The Future of Value Creation in Oil and Gas for the Coming Decade

This course aims to provide future senior executives with the concepts and tools necessary to relate the strategies, economics and social responsibilities of resource capture, development and operations to shareholder value creation in the second decade of the 21st century. The course provides a broad overview of the challenges facing the C-Suite in understanding major trends that determine industry growth and profitability, as well as the economics of major hydrocarbons resource development opportunities available to oil and gas companies.

The purpose of the course is to prepare future general managers to think and act strategically in building and maintaining a valuable portfolio of resources with a desired risk profile. Students focusing on finance will also benefit from an understanding of the factors influencing value from the point of view of buyers and sellers of resources as well as the strategic competitive, environmental and social requirements essential to value creation from resource capture and development.

To achieve these objectives, the course will employ presentation materials, case studies and visits from senior executives of leading energy companies. Presentation materials will include the economics of different frontier resources and their sensitivity to changes in fiscal terms and costs. A case study will feature a negotiation game between an emerging independent with substantial oil shale resources and a major oil company wishing to acquire them. Visiting speakers will describe the performance histories of companies with expertise in particular resource specialties (e.g., oil sands, oil & gas shales, deep water, LNG) as well as companies with more balanced portfolios, and will lead to class discussion of how value has been created for investors.

The context for the course will be the growing global competition for resources as “the new billion” consumers in China and India demand living standards similar to those of the West. The class will debate whether this increased demand will inexorably drive up energy prices or whether efficiency and substitution for hydrocarbons and/or increased prices for carbon dioxide emissions will curtail demand growth and suppress price increases.