



Department of Economics Course Outline

Term: Fall 2004

Course: Economics 325
[Petroleum in the North American
Economy]

Section: 91

Time: R 18:30 ? 21:20

Place: A 142 (subject to change)

Instructor: R. C. Schlenker

Office: SS 447

Telephone: 220-5857

Office Hours: TR 09:30 ? 10:45

E-mail: rschlenk@ucalgary.ca

Textbook(s):

Required: *Our Petroleum Challenge Exploring Canada's Oil and Gas Industry, 6th edition, Petroleum Communication Foundation, Centre for Energy*

Required: *Class handout. This can be purchased from the instructor at the start of term.*

Book(s) on Reserve:

- Adelman, Morris, A. The Economics of Petroleum Supply, MIT Press, 1993.
- Breen, D, The Alberta Petroleum Industry & the Conservation Board. University of Alberta Press, 1993.
- McCray, A.W., Petroleum Evaluations and Economic Decisions, Prentice Hall, 1975.

Websites::

Natural Resources Canada: www.nrcan.gc.ca

National Energy Board (NEB): www.neb.gc.ca

Alberta Department of Energy: www.energy.gov.ab.ca

Alberta Energy and Utilities Board (AEUB): www.eub.gov.ab.ca

U.S. Energy Information Administration: www.eia.doe.gov

International Energy Agency: www.iea.org

Organization of Petroleum Exporting Countries: www.opec.org

Course Objectives:

The main objective of this course is to provide the student with a basis for understanding the economics of the North American petroleum industry, with particular emphasis upon the Canadian crude petroleum industry.

By the end of the course the student should feel familiar with the following:

- i) the general processes involved in petroleum production, the historical development of the petroleum industry and current and future trends in petroleum supply and demand,
- ii) the major factors which influence the investment and production decisions of *individual* oil companies,
- iii) the major factors which determine the *market* price of petroleum, including demand elements, supply elements, the degree of competition and government regulations, and
- iv) the effects of different types of government regulations including conservation, marketing, price-control and taxation regulations.

Course Outline and Readings:

<u>Topic</u>	<u>Handout</u>	<u>Book</u>
1. Introduction and Overview of World Oil Market	Section A	Section 1
2. Stages of Petroleum Industry Activity	Section B	Section 2
3. Investment Decisions in the Oil Industry	Section C	
4. Supply, Demand and Pricing	Sections D1, D2, D3	
5. Government Regulation	Section E	

Grade Determination and Final Examination Details:

Mid-term Exam	40%	(Thursday, October 28)
Take-home Assignment (2 or 3)	15%	(dates to be announced)
Final Exam	45%	(December 13 ? 22)

A passing grade on any particular component of a course is *not* essential for a student to pass the course as a whole.

A non-programmable calculator will be allowed during the writing of tests or final examinations.

The final examination will be scheduled by the Registrar. It will last two hours and will be held in the classroom. Although unlikely, multiple choice questions may appear on exams.

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	98 - 100	B	75 - 79	C-	60 - 62
A	90 - 97	B-	70 - 74	D+	55 - 59
A-	85 - 89	C+	67 - 69	D	50 - 54
B+	80 - 84	C	63 - 66	F	0 - 49

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor within two weeks of the work being returned to the class.
- Late assignments will not be accepted under any circumstances.
- Make-up midterm examinations will not be given under any circumstances. With appropriate documentation, the weight of the midterm will be moved to the final exam. Deferred examinations will not be given *except in cases of extreme personal emergencies*. Also, examinations will not be given *before* the indicated dates.
- Students' exams and assignments will be returned during regular class time.
- Anonymous or impolite e-mails will receive no response.

Students= Union Vice-President, Academic

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RCS:pst

2004-07-22