



## Department of Economics Course Outline

		<b>Term:</b>	Fall 2008
<b>Course:</b>	Economics 327 [Petroleum Economics]	<b>Section:</b>	01
<b>Time:</b>	MWF 0800 – 0850	<b>Place:</b>	ST 127 (subject to change)
<b>Instructor:</b>	Dr. W. D. Walls		
<b>Office:</b>	SS 536	<b>Telephone:</b>	220-6761
<b>Office Hours:</b>	MW 1000-1050 or by appointment	<b>E-mail:</b>	<a href="mailto:wdwalls@ucalgary.ca">wdwalls@ucalgary.ca</a>

### Textbook(s):

Folder of readings available for purchase from TBA

### Book(s) on Reserve:

1. Adelman, M.A. *The Genie out of the Bottle: World Oil Since 1970*. MIT Press, 1995.
2. Adelman, M.A. *The Economics of Petroleum Supply*. MIT Press, 1993.
3. Parra, Franciosco. *Oil Politics*. I.B. Tauris, 2004.
4. Frank, H.J. (ed.) *The World Petroleum Market: Past & Future*. International Association of Energy Economists, 1994.
5. Simmons, Matthew R. *Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy*. Wiley, 2005.
6. Yergin, Daniel. *The prize: The Epic Quest for Oil, Money & Power*. Free Press, 1992.
7. Sampson, Anthony. *The Seven Sisters: The Great Oil Companies and the World They Made*. Viking Press, 1975.
8. Horsnell, P. and R. Mabro. *Oil Prices and Markets*. Oxford University Press, 1997.
9. Stevens, Paul (ed.) *The Economics of Energy*. Volumes I and II, Edward Elgar, 2000
10. Adelman, M.A. *The World Petroleum Market*. Johns Hopkins Univ. Press, 1973.
11. Watkins, G. Campbell. *Petro makets: Probing the economics of continental energy*. Fraser Inst. 1989.
12. Hannesson, Rognvaldur, *Petroleum Economics: Issues and Strategies of Oil and Natural Gas production*. Quorum Books, 1998.
13. Marcel, Valerie. *Oil Titans*. Brookings Institution, Washington DC, 2006.
14. Pennwell Books. *International Petroleum Encyclopedia*. Pennwell Publications, Tulsa OK, 2007.
15. Maugeri, Leonardo. *The Age of Oil*. Lyons Press, 2007.

**Other Reference Materials:**

The US Department of Energy, Energy Information Administration (EIA) is an excellent source of current information on petroleum markets. Students should be familiar with its website ([www.eia.doe.gov](http://www.eia.doe.gov)).

Students should be aware of a number of journals which include up-to-date material on the petroleum industry. Examples are:

For Canada:	Oilweek, Daily Oil Bulletin
For USA:	Oil and Gas Journal, Energy Users Bulletin
For International Industry:	Petroleum Economist, Petroleum Intelligence Weekly, Middle East Economic Survey, and Middle East Economic Digest

There are many articles in economic journals that may be of particular interest to this class, such as those published in *Annual Review of Energy*, *Journal of Energy and Development*, *The Energy Journal*, *Energy Economics*, *ENERGY--The International Journal*, and *Energy Policy*. For reference to other recent articles on the economics of the oil industry see the relevant sections (Q4) in the *Journal of Economic Literature*, the *Journal of Energy Literature*, and draw on ECONLIT as a journal search engine.

Governments also publish interesting material on energy industries. In Alberta, material from the Energy and Utilities Board and Alberta Department of Energy are of particular interest. For the Canadian federal government, see the National Energy Board, the Science Council of Canada, the Geologic Survey of Canada and Department of Natural Resources. For the US see the Department of Energy (especially the Energy Information Administration), and Federal Energy Regulatory Commission; also hearings before various Congressional Committees, including the House Ways and Means Committee, the Senate Committee on Commerce, the Senate Committee on Foreign Relations and the Joint Economic Committee. The OECD also has a number of interesting recent publications on energy, including publications of the International Energy Agency (IEA). So does OPEC, including the OPEC Review and OPEC Bulletin, as well as periodic statistical reviews and profiles of member countries. The Canadian Energy Research Institute (CERI) has published a monthly World Oil Market Analysis, which provides up-to-date information. Useful data on individual countries can be found in The International Petroleum Encyclopedia.

**Course Objectives:**

The course will introduce students to petroleum economics. The course materials and lectures will focus on the international crude oil market. (Econ325 focuses intensively on the US and Canadian crude oil market.)

Course coverage will include

- A review of the simple analytics of oil price determination and the history of international oil prices;
- Review of major sources of data on the international petroleum industry;
- Review of demand, supply, perfect and imperfect competition, and profit maximizing allocation of an exhaustible resource stock;

- Survey of major events in the evolution of the economics of the world crude oil market from 1900 to the present, with particular emphasis on the years since the formation of OPEC in 1960, and the commoditization of the oil market since 1980, and the evolution of the National Oil Companies that now control some ninety percent of the world's oil reserves;
- Overview of the refining sector, the transportation of petroleum products, and the market for finished products in an international context.
- Developing in students the skills necessary for the critical evaluation of news stories about the international petroleum industry.

### Course Outline:

A detailed course outline, including the materials covered in each week's lectures, will be available on the course webpage located at <http://pareto.ucalgary.ca/courses>

### Grade Determination and Final Examination Details:

The grade will be based upon three in-class quizzes and the final exam as follows:

In-class Quizzes (3 @ 15% each)	45%
Term Paper	25%
Final Examination (comprehensive)	30%

The final exam will be scheduled by the Registrar and held in the classroom. It will be of two hours duration.

The final course grade will be obtained by weighting the numerical values (rather than letter grades) on the various exams and translating the numerical result back into a final letter grade for the course. The numerical-letter grade cut-off values will be as follows:

A+	99-100	B	82-87	C-	70-71
A	92-98	B-	80-81	D+	68-69
A-	90-91	C+	78-79	D	60-67
B+	88-89	C	72-77	F	0-59

If, for some reason, the distribution of grades determined using the aforementioned conversion chart does not accurately reflect student performance, the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's sole discretion*, feels it is necessary to more accurately represent student achievement.

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

Non-programmable calculators will be allowed during the writing of tests or final examinations.

**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.
- Students' papers will be returned during regular class time or at the time of the final exam. Papers may also be picked up by students during regular Office Hours. Student coursework not picked up by the date of the final exam will be discarded.
- Make-up examinations and deferred examinations will not be given except in cases of extreme personal emergencies. Also examinations will not be given before the indicated examination dates.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented physical, mental or social 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 the course.

## Students' Union Vice-President Academic:

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

[www.ucalgary.ca/sue/](http://www.ucalgary.ca/sue/)

Safewalk / Campus Security: 220-5333

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