

Economics 327(01) Petroleum Economics

Instructor: Douglas McClintock
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Lecture Location: ST 131
Lecture Days/Time: MWF 9:00 – 9:50 p.m.

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Office: SS348

Office Hours: MW: 11:00 – Noon
(Or anytime you can catch me)

Winter: 2018

Course Description:

This course investigates the role of petroleum in the world economy and its impact on economic growth. The development and significance of the oil industry over time will be reviewed and prospects for oil in the world's economic future will be evaluated. We will also look at the petroleum industry in Alberta and the challenges facing the industry relative to low cost producers in the Middle East.

Course Objectives / Learning Outcomes:

At the end of the course, the student will have a thorough knowledge of the world oil market and how different market structures explain the workings of the global petroleum industry. There will be an emphasis on the influence of market power on the world's petroleum industry over time, with a concentration on the influence of OPEC. The student will also have an understanding of the challenges going forward and in particular, the influence of shale oil on the price and supply of petroleum products.

Course Outline:

1. Introduction and Overview of the Oil Market
2. Evolution of the Petroleum Industry
3. Shale oil and its impact on the world oil market.
4. Geological and cost challenges of shale oil – an emphasis on North America.
5. Short / Medium Term Industry Analysis
6. Long Run Oil Pricing.
7. Global Energy Supplies, Consumption and
8. Outlook.

(Note: Information concerning the topics above will be supplemented by my lecture notes and other readings. These readings will be posted on D2L and/or on reserve. The order of the above topics may change as current events and/or the timing of guest speakers may require a shift of the schedule.)

Other Reference Material

The US Department of Energy, Energy Information Administration (EIA) is an excellent source of current information on petroleum economics. You can access this website at www.eia.doe.gov.

There are many articles in economic journals that may be of particular interest to you, such as those published in Annual Review of Energy, Journal of Energy and Development, The Energy Journal and the International Journal of Energy Policy – to mention a few. You can also access the Journal of Economic Literature to access up to date articles on energy economics.

Governments also publish useful information on energy issues, such as reports and articles by the National Energy Board, the Science Council of Canada, the Geological Survey of Canada, the Conference Board of Canada and the Department of Natural Resources. In Alberta, information can be found at the Energy and Utilities Board and the Alberta Department of Energy.

Prerequisites/corequisites:

ECON 201 and ECON 203

Textbook(s):

There is no required textbook for this course. The course draws heavily on journal articles, government publications and some theory explained by Carol Dahl in her book “International Energy Markets – Understanding Pricing, Policies and Profits. This book will be on Reserve in the Taylor Family Digital Library. I will provide an updated list of interesting research articles and books during the first couple of weeks of lectures.

Book(s) on Reserve:

Dahl, C. International Energy Markets – Understanding Pricing, Policies and Profits, Pennwell Publishing. 2015.

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> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

Grade Determination and Final Examination Details:

2 Assignments (10 % each) (Due dates will be announced during the term)	20%
(2 in-class quizzes – 5% each)	10%
Midterm Test (Wed. March 7, 2018)	30%
Final Examination (set by the Registrar’s Office)	40%

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

In Class Quizzes

There will be 2 in-class quizzes that will take approximately 20 minutes to complete. The quizzes will be worth 5 percent each and will consist of short answer questions. There will be NO multiple choice questions. I will announce the date of these quizzes at least one week before the quiz date.

Examinations:

1. Examinations will consist of problem solving questions.
2. The use of a calculator is permitted during the quizzes and the final examination. **The use of tablets, computers, cell phones, blackberry's and other electronic devices (unless approved by your instructor) is not permitted.**

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)

Assignments, tests and final exams are marked on a numerical (percentage) basis. The marks are then added using the weights indicated above and converted into letter grades. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	95 – 100	B	75 - 79	C-	60 - 62
A	90 – 94	B-	70 - 74	D+	56 - 59
A-	85 – 89	C+	67 - 69	D	50 – 55
B+	80 - 84	C	63 - 66	F	0 – 49

The course grade is then calculated using the weights indicated above. The cut-off between letter grades will be at the midpoint between the numerical grades. Part marks of 0.5 or above will be rounded up; below 0.5 will be rounded down. For example, a grade of 79.5 will receive a B+ where a grade of 79.4 will receive a B.

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.

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. Under no circumstance will this be accommodated by the Department.

Tests and exams WILL NOT involve multiple choice questions.

THERE WILL BE NO MAKEUP OR DEFERRED MIDTERM EXAMS under any circumstances, nor can the midterm exams 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 at www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the department.

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.

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.

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

Additional Notes:

1. Late assignments will be deducted 10% for each business day that the assignment/paper is late.
2. Examinations will not be given prior to the scheduled date.
3. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
4. 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.
5. 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 which do not specify the course and section in which you are registered; and, emails involving questions that are specifically addressed on the course outline.
6. I check my emails twice per day, once in the morning and once in the afternoon. (Excluding weekends) Since I teach hundreds of students, please send me an email only if it is absolutely necessary and/or in the case of an emergency.

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 and Web: 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.

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. 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 the lobby of the social science building.

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.
