



Department of Economics Course Outline

		Term:	Winter 2010
Course:	Economics 325 [Petroleum in the North American Economy]	Section:	01
Time:	TR 09:30 – 10:45	Place:	ST139 (subject to change)
Instructor:	K Pinno		
Office:	SS 405	Telephone:	220-5866
Office Hours:	TR 14:00 – 14:45	E-mail:	kpinno@shaw.ca

Textbook(s):

Required: *Our Petroleum Challenge: Sustainability into the 21st Century*, 7th edition, Canadian Centre for Energy Information

Required: Readings will be distributed in class throughout the year.

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.

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) oil markets, benchmark oil prices and how derivatives can be used to manage price volatility
- iv) the effects of different types of government regulations and a look at environmental issues surrounding development, particularly, as it pertains to the oilsands.

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. Oil Markets and Risk Mitigation	Section D	
5. Government Regulation and the Environment	Section E	

Websites

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

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

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

Alberta Energy Resources Conservation Board (ERCB) – Alberta’s Energy Reserves and Supply Demand Outlook - http://www.eub.ca/docs/products/STs/st98_current.pdf

British Petroleum (BP) – Statistical Review of World Energy - <http://www.bp.com/productlanding.do?categoryId=6848&contentId=7033471>

National Energy Board (NEB) – Canada’s Energy Future: Scenarios for Supply and Demand - <http://www.neb.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/spplydmnd/spplynddmndt20252003/spplydmnd2003-eng.pdf>

National Energy Board (NEB) – Canadian Energy Overview – <http://www.neb.gc.ca/clf-nsi/rnrgynfntn/nrgyrprt/nrgyvrw/cndnrgyvrw2007/cndnrgyvrw2007-eng.pdf>

National Energy Board (NEB) – Canada’s Oilsands: Opportunities and Challenges to 2015-
<http://www.neb.gc.ca/clf-nsi/rnrgynfntn/nrgyrprt/lsnd/pprntsndchllngs20152006/pprntsndchllngs20152006-eng.pdf>

Stern Review Report on the Economics of Climate Change (Executive Summary) -
http://www.hm-treasury.gov.uk/media/4/3/Executive_Summary.pdf

University of Calgary, Institute for Sustainable Energy, Environment and Economy, GHG Emissions and Mitigation Measures for the Oil and Gas Industry in Alberta -
<http://www.iseee.ca/images/pdf/ABEnergyFutures-07.pdf>

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

Grade Determination and Final Examination Details:

Mid-term Exam	40%
Assignment	10%
Final Exam	50%

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, non-graphing, non-alphanumeric calculator may 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

Notes:

- 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.
- 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.
- 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.
- 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 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' Union Vice-President, Academic

Meg Martin

Phone: 220-3911

E-mail suypaca@ucalgary.ca

Students' Union Faculty Representative (Social Sciences)

Chris Kalantzis

Phone: 220-3913 Office: MSC 251

E-mail socialscirep@su.ucalgary.ca

Society of Undergraduates in Economics (S.U.E.)

www.ucalgary.ca/sue

Safewalk / Campus Security: 220-5333
Emergency Assembly Location – SS Food Court

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