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A COMPREHENSIVE ANALYSIS OF RISK ASSESSMENT METHODS IN THE OIL AND GAS INDUSTRY: A REVIEW

SHUAIB KAKA
Department of Industrial Engineering and Management, Dawood University of Engineering and Technology, Karachi, Sindh, Pakistan. Email: Kaka.shuaib@duet.edu.pk

SONIA IRSHAD MARI
Department of Industrial Engineering and Management, Mehran University of Engineering and Technology, Jamshoro, Pakistan.

SHAFI MUHAMMAD PATHAN
Department of Mining Engineering, Mehran University of Engineering and Technology, Jamshoro, Pakistan.

RANO KHAN
Department of Industrial Engineering and Management, Dawood University of Engineering and Technology, Karachi, Sindh, Pakistan.

UMAIR SARWAR
Department of Industrial Engineering and Management, Dawood University of Engineering and Technology, Karachi, Sindh, Pakistan.

ALI AKBAR
Department of Industrial Engineering and Management, Dawood University of Engineering and Technology, Karachi, Sindh, Pakistan.

Abstract

This study examines the different risk assessment methods used in the oil and gas industry, recognizing that these approaches must be specific to effectively address complex challenges. The research encompasses qualitative, quantitative, and semi-quantitative techniques that reflect differing scopes and limitations. Key issues such as data uncertainties, dynamic risks, and interconnected systems are explored with emphasis on understanding their unique difficulties. The combined results of this analysis provide valuable guidance for those involved in the industry including policymakers. It outlines effective strategies for managing risks while promoting sustainability within energy operations by proposing innovative solutions like incorporating emerging technologies into risk management processes or enhancing existing data practices. In conclusion embracing forward-looking methodologies will enable professionals to better manage future threats which can lead towards safer more responsible energy exploration globally across industries despite adversity making it essential for everyone involved.

Keywords: Risk Assessment, Oil and Gas Industry, Risk Assessment Approaches, Risk Matrix.

1. INTRODUCTION

Risk assessment adopts a systematic approach to identify potential threats and evaluate their potential consequences upon occurrence. In today's fiercely competitive business landscape, conducting risk assessments in the oil and gas industries has become a challenging endeavor due to the inherent uncertainty and imprecision associated with risks. Widely employed to facilitate risk mitigation, prevention, and maintenance, risk assessment plays a crucial role in identifying, quantifying, and evaluating unwanted

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events or hazards within the industry. This process involves categorizing and measuring the outcomes related to risk in a specific incident and under particular scenarios. Incidents may encompass personal injuries to workers, environmental damages, as well as degradation and harm to assets, all of which can significantly impact the industry's reputation [1-3]. For the execution of a risk assessment, it is essential to utilize a suitable risk matrix for evaluating the risk level associated with hazards. The risk matrix, a conventional method for conducting risk assessments, serves as a valuable tool in this process. Typically, it aids in pinpointing the most critical risks and offers a methodology for evaluating the potential impacts associated with each risk. The risk matrix proves advantageous in identifying risks by combining the likelihood and severity of consequences resulting from the occurrence of hazards [4, 5]. As T. J. Altenbach [6] asserts, the efficacy of a decision is significantly contingent on both the input data and the methodologies employed for analyzing that data. The process of risk assessment generally revolves around three primary approaches: qualitative, semi-quantitative, and quantitative methodologies [7].

According to M. Modarres [8], the qualitative approach involves assessing compliance with certain relative decisions to classify potential hazards. This method relies on subjective judgment, prioritizing expert opinions. Rather than using quantified values, descriptive terms such as "likely," "unlikely," and "most probable" are employed to describe failure probability and consequences. For instance, levels like low, moderate, and high are used for consequence assessment. The semi-quantitative approach is employed to categorize critical equipment/components, and final risk scores are determined through various methods, in the context of semi-quantitative, L.-D. Radu [9] explains that the semi-quantitative approach serves as an intermediary between the subjective evaluation of qualitative risk assessment and the numerical evaluation of quantitative risk assessment. This approach evaluates risks using a score based on estimated numerical values for failure probability and consequence. Likewise, K. Mearns [10] highlights the quantitative approach, which involves assessing risk through numerical simulation, incorporating a quantitative calculation of possibilities and consequences for various accidents. Typically, the outcomes of the quantitative method yield individual risk assessments. In the oil and gas industry, risk assessment is a pivotal factor in determining the hazard risk level. In the realm of the oil and gas industry, risk assessment and decision making have been considered as a critical factor in the industry. The investigation of risk assessment factors assists the decision-maker in the industry in minimizing risk-related issues and making the appropriate risk decisions [11, 12].

2. RISK ASSESSMENT

Risk assessment constitutes a method wherein the frequency of a hazardous event and the impact of its consequences are either measured or calculated. This process estimates the severity or magnitude of outcomes concerning the system affected [13]. Widely applied in various industries, both offshore and onshore, risk assessment utilizes diverse tools and techniques to identify and evaluate hazard risks. The selection of an appropriate approach for comprehensive risk assessment is imperative [14]. Employing a risk

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assessment approach proves instrumental for companies, aiding in the establishment of risk-based inspection and maintenance plans to meet targeted objectives [15]. Risk assessment is a process that characterizes, identifies, quantifies, and evaluates failures from unwanted events or hazards. It's crucial for plant availability, reliability, and maintainability, with heightened importance in today's complex industrial systems. Typically, risk assessment aims to address three fundamental questions [16]: What is the probability of occurrence? What are the potential issues? What is the anticipated loss?

Decision-makers answer these questions through a combination of experience, analysis, and personal judgment. Various tools and techniques can be employed to determine the risk level of hazards, necessitating the selection of an appropriate approach. According to Khan et al. [17] the risk assessment phase of risk identification has been based on two different approaches; either by evaluation of damage consequence or by accident probability. They also highlighted that the risk assessment techniques can be classified based on the risk identification approach, evaluation technique of the assessed risk, representing criticality of the different scenarios for the component operation and decision making process based on risk to select the feasible alternative. By ISO 3001:2009, the risk assessment comprises three phases: risk identification, risk analysis, and risk evaluation [18, 19]. Illustrated in Figure 1 are the various phases of Risk Assessment, while Table 1 furnishes a comprehensive overview of the distinct phases involved in risk assessment, delineating specific steps associated with each phase.

Figure 1: Risk Assessment Phases

Table 1: Risk assessment phases and steps

Risk Assessment Phases	Risk Assessment Steps
Risk identification	Establishing the product's definition. Recognizing the hazard(s). Identifying the subject(s) at risk.
Risk analysis	Articulating the potential damage caused by the hazard to the subject. Detailing the potential injuries that may occur.
Risk evaluation	Assessing the extent of damage severity. Evaluating the likelihood of damage. Determining the overall risk level by integrating both the severity of damage and the probability of occurrence in the described scenario.

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- **Risk Identification**: This initial phase involves systematically recognizing and documenting potential hazards and threats that could impact a system or process. The goal is to compile a comprehensive list of risks that may warrant further scrutiny [20, 21].
- **Risk Analysis**: In this phase, the identified risks undergo a thorough examination. The analysis involves assessing the characteristics and potential consequences of each risk. Factors such as the probability of occurrence, potential severity, and other relevant attributes are scrutinized to gain a deeper understanding of the risks [22, 23].
- **Risk Evaluation**: The final phase involves synthesizing the findings from the risk analysis to determine the overall risk level. This includes combining the severity of potential damage with the likelihood of occurrence. The result is a comprehensive assessment that aids decision-makers in prioritizing risks and developing appropriate risk mitigation strategies [24].

3. RISK ASSESSMENT APPROACHES

L.-D. Radu [9] highlights the diverse methodologies employed in risk assessment, encompassing qualitative, semi-quantitative, and quantitative approaches as illustrated in Figure 2. Meanwhile, A. S. Markowski [25] emphasizes that the choice of a risk assessment approach should be guided by factors such as the nature of the available data, the analysis outcomes, and the intended use of the assessed risk in decision-making. The three risk assessment approaches—qualitative, semi-quantitative, and quantitative—find applications in various contexts [26-28].

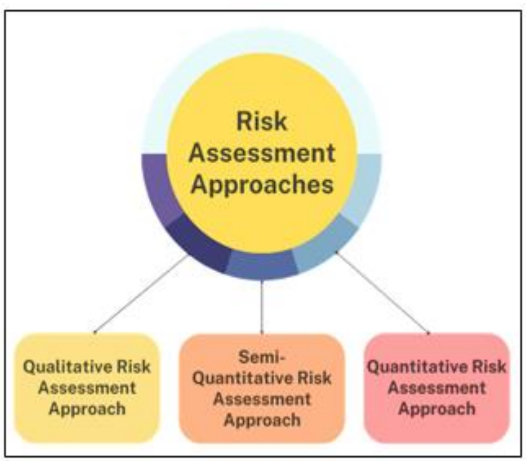

Figure 2: Risk Assessment Approaches

3.1 Qualitative Risk Assessment Approach

In the realm of risk assessment, the qualitative method for risk assessment is a nuanced approach employed by seasoned researchers. It involves utilizing an index system grounded in fundamental data about a system, including the potential failure of equipment and components. The assessment of this basic data is entrusted to experienced

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professionals, resulting in a qualitative set of judgments about potential risks associated with the system.

In this method, researchers opt for descriptive terms, such as Remote, Unlikely, Possible, Likely, and Almost Certain, to articulate the likelihood of failure. Similarly, consequences of failure are expressed using terms like Insignificant, Minor, Moderate, Major, and Catastrophic [6]. This approach allows researchers to navigate the complexities of risk assessment without relying on quantified values, as is typical in quantitative methodologies. By doing so, the qualitative method provides a nuanced understanding of the potential risks, offering insights that extend beyond numerical precision. This researcher-driven qualitative assessment adds a layer of expertise and context to the evaluation of failure likelihood and consequences, contributing to a more holistic and nuanced interpretation of risk scenarios. Sepeda et al [29] provided a notable example wherein they introduced an alternative maintenance strategy grounded in qualitative (subjective) risk assessment. In their study, the research team developed a specialized tool to assess the overall risk associated with equipment. This tool, relying on qualitative judgments, played a crucial role in enhancing equipment performance and mitigating failure risks. The proposed maintenance approach hinged on the key principles of "Reliability and Mechanical Integrity." This research-driven qualitative risk assessment tool not only facilitated a comprehensive evaluation of equipment risk but also contributed to improving overall system reliability and integrity. The utilization of qualitative assessments in this context underscores the researcher's role in tailoring innovative approaches to risk management within specific domains. The utilization of the Qualitative approach significantly facilitates the evaluation of equipment risk due to its subjective nature. Researchers find it more accessible, allowing for a nuanced exploration of risk factors. Nonetheless, it's imperative to acknowledge that this subjective assessment might introduce an element of uncertainty into decision-making processes and potentially result in less effective risk assessments. Researchers must carefully navigate this trade-off, recognizing the ease offered by the Qualitative approach while remaining vigilant about potential uncertainties that may impact the overall effectiveness of the risk assessment process [30].

In summary, the qualitative approach to risk assessment remains a fundamental and insightful methodology for decision-makers. Relying on subjective judgment and expert opinions, this approach captures the nuances of hazards, focusing on descriptive terms rather than numerical values. Through tools like bow-tie diagrams, it effectively maps out causes and consequences of potential accidents. The qualitative approach provides a quick and intuitive understanding of risks, aiding in the identification and prioritization of critical components. However, its reliance on subjective judgment poses challenges in achieving a standardized and objective risk assessment. Despite this limitation, the qualitative approach proves valuable, particularly in scenarios where detailed data and quantitative analysis may be challenging to obtain or time-consuming. Overall, it offers a qualitative depth that complements quantitative methods, contributing to a comprehensive risk management strategy.

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3.2 Semi-Quantitative Risk Assessment Approach

This approach of risk assessment relies on expert judgment, where numerical values for failure probability and consequences are approximated based on estimates from similar available assets. Once these estimates are established, tools associated with the semi-quantitative approach, such as fault trees, Failure Mode Effects Analysis/Failure Mode, Effects and Criticality Analysis (FMEA/FMECA), and event trees, can be employed for further analysis. This approach represents a fusion of quantitative and qualitative methodologies for risk assessment, leveraging qualitative assumptions alongside quantitative tools to yield meaningful results. Particularly applicable to systems not yet implemented for risk analysis, this hybrid approach combines the strengths of both qualitative and quantitative techniques [31, 32]. However, it's crucial to note that the semi-quantitative approach demands a significant amount of detailed data for thorough analysis, requiring more time to achieve desired objectives. Additionally, the risk matrix method within the semi-quantitative approach has limitations in addressing risk ties during the risk assessment process. Researchers need to be cognizant of these factors when opting for the semi-quantitative approach in their studies.

Various case studies on semi-quantitative risk assessment approaches, with some briefly highlighted here. Markowski [25] et al. introduced a semi-quantitative risk assessment method based on a fuzzy risk matrix. This model determines the overall risk score through an established approach that categorizes the frequency and severity of consequences. The study utilized a risk matrix derived from the MIL-STD-882C standard to construct the semi-quantitative approach. The final risk results were precisely determined by employing a fuzzy risk matrix in this illustrative case study. Furthermore, Jacinto et al. [27] conducted a semi-quantitative assessment of occupational accident risks using the bow-tie approach. The method involved two phases: initially, a qualitative approach and bow-tie diagram mapped the causes and consequences of the analyzed accident type. Subsequently, a semi-quantitative risk estimation utilized a five-level risk matrix based on "likelihood" and "potential seriousness." The case study results contributed to minimizing dependency on subjective judgments by analysts. Similarly, Carazas et al. [33] employed a risk-based approach to decision-making when selecting a maintenance policy for critical equipment in a power plant. The methodology involved two steps: initially, identifying critical components and analyzing their impact on availability and system performance based on risk. In the second step, the selection of the maintenance policy was executed. This involved estimating the maintenance policy cost by considering both maintenance costs and the consequences of failure. Failure mode and effect analysis, along with cause-consequence analysis, were utilized for analyzing failure modes. While this methodology demonstrated improvements in power plant maintenance policy selection, the semi-quantitative approach required substantial detailed data and more time to achieve objectives. Additionally, the risk matrix method in the semi-quantitative approach has limitations in minimizing risk ties during risk assessment. As highlighted by Luc Subal [34], the impact of Life Cycle Assessment (LCA) on decision-making and its real-world outcomes. Through a semi-quantitative questionnaire and qualitative interviews with

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industry and government decision-makers, the findings indicate that half of surveyed organizations frequently use LCA in decision-making.

In conclusion, the semi-quantitative approach to risk assessment proves to be a valuable methodology for decision-makers. Through techniques such as bow-tie diagrams and risk matrices, this approach provides a nuanced understanding of hazards, their causes, and potential consequences. The semi-quantitative estimation of risk enhances the decision-making process by incorporating numerical values, contributing to a more informed and objective evaluation. However, it requires detailed data for analysis and more time to achieve objectives. Additionally, the risk matrix method, while effective, has limitations in minimizing risk ties during assessment. Overall, the semi-quantitative approach strikes a balance between qualitative insights and quantitative analysis, offering practical advantages for improved risk management and decision outcomes.

3.3 Quantitative Risk Assessment Approach

The quantitative approach employs numerical simulation to calculate risk, involving a quantitative assessment of the likelihood and consequences of various accidents. This method typically yields individual and social risk outcomes and is well-suited for assessing risks in straightforward systems or facilities. The clarity and determinism of results make it easier to mitigate risk levels. The objectives of quantitative risk assessment encompass estimating risk levels, identifying primary contributors to better understand hazards, proposing risk reduction measures, defining design accident scenarios for installations, comparing design options, evaluating risk reduction measures, demonstrating acceptability to regulators by ensuring risks are as low as reasonably practicable (ALARP), identifying safety-critical procedures and equipment for risk minimization during operation, and recognizing accident precursors for monitoring adverse trends during operation [13, 35].

Apeland et al. [36] explored a probabilistic framework for maintenance optimization using a risk assessment approach. The study compared two risk analysis techniques: Classical Bayesian and Full Bayesian. The results indicated variations in values for uncertainty and risk, with neither Classical Bayesian nor Full Bayesian emerging as the superior method. The conclusion drawn is that the choice of method depends on user needs, emphasizing the objectives set during the modelling framework. Notably, both approaches require detailed data for effective risk assessment, a resource that is often scarce in industrial settings. Likewise, Khan et al. [17] introduced a quantitative risk-based maintenance (RBM) approach, comprising three key steps: risk estimation, risk evaluation, and maintenance planning. The application of this methodology to heating, ventilation, and air conditioning systems demonstrated its effectiveness in addressing ineffective maintenance planning. The study also suggested the RBM methodology's potential for determining optimal maintenance and inspection programs in production facilities. The calculation of total failure risk, considering failure probability and consequences, allowed for a comparison with acceptable risk criteria. Furthermore, Shyur et al. [37] formulated a quantitative risk analysis method to measure accident data and safety indicators resulting from human errors. This model allows for the exploration of the nonlinear effects of

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aviation safety factors and provides a flexible assessment of aviation risk. The results demonstrated that this approach facilitates identifying the root causes of human errors related to accidents by analyzing operational safety data. In another study, Hainlin et al. [38] developed the Natural Gas Pipeline Quantitative Risk Assessment System (NGPQRAS), offering an effective safety management approach for long-distance natural gas pipelines. The NGPQRAS comprises four steps: system access administration, risk management, dictionary data management, and specialized data management. The outcomes from NGPQRAS provide a systematic analysis of gas leaking hazards, fire hazards, explosion hazards, personal risks, and social risks.

In conclusion, the quantitative risk assessment approach has demonstrated its effectiveness in guiding engineers to monitor and make informed decisions regarding safety concerns, particularly in the oil and gas industry. The systematic nature of this approach provides a structured framework for conducting the risk assessment process.

4. METHODOLOGIES FOR RISK ASSESSMENT

Tixier [30] et al. introduced a compilation of 62 diverse risk assessment methodologies encompassing qualitative, semi-quantitative, and quantitative approaches. Widely employed across various industries, these methodologies aim to offer efficient strategies for inspection and maintenance planning. Table 2 outlines these methodologies, classifying them based on techniques into deterministic, probabilistic, and a combination of deterministic and probabilistic approaches.

Table 2: Classification of risk assessment methodologies

Method	Deterministic	Probabilistic	Deterministic and probabilistic
Qualitative	Action Error Analysis Checklist Concept hazard analysis Failure Mode Effect Analysis (FMEA) Human Hazard Operability (Human HAZOP) Plant Level Safety Analysis (PLSA) Preliminary Risk Analysis Process Hazard Analysis (PHA) Reliability Block Diagram (RBD) Task analysis Risk matrix	Delphi Technique Expert Judgment Rapid Ranking	Maximum Credible Accident Analysis Safety Culture Hazard and Operability (SCHAZOP) Structural Reliability Analysis (SRA)
Semi-quantitative	Domino Effect Analysis Layers of Protection Analysis (LOPA) Predictive Risk Index World Health Organization (WHO) Risk Priority Number	IAEA-TECDOC-727 Maintenance Analysis Semi-Quantitative Fault Tree Analysis Shortcut Risk Assessment	Safety Analysis, Failure Mode Effect Criticality Analysis (FMECA) Facility Risk Review (FRR)

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Quantitative	Accident Hazard Index Chemical Runaway Reaction Hazard Index Fire and Explosion Damage Index (FEDI) Hazard Identification and Ranking (HIRA) Reactivity Risk Index (RRI) Safety Weighted Hazard Index (SWeHI)	Event Tree Analysis (ETA) Fault Tree Analysis (FTA) Petri Nets Probabilistic Fault Tree (PROFAT) Fuzzy Logic (FL) Fuzzy Analytical Hierarchy Process (FAHP) Fuzzy Fault Tree Analysis, Risk Integral	Quantitative Risk Analysis (QRA) Rapid Risk Analysis, Probabilistic Risk Analysis (PRA)

The extensive array of risk assessment methodologies presented in the table caters to the diverse needs of decision-makers across various industries. From qualitative to quantitative approaches, and a spectrum encompassing both deterministic and probabilistic elements, these methodologies offer a comprehensive toolkit for evaluating and managing risks effectively. The table serves as a valuable reference for selecting appropriate methods based on specific requirements, emphasizing the importance of a tailored approach to risk assessment. In essence, the methodologies outlined provide a systematic and flexible framework for enhancing decision-making processes and ensuring robust risk management practices.

5. RISK ASSESSMENT STANDARDS

Risk assessment standards can vary in their scope, terminology, and sequence of presentation. Typically, these standards encompass the key steps: Identifying Risks, Evaluating Risks, Developing Mitigations, Verifying Mitigations, Accepting Risk. While universally accepted risk assessment process standards exist, organizations often utilize different risk assessment matrices for mitigating risks. A detailed comparison of various risk assessment standards is provided in Tables 3, and 4 highlighting differences in application areas, elements, and risk matrices. These standards are specifically tailored to address programmatic aspects, Equipment Safety and Occupational Hazards (ESOH), and systems safety.

Table 3: Risk Assessment Standards comparison [39, 40]

<table>
<tr><th>MIL-STD-882D</th><th>DoD Risk Guide</th><th>NSI-GEIA-0010</th><th>API & ASME</th></tr>
<tr><td>Document approach</td><td>-</td><td>Program initiation</td><td>Establish framework, common & consultation, establish context</td></tr>
<tr><td>Identify hazards</td><td>Risk Identification</td><td>Hazard indent & tracking</td><td rowspan="2">Risk assessment</td></tr>
<tr><td>Assess risk</td><td>Risk analysis</td><td>Risk assessment</td></tr>
<tr><td>Identify mitigations</td><td>Risk mitigation planning</td><td>Risk reduction</td><td rowspan="3">Risk treatment</td></tr>
<tr><td>Reduce risk</td><td>Risk mitigation plan implementation</td><td rowspan="3">Risk acceptance</td></tr>
<tr><td>Verify risk reduction</td><td rowspan="2">-</td></tr>
<tr><td>Risk acceptance</td><td>-</td></tr>
<tr><td>Track residual risk</td><td>Risk tracking</td><td>-</td><td>Monitoring & review</td></tr>
</table>

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Table 4: Comparison of risk assessment standards[39, 40]

	DoD Risk Guide	MIL-STD-882D	ANSI-GEIA-0010	API & ASME
Risk Type	Programmatic	ESOH	System safety & ESOH	System safety& ESOH
Process elements	5	8	5	7
Risk matrix	5×5	4×5	Multiple	None
Applicability to Environmental issues	Yes	Yes	Yes	Yes

6. SCOPE AND LIMITATIONS OF RISK ASSESSMENT APPROACHES

The realm of risk assessment approaches within the oil and gas industry is broad, encompassing a complex landscape that involves the identification, analysis, and management of diverse risks. These methodologies play a pivotal role in bolstering safety measures, preventing incidents, and ensuring the sustainable operation of oil and gas facilities. However, it is crucial to acknowledge the inherent limitations of these approaches. Challenges such as data uncertainties, the dynamic nature of risk factors, and the intricate interconnectedness of systems present substantial obstacles. Recognizing and comprehending these limitations is vital for refining existing methodologies, promoting ongoing improvement, and developing more resilient risk management strategies in this dynamic and high-stakes industry. Table 2.5 outlines the scope and limitations of risk assessment approaches.

Table 5: Risk assessment approaches scope and limitations

Approach	Scope	Limitations
Qualitative approach	- Easy observation and understanding of risk levels.	- Subjective nature of risk assessment and results. - Realities may not be clear for selecting risk mitigation actions. - Difficulty in tracking risks after subjective assessment. - Does not differentiate between critical and lower risks. \ - Dependency on the expertise of the risk analyst.
Semi-quantitative approach	- Authentic results with limited data. - Simplicity compared to quantitative approach. - Less subjectivity than qualitative approach.	- Commonly used semi-quantitative risk matrix does not minimize risk ties (more than one risk in a similar category). - Difficulty in prioritizing mitigation when multiple risks share a category.
Quantitative approach	- Quantification of risks based on values. - Specific results for each risk category. - Objective evaluations and cost-benefit analysis for mitigation.	- Complexity in execution without software applications. - Time-consuming without automation. - Demands advanced skills and incurs higher costs. - Requires expertise to propose effective risk mitigation strategies.

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7. RISK MATRIX

The risk matrix serves as a tool for assessing and evaluating the importance and acceptability of risks by considering the scale of impact caused by potential hazards. Originally devised by the acquisition re-engineering team at the Air Force Electronic System Center (ESC) [41], this approach aids in ranking risks based on the combined factors of likelihood and severity of consequences. The connection between the likelihood and severity of consequences establishes the overall risk, which can be expressed either numerically or through descriptive codes [42, 43]. Louis Anthony [54] conducts a critical assessment of the prevalent use of risk matrices in different applications like terrorism risk analysis, project management, climate change risk management and enterprise risk management. Despite being endorsed by national and international standards with widespread acceptance, Louis argues that there is limited empirical evidence supporting their positive impact on improving decision-making processes related to managing risks. The study highlights several limitations associated with using these matrices such as poor resolution level leading to potential errors while assigning ratings resulting in suboptimal allocation of resources besides ambiguous inputs/outputs among others. The author further recommends cautionary usage of these tools due to the highlighted constraints and suggests careful explanation provision highlighting involved judgments for successful adoption into daily practice successfully. A visual representation of a sample risk matrix is presented in Figure 3. This section outlines a sample risk matrix structured around the assessment of the severity of consequence and likelihood. Additionally, both consequence and likelihood are categorized into five attributes each: A, B, C, D, and E for consequence, and 1, 2, 3, 4, and 5 for likelihood. The color scheme in the risk matrix signifies the level of risk or criticality associated with hazards. Three distinct risk levels are considered: low, medium, and high. In this context, green denotes a low-risk level, yellow represents a medium-risk level, and red indicates a high-risk level. To illustrate the application of the risk matrix, consider the scenario where the likelihood of factor X is categorized as D, and the consequence is rated as 5; according to the matrix, the risk of factor X would be classified as "high."

		CONSEQUENCE				
		1	2	3	4	5
LIKELIHOOD	A	M	H	H	H	H
	B	M	M	M	H	H
	C	L	M	M	M	H
	D	L	L	M	M	H
	E	L	L	L	M	M

(green)	Low	(yellow)	Medium	(red)	High

Figure 3: Risk Matrix Sample

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The risk assessment matrix offers the advantage of identifying risks through the integration of consequences and likelihood of failure. It facilitates the subjective evaluation of risk to ascertain its acceptability within a specific system or scenario. The incorporation of quantified scales into the axes of the risk assessment matrix has evolved into a recognized practice, backed by standards such as MIL-STD882D, API580, and ISO27001 [44, 45].

Various approaches to the risk matrix have been employed for risk estimation, each with its defined limitations that influence the selection of a specific approach. Industries have the flexibility to propose their risk matrix tailored to their requirements and the nature of the risks they encounter [46]. The spectrum of risk assessment matrices ranges from purely qualitative to fully quantitative approaches. This approach aids in identifying the criticality of risks and plays a crucial role in decision-making for risk assessment [47]. Over time, the risk matrix has changed to enhance its effectiveness in decision-making processes. It serves as a user-friendly and efficient tool for establishing risk controls once risk scenarios have been identified and evaluated [48]. The effectiveness of risk management programs hinges on the proper establishment of risk controls for mitigation; without this, such programs can be unproductive and incomplete [49].

7.1 Types of Risk Assessment Matrix

The risk assessment matrix can be classified into three distinct categories based on their structure and required data. The method employed in these matrices varies from purely qualitative to fully quantitative approaches. The initial phase involves a straightforward qualitative risk matrix, serving as an illustrative tool for the preliminary analysis of risks. This qualitative approach allows for analysis using descriptive language, making it accessible to a broad audience, especially when guided by the expertise of field professionals [50]. The semi-quantitative approach involves assigning numerical values to either the failure rate of an event or the consequences of failure. This method strikes a balance between simplicity and analytical depth, facilitating the selection of risk mitigation strategies. However, it requires more resources compared to purely qualitative or fully quantitative approaches. The semi-quantitative risk assessment matrix is applied across diverse domains such as operations, processes, inspections, and maintenance [51]. Quantitative risk assessment matrix, utilizing numerical scales for both failure consequences and failure probability. This approach is reserved for the most critical elements in any process, requiring more concentrated analysis than other system components. It contributes to a thorough and effective risk assessment process [52, 53].

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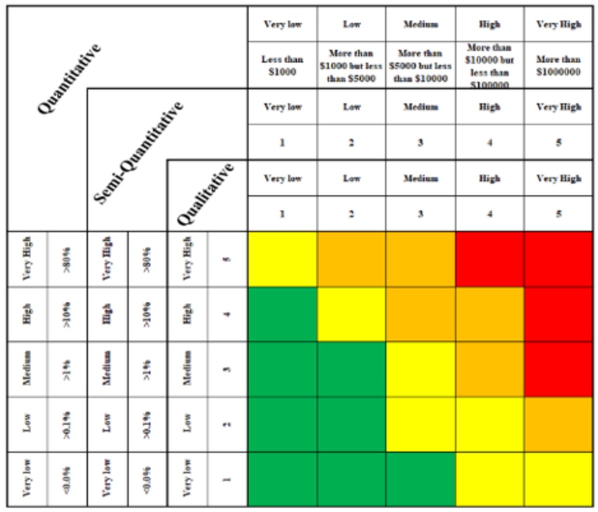

Figure 4 : Illustration of Qualitative, semi-quantitative and quantitative risk matrix (numbers given are for illustrative purposes)

Figure 4 provides an illustration comparing the three types of risk matrices, emphasizing the severity of consequences and likelihood. Descriptive and numerical ranges for consequence and likelihood are categorized according to their respective risk levels.

7.2 Risk Matrix Development

The estimation of risk level involves considering the combination of consequence and likelihood or failure rate range. Despite the existence of various published risk matrices, such as MLD STD and API, their development and application present unique challenges. The construction of a risk matrix begins by clarifying its intended use. An essential initial decision is to establish the criteria for risk acceptability or tolerability within the organization using the matrix. Another crucial aspect in designing a risk matrix is ensuring the capability to evaluate the effectiveness of risk mitigation measures. Following this, the next step is to define the ranges for consequence and failure probability or failure rate. The risk, viewed as the amalgamation of likelihood and failure consequences, can be mathematically estimated using Equation 1.

$$R = \sum_i L_i * C_i \qquad \text{Eq 1}$$

In the provided equation, where R represents the total risk, L_i denotes the likelihood, and C_i signifies the severity of consequences. When essential data for risk matrix development is unavailable, subjective judgments are employed to predict the likely outcomes of specific risks. For optimal results using the risk matrix approach, it is advisable to use accurate descriptions of failure probability and its consequences. Various sources contribute to gathering information for risk parameters in calculating risk. Figure 5 depicts these sources.

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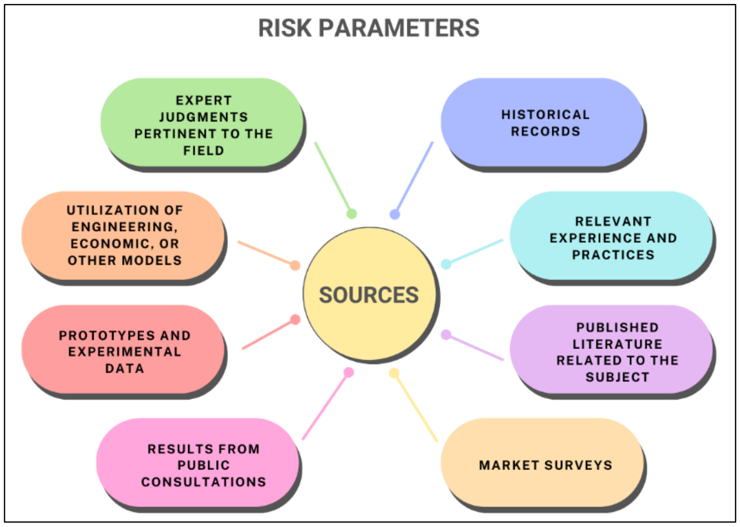

Figure 5: Sources of Risk Parameters

8. CONCLUSION

In the comprehensive analysis of risk assessment methods within the oil and gas industry, it becomes evident that the multifaceted landscape of this sector demands a nuanced approach to risk management. The diverse array of methodologies, spanning from qualitative to quantitative and semi-quantitative approaches, underscores the industry's commitment to addressing the intricate challenges it faces. Qualitative approaches provide simplicity in observation and understanding, yet their subjective nature poses challenges in translating assessments into actionable risk mitigation strategies. Semi-quantitative methods offer a balance by providing more authentic results with limited data, though the commonly used risk matrix may struggle to minimize ties, hindering effective prioritization. On the other hand, quantitative approaches bring a level of precision through quantification, objective evaluations, and cost-benefit analysis, but their complexity and resource-intensive nature necessitate advanced skills and technology.

Throughout these discussions, the recognition of inherent limitations such as data uncertainties, dynamic risk factors, and interconnected systems has been a recurring theme. Understanding these challenges is crucial for refining existing methodologies, fostering continuous improvement, and developing more robust risk management strategies. It is evident that risk assessment is not a one-size-fits-all endeavor, and the industry must leverage a combination of approaches to effectively navigate its complex risk landscape.

Future Directions in Risk Assessment for the Oil and Gas Industry

In the realm of risk assessment for the oil and gas industry, future work should focus on integrating emerging technologies such as artificial intelligence and machine learning to enhance predictive capabilities. There is a need for improved data collection methods and standardized databases to address uncertainties. Developing dynamic risk models

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that adapt to real-time changes and fostering interdisciplinary collaboration between various fields will contribute to holistic risk assessments. Establishing industry-wide standards and best practices, particularly in refining existing risk matrices, can promote consistency and comparability. Acknowledging the human factor in risk scenarios and assessing the resilience of operations should be a priority, along with expanding assessments to include environmental and social impacts. Educational initiatives, global collaboration, and knowledge sharing will play crucial roles in advancing risk assessment methodologies, ensuring the industry's adaptability and sustainability in the face of evolving challenges.

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