



## Department of Economics Course Outline

		<b>Term:</b>	Spring 2009
<b>Course:</b>	Economics 327 [Petroleum Economics]	<b>Section:</b>	20
<b>Time:</b>	MW 0900 – 1150	<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 1200-1250 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 *Bound and Copied*.

### 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.

**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, netback analysis from a producer's perspective, 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.
- Refinery economics, including the trend toward refining for export.
- New boutique and alternative fuel trends and how they affect market prices and volatility.

As a course that deals with a particular industry, students will be exposed to a fair bit of jargon particular to the 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>. The course webpage is also available through the Blackboard web portal.

**Grade Determination and Final Examination Details:**

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

In-class Midterm Exam (June 10 <sup>th</sup> )	30%
Term Paper (Due June 24 <sup>th</sup> )	30%
Final Examination (comprehensive)	40%

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 on the various exams and translating the numerical result---rounded to the nearest whole number---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

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' 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.
- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within seven* days of the work being returned to the class.
- **THERE WILL BE NO MAKEUP OR DEFERRED MIDTERM EXAMINATION** under any circumstances, nor may the midterm exam be written early. Students unable to write the midterm exam because of *documented* illness, family emergency or religious observance will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.
- 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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