

## Economics 325(L01) (The North American Oil Industry)

Instructor: Ron Schlenker  
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Lecture Location: ST 131  
Lecture Days/Time: TuTh11:00-12:15

Office: SS344  
Office Hours: Tu 12:30-13:15

Winter 2019

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### Course Description:

This course is an introduction to the crude oil industry in North America, focusing on exploration, development, and production. Topics include Canadian and US oil policies, environmental policy, industry taxation, and royalty regimes.

### Course Objectives/Learning Outcomes:

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
- (iv) the effects of different types of government regulations including conservation, marketing, price-control, taxation and environmental regulations.

### Course Outline:

1. Introduction and Overview of World Oil Market
2. Stages of Petroleum Industry Activity
3. Investment Decisions in the Oil Industry
4. Supply, Demand and Pricing
5. Government Regulation

### Prerequisites/corequisites:

Econ 201/203

### Required Textbook:

None

### Recommended Textbook:

Our Petroleum Challenge, Canadian Resources. Global Markets, 8th edition, (2013) Canadian Centre for Energy Information. (Available on D2L)

**Desire2Learn:**

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

**Websites:**

The following institutional websites provide significant amounts of information with respect to the oil industry:

Alberta Energy Regulator (AER) – [www.aer.ca](http://www.aer.ca)  
 Alberta Department of Energy (ADOE) – [www.energy.ab.ca](http://www.energy.ab.ca)  
 British Petroleum (BP) - <http://www.bp.com>  
 Canadian Association of Petroleum Producers (CAPP) – [www.capp.ca](http://www.capp.ca)  
 International Energy Agency (IEA) – [www.iea.org](http://www.iea.org)  
 National Energy Board (NEB) – [www.neb-one.gc.ca](http://www.neb-one.gc.ca)  
 Organization of Petroleum Exporting Countries (OPEC) – [www.opec.org](http://www.opec.org)  
 US Department of Energy/Energy Information Administration (DOE/EIA) – <http://www.eia.gov/>

In addition, the following specific resources from the previous websites will be referred to during the course (in some cases frequently):

Alberta Energy Regulator / Energy Resources Conservation Board (ERCB) – Alberta’s Energy Reserves and Supply Demand Outlook  
<http://aer.ca/data-and-publications/statistical-reports/st98>

British Petroleum (BP) – Statistical Review of World Energy –  
<http://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html>

International Energy Agency (IEA) – World Oil Market Report –  
<https://www.iea.org/oilmarketreport/omrpublic/currentreport/>

US Department of Energy/Energy Information Administration (DOE/EIA) – Annual Energy Outlook (AEO) – <http://www.eia.gov/forecasts/aeo/index.cfm>

**Grade Determination and Final Examination Details:**

Midterm Examination	40% (March 14 in class)
Assignment	10% (Due at beginning of class March 28)
Final Examination	50% (April 15-27)

*Grading Scale*

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

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

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam [www.ucalgary.ca/registrar/exams/deferred final](http://www.ucalgary.ca/registrar/exams/deferred_final). Under no circumstance will this be accommodated by the Department.

The midterm exam will involve multiple choice questions. The final exam will not involve multiple choice questions. Non-programmable calculators WILL be allowed during the writing of the final examination.

Late assignments will not be accepted.

THERE WILL BE NO MAKEUP OR DEFERRED ASSIGNMENTS/TESTS/EXAMS under any circumstances, nor may the tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

**Reappraisal of Grades and Intellectual Honesty:**

*For reappraisal of graded term work, see Calendar I.2*

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

*For reappraisal of final grade, see Calendar I.3*

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

*Statement of Intellectual Dishonesty, see Calendar K.4*

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

*Plagiarism and Other Academic Misconduct, see Calendar K.5*

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

**Academic Accommodations:**

The student accommodation policy can be found at: [ucalgary.ca/access/accommodations/policy](http://ucalgary.ca/access/accommodations/policy).

Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities [ucalgary.ca/policies/files/policies/student-accommodation-policy](http://ucalgary.ca/policies/files/policies/student-accommodation-policy).

Students needing an Accommodation based on a Protected Ground other than disability should communicate this need, preferably in writing, to the course instructor.

**Important Dates:**

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

**Student Organizations:**

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: [econrep@fasaucalgary.ca](mailto:econrep@fasaucalgary.ca) and Web: [www.fasaucalgary.ca](http://www.fasaucalgary.ca).

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at [societyofundergradsineconomics@gmail.com](mailto:societyofundergradsineconomics@gmail.com).

**Faculty of Arts Program Advising and Student Information Resources:**

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>.

**Evacuation Assembly Point:**

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The assembly point for this classroom is Professional Faculties - Food Court.

**Safewalk:**

The Safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year. **Call 403-220-5333.**

**Freedom of Information and Protection of Privacy (FOIP) Act:**

Personal information is collected in accordance with FOIP. For more information, see <http://www.ucalgary.ca/legalservices/foip/foip-hia>.

**Internet and Electronic Communication Device information:**

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note-taking only.

**Notes:**

- Students will be responsible for all material listed on the course outline, regardless of whether or not the material has been covered in class, unless the instructor notifies the class that the material will not be covered.
- Please note that the following types of emails will receive no response: emails not addressed to anyone in particular; emails where the recipient's name is not spelled correctly; anonymous emails; emails in which the sender has not identified which course and section he/she is taking; and, emails involving questions that are specifically addressed on the course outline.

RCS

2018-11-19