

Syllabus
AGB 3310 Special Topics
Oil & Gas Industry
SPRING 2016

Instructor: Ken Durham

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Office Hours: TBD

Class Time: TBD [Designed as 42 50-minute modules]

Required Text:

Lowe, John S. Oil and Gas Law in a Nutshell, West Academic Publishing; 6 edition (April 14, 2014)

ISBN-10: 0314289585. [450 pages]

Available from Amazon for rent @ \$17, in e-format @ \$26, or new paperback @ \$41 new
Prices are approximate and exclude taxes, etc.

References, NOT required

Yergin, Daniel. The Prize: The Epic Quest for Oil, Money & Power, Free Press (December 23, 2008) ISBN-10 1439110123. [928 pages]

Downey, Morgan. Oil 101, Wooden Table Press (2009) ISBN-10 9780982039205. [452 pages]

Baker, Ron. A Primer of Oil Well Drilling, Petroleum Extension Service, UT at Austin Continuing Education (2001) ISBN 0-88698-194-8 [192 pages]

Lowe, John, et al. Cases and Materials on Oil and Gas Law, West Academic Publishing; 6 edition (November 13, 2012) ISBN-10 0314285164 [1,292 pages]

Course Description

The US and Canada's recognition of individuals' right to own minerals underneath their property is unique in the world. Elsewhere, mineral ownership is reserved by the state and exploited for the common good. What makes a study of the Texas oil and gas industry so compelling is not only the complexities of mineral ownership but also the state's extremely favorable statutory, regulatory, and political atmosphere towards producers.

The Texas oil & gas industry and its related service businesses are significant direct employers. In 2011 over a quarter of a million Texans worked in the industry or in firms that serviced it. Thousands of professionals work for federal or state agencies that oversee and regulate the industry (e.g. the Bureau of Land Management, the US Forestry Service, the Texas Railroad Commission, Texas Commission on Environmental Quality, etc.). Others hold private land management positions that do regular business with the industry.

This all adds up to the oil & gas industry – a highly complex, technically-driven business – contributing between 15 to 20% of the state's GDP, tying 1 dollar of every 5 to the oil and gas business.

Beyond Texas the entire global economy is petroleum-based and will be for the foreseeable future. Given this reality it is vital for informed, educated and productive citizens to have a grasp of how this industry came to its prominence and how it operates today.

Of course it is impossible for a semester course to cover all aspects of the global, integrated and strategically important energy business. Therefore, it will restrict its scope to the leasing, drilling & production of crude oil & gas in Texas, also known as the production or upstream side of the business.

Learning Objectives

Upon completion of the course the successful student will

- a) Be able to analyze how the major players – mineral interest owners, operating companies, working interest owners, service companies, and financial markets – cooperate as well as compete to bring oil & gas resources into production
- b) Be able to evaluate the role of key industry professionals, such as geologists, landmen, engineers, and lawyers
- c) Understand the basic elements of well design & completion
- d) Be able to interpret and understand the complexity of mineral ownership and leasing in Texas
- e) Be able to explain the basic financial tools used to invest and divest of production

Course Topics¹

The course plan includes the following topics:

- History of the International Oil & Gas Industry
- Texas Oil & Gas Ownership Rights – Rule of Capture vs. Conservation
- Conveying Oil & Gas Ownership
- Leasing Development Rights – Essentially Clauses
- Operating Interests including Drilling Units, Pooling
- Well Design Practices
- Well Completion Practices
- Defensive Lease Clauses
- Lease level Financial Tools
- Industry Financing
- Downstream Industry
- Case Studies

Method

Traditional lecture modes are used to convey the learning objectives. They will be augmented by case study with heavy reliance on the Socratic teaching methods.

Program Learning Outcomes for the B.S. in Natural Resource Management

The graduating student will demonstrate that he/she is able to:

1. Students will identify species of wildland plants and wildlife common to the western United States and describe their natural history. (all concentrations)
2. Demonstrate knowledge of the elements of an ecosystem. (all concentrations)
3. Communicate about natural resources and conservation both orally and in writing. (all concentrations)
4. Apply knowledge about elements of an ecosystem into an appropriate conservation management plan. (all concentrations)
5. Demonstrate knowledge of basic statistical concepts and procedures. (all concentrations)
6. Conduct range and wildlife inventories in a team setting. (concentrations in Conservation Biology and Wildlife Management only)
7. Integrate principles of economics into ecosystem management focusing on the sustainability of both the ecosystem and the business enterprise. (concentrations in Agricultural Business and Sustainable Ranch Management only)

Achievement & Grading

Each week will begin with a short 5-question quiz based on the material introduced since the last quiz. These quizzes account for 1/3 of the final grade.

The mid-term and final each will count for 1/3 of your final grade.

Any student going into the final with an "A" (90% or better) will be excused from the final.

Grading schema:

90 – 100 A
80 – 89 B
70 – 79 C
60 – 69 D
≤ 59 F

ⁱ Course topics are subject to change