scope of work, approximately doubling the total scope of the project, constituted a large part of Stone & Webster's ultimate claim against ARAMCO.

The team led by Mr. Wheatley undertook a detailed investigation of the technical and financial history of the project, and performed analysis of design and construction issues. Mr. Hamje performed a schedule analysis to evaluate project delays and disruptions.

The team prepared detailed reports that have been presented to the parties and participated in presentations, including the presentation of evidence by Mr. Hamje in an arbitration proceeding in the Kingdom of Saudi Arabia under *Shari'a* law. Team members have assisted in negotiations. A settlement in the matter is imminent, but if the issues are not resolved, members of the team will testify in international arbitration. A settlement in the matter is imminent.

CLIENT REFERENCES

Herbert Sears, Esquire (Formerly General Counsel, Stone & Webster)
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