

**SYLLABUS**  
**ACCOUNTING 4382/5382/7397: Oil and Gas III**  
**FALL 2016**  
**WEDNESDAY 6:00 – 9:00PM CEMO 101**

INSTRUCTOR: Barry Teare  
CONTACT: [jbteare@bauer.uh.edu](mailto:jbteare@bauer.uh.edu); 713-743-4041  
OFFICE HOURS: Room 360-H MH. To be announced in class.

We in the Department of Accountancy and Taxation want your work in each accounting course to be a challenging, rewarding and pleasant experience. Your instructor will try to assist in any and every reasonable way. Please request this assistance as you need, but don't wait until the last few days before an exam, and certainly not until the end of the semester when grades have already been posted.

<b>Required Text:</b>	Fundamentals of Oil and Gas Accounting. Wright and Gallun (5th edition, ISBN-13: 978-1-59370-137-6)
<b>COURSE GRADING:</b>	Your grade will be determined by your participation, completion of written assignments, and group presentation.
<b>COURSE WEBSITE</b>	<a href="http://uh.edu/blackboard/">http://uh.edu/blackboard/</a>

***Course Description and Objectives:***

The course will focus on the upstream, midstream, some downstream operations, and oilfield services. In addition, we will focus on the impact of shale oil and gas production and their decline curves as well as hedging operations, LNG, domestic agreements, and international agreements. Also, internal audit and technology issues will be covered. The sessions will be led by professionals in Oil & Gas Accounting from both Oil & Gas Companies as well as CPA firms.

**Major Assignments/Exams**

The grade for the course will be determined by scores on written assignments, group presentation, and your attendance and participation.

Maximum point values for each are as follows:

- Completion of written assignments                      80% (see section 2)
  - Group presentation    5 % (see section 3)
  - Attendance and participation                              15% (see section 4)
- \*You are allowed to miss up to TWO classes without penalty. Any student who misses more than TWO classes will forgo their chance of earning an A in class.

**1. Written assignments**

You will be required to write papers on selected topics. You will be given the opportunity to submit a first draft of the first assigned paper which will be returned with comments, and a final version that will be graded. The papers are to be submitted electronically to **BLACKBOARD**. Papers should be approximately 5 pages long, double-spaced, font 12pt, Times New Roman. You are to be very careful about following basic grammatical rules (at a minimum use grammar and spell check) when writing the paper. The first class session of the semester will be dedicated to explaining the requirements of this course. We will particularly focus on laying out the expectations for your written assignments.

- a. **Identify Major Shale Plays in the United States**
  - i. Compare Eagle Ford, Bakken, Marcellus, and the recent exploration efforts in the Tuscaloosa Marine shale plays by estimated ultimate reserves (EUR) for gas, oil and NGL's.
  - ii. Discuss Drilling and development costs per well.
  - iii. Comment on the first or early exploratory well(s) and the company responsible for the discovery of the well(s).
  - iv. Discuss reasons for success in producing the shale formations.
  - v. Include a discussion of the disclosures required by SFAS 69. The guidelines for these disclosures are found in chapter 14 of the textbook.
  - vi. Define EUR and the TRR (Explain the difference between them).
  - vii. Discuss the impact of recent price declines in crude oil and the exporting of condensate
  
- b. **LNG market in Japan**
  - i. Recent events (Tsunami and Fukushima nuclear catastrophe) in Japan with resulting implications for LNG imports.
  - ii. Implications of the change in regime.
  - iii. Energy needs of Japan: Gas, oil and coal-fired electricity generation.
  - iv. Transportation infrastructures.
  - v. Prices for LNG vs. oil and coal. Discuss the impact of the current oil price decline.
  - vi. Technological improvements in the energy sector to include methane hydrate.
  - vii. Challenges to imports from North America: capital investments issues, permitting issues, political consideration.
  
- c. **IRAN as a Global Oil Producer**
  - i. Short history of IRAN and oil and gas exploration and production in Mexico, specifically limits on foreign entities.
  - ii. Infrastructure issues: investment, maintenance and renewal of oil and gas-related infrastructures
  - iii. Impact of reactors \*\*\*\*\*
  - iv. Recent political activity in Iran and potential changes to the Constitution and implications for the oil and gas industry
  
- d. **The Challenge of exporting LNG from the U.S.**
  - i. History of LNG in the United States
  - ii. Issues around exporting LNG (economic, political, or environmental)
  - iii. Economic value added from LNG export activities (job creation)
  - iv. Strategies of major companies involved in building export terminals
  
- e. **Halcon Resources Analysis**
  - i. Use chapter 14 and 16 ratios in order to compile an analysis of Halcon Resources. More information to be announced throughout the semester. *\*This topic is ONLY for MSA and MBA students.*
  
- f. **The Challenge of exporting LNG from the U.S.**
  - i. History of LNG in the United States
  - ii. Issues around exporting LNG (economic, political, or environmental).
  - iii. Economic value added from LNG export activities (job creation).
  - iv. Strategies of major companies involved in building export terminals.
  - v. Discuss FERC and DOE approvals.
  - vi. Discuss the impact of recent oil price decline.
  - vii. Discuss administration policy on granting approvals. List those approved and pending.
  
- g. **Halcon Resources Analysis**
  - i. Use chapter 14 and 16 ratios in order to compile an analysis of Halcon Resources. More information to be announced throughout the semester. *\*This topic is ONLY for MSA and MBA students.*

## 2. Requirements

- **Undergrad and CAP Students** taking **ONLY** Oil and Gas III will write the U.S Shale Plays and the Challenges of Exporting LNG from the U.S.
- **Undergrad and CAP Students** taking **BOTH** Oil and Gas II & III will write a third paper of their choice in addition to the U.S Shale Plays and the Challenges of Exporting LNG from the U.S. The Third paper **MUST** be from the remaining two topics listed above.
- **Graduate Students** **MUST** write **FOUR** papers regardless if you are enrolled in one or both Oil and Gas seminars.
- Please Note: Every student will have to write the papers on the U.S Shale Plays and the Challenges of Exporting LNG from U.S. These two written assignments are the ones to be used for group presentations.

## 3. Presentation

After writing your individual papers, you will then form groups made up of 3 to 4 members. Everyone will be part of a team regardless of graduate/undergraduate classification. Each group will pick either the U.S Shale Plays OR the Challenges of Exporting LNG from U.S and make a presentation based on the combination of the papers written by the group members. Each group will be allowed 30 minutes: 15 minutes of presentations and 15 minutes of questions and answers.

## 4. Attendance and class participation

Attendance will be taken for every class. **You must sign in to get credit for that class.** As this class is in a seminar format, you are expected to actively participate by politely engaging in the discussion. Be prepared to ask questions on the topic under discussion. **NO COMPUTERS OR CELL PHONES ALLOWED DURING GUEST LECTURES.**

## WITHDRAWAL AND COURSE ENROLLMENT RESTRICTIONS

Please refer to the university academic calendar at [www.uh.edu/academics/catalog/general/academic\\_calendar.html](http://www.uh.edu/academics/catalog/general/academic_calendar.html) for important dates for this semester.

## DO NOT ENROLL IN THE CLASS IF IT CONFLICTS WITH YOUR SCHEDULE.

### POLICY ON INCOMPLETE (I) GRADES

The University of Houston regulations for assigning incomplete grades state: *"The grade of I (incomplete) is a conditional and temporary grade given when students are passing a course, but for reasons beyond their control, have not completed **a relatively small part** of all requirements."* (Emphasis added) Reasons for a student being unable to complete a course are due to: *"Health, Accident, Injury, or Family Tragedy"*

*A student who wants to try to improve their course grade, or avoid scholastic probation, or avoid loss of scholarship grants, or a student who needs to retake the course but wants to avoid paying tuition etc., **WILL NOT** be given an incomplete grade.*

### IMPORTANT DATES:

**WEDNESDAY, SEPTEMBER 9, 2015 -- LAST DAY TO DROP WITHOUT RECEIVING A GRADE AND WITHOUT HOURS COUNTING TOWARDS ENROLLMENT CAP.**

**FRIDAY, OCTOBER 30, 2015 -- LAST DAY TO DROP OR WITHDRAW WITH A W. PLEASE DO NOT WAIT UNTIL THE LAST MOMENT TO DROP.**

### MISSION OF THE DEPARTMENT OF ACCOUNTANCY & TAXATION

The Mission of the Department of Accountancy and Taxation is to:

- Prepare accounting graduates for leadership roles in the accounting profession;
- Conduct research that advances the body of accounting knowledge, and inevitably has implications on accounting practice;
- Perform service that leads to the efficient and effective practice of accounting.

### OBJECTIVE OF THE DEPARTMENT OF ACCOUNTANCY AND TAXATION

To achieve its mission, the Department of Accountancy and Taxation strives to:

- Prepare its undergraduate students for graduate education or productive careers by establishing the foundations for life-long learning;
- Prepare its master-level students for positions of leadership in the accounting profession;
- Prepare its doctoral students for successful careers in accounting education and research;
- Develop innovative and effective instructional methods that stimulate accounting learning;
- Provide significant intellectual contributions in basic and applied accounting scholarship;

- Provide significant service and leadership to the accounting profession, the C.T. Bauer College of Business, the University, and to both professional and academic organizations.

**Academic Honesty:**

The University of Houston Academic Honesty Policy is strictly enforced by the C. T. Bauer College of Business. No violations of this policy will be tolerated in this course. A discussion of the policy is included in the University of Houston Student Handbook, <http://www.uh.edu/dos/hdbk/acad/achonpol.html>. Students are expected to be familiar with this policy.

**Accommodations for Students with Disabilities:**

The C. T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

**EVALUATIONS**

The CBA has a policy that requires all of its instructors to be evaluated by their students. The results of these evaluations are important to provide feedback to instructors on how their performance can be improved. In addition, these evaluations are carefully considered in promotion, salary adjustment and other important decisions. We openly encourage students to provide feedback to the instructors and to the CBA through the evaluation process.

**TENTATIVE SCHEDULE:**

<b>OIL AND GAS SEMINAR III</b>					
<b>Week</b>	<b>Date</b>	<b>Topic</b>	<b>Instructor</b>	<b>Company</b>	<b>Assignment due</b>
1	8/24/2016	Introduction session and review of fundamentals of oil and gas accounting	Barry Teare		
2	8/31/2016	Revenue accounting, Internal Audit and Enterprise-wide Risk Management	TBD	TBD	
3	9/7/2016		TBD	TBD	First Draft Due: by <b>11:59PM</b>
4	9/14/2016		TBD	TBD	Returned First Draft
5	9/21/2016		TBD	TBD	Paper 1 Due: by <b>11:59 PM</b>
6	9/28/2016		TBD	TBD	
7	10/5/2016		TBD	TBD	
8	10/12/2016		TBD	TBD	Paper 2 Due: by <b>11:59 PM</b>
9	10/19/2016				
10	10/26/2016		TBD	TBD	
11	11/2/2016		TBD	TBD	
12	11/9/2016		TBD	TBD	Paper 3 Due: by <b>11:59 PM</b>
13	11/16/2016		TBD	TBD	
14	11/23/2016	THANKSGIVING BREAK	TBD	TBD	
15	11/30/2016	Presentations	Barry Teare		
16	12/7/2016	FINALS WEEK			Paper 4 Due: by <b>11:59 PM</b>