

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

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Lecture Location: EDC388  
Lecture Days/Time: TuTh11:00-12:15

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

Fall 2016

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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.

### Prerequisites/corequisites

Economics 201 and 203.

### Required Textbook(s)

None

### Recommended Textbook

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

**Reserved Readings**

MacFadyen, Alan G. and G. Campbell Watkins, *Petropolitics: Petroleum Development, Markets and Regulations, Alberta as an Illustrative History*, University of Calgary Press (2014), available as an open access e-book at

<http://press.ucalgary.ca/books/9781552385401>

Speight, James G, *An Introduction to Petroleum Technology, Economics and Politics*, Wiley, 2011.

**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/>

National Energy Board (NEB) – Canada's Energy Future : Energy Supply and Demand Projections to 2040

<https://www.neb-one.gc.ca/nrg/ntgrtd/ftr/2016/index-eng.html>

US Department of Energy/Energy Information Administration (DOE/EIA) – Annual Energy Outlook (AEO)

– <http://www.eia.gov/forecasts/aeo/index.cfm>

**Course Requirements/Assessments:**Topics

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

Grade Determination

Midterm Examination	40% (November 1 in class)
Assignment	10% (due at the beginning of class on Nov.24)
Final Examination	50% (December 12-22)

**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.

**Grade Determination and Final Examination Details**

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description	Grade	Grade Point Value	Description
A+	4.00	Outstanding	C+	2.30	
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter	C	2.00	Satisfactory – basic understanding of the subject matter
A-	3.70		C-	1.70	Receipt of a grade point average of 1.70 may not be sufficient for promotion or graduation. (See individual undergraduate faculty regulations.)
B+	3.30		D+	1.00	
B	3.00	Good – clearly above average performance with knowledge of subject matter generally complete.	D	1.00	Minimal pass – marginal performance; generally insufficient preparation for subsequent courses in the same subject.
B-	2.70		F	0	Fail – unsatisfactory performance or failure to meet course requirements
			I	0	Incomplete – unsatisfactory (effective January 2007)

**Grading Scale**

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 – 56
B+	80 -84	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.

There will be a Registrar scheduled final examination, held in a gymnasium, lasting 2 hours. Non-programmable calculators **WILL** be allowed during the writing of tests or final examinations. **The use of graphing calculators, cell phones, computers, tablets, or any device with an alphanumeric keyboard is not permitted.**

The midterm **MAY** involve multiple choice questions. The final examination will involve problem solving, short answer and essay questions.

Late assignments will not be accepted.

### Reappraisal of Grades

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>

A student who feels that a piece of graded term work (e.g., term paper, essay, test) has been unfairly graded, may have the work re-graded as follows. The student shall discuss the work with the instructor within 15 days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 15 days. If not satisfied, the student shall immediately take the matter to the Head of the department offering the course, who will arrange for a reassessment of the work within the next 15 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal, the student shall address a letter of appeal to the Dean of the faculty offering the course within 15 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed, the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

### Plagiarism and Other Academic Misconduct

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating on any assignment is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual Honesty and definitions and penalties associated with

Plagiarism/Cheating/Other Academic Misconduct,  
<http://www.ucalgary.ca/pubs/calendar/current/k.html>

### **Academic Accommodation**

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. For additional information on support services and accommodations for students with disabilities Visit [www.ucalgary.ca/access/](http://www.ucalgary.ca/access/).

Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>

### **Absence from an Exam**

THERE WILL BE NO MAKEUP OR DEFERRED MIDTERM EXAMS under any circumstances, nor may any exam be written early. Students unable to write 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. 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.

### **Notes:**

- All students must comply with the regulations published in the University Calendar concerning "Intellectual Honesty," "Examinations," etc.
- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 403-220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.
- Students should be aware that no "make-up" midterms will be given. Any student who finds it necessary to miss the midterm must notify the instructor in advance and produce a valid medical certificate or other required documentation in order to have the weighting adjusted. This adjustment will result in the final exam counting for 80% of the final grade and the assignments counting for 20% of the final grade. Note that deferred final examinations may contain short/long answer questions. Also, deferred final examinations do not have to cover the same material or have the same format as the regular final examination.

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

### Important Dates

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

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

Economics Department Representative

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

Society of Undergraduates in Economics

[www.ucalgarysue.com](http://www.ucalgarysue.com)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members.

### *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 list of assembly points is found at

[www.ucalgary.ca/emergencyplan/assemblypoints](http://www.ucalgary.ca/emergencyplan/assemblypoints)

Please check this website and note the nearest assembly point for this course

**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**