



Dillard College of Business Administration

Syllabus: Energy Industry Finance

FINC 5313 Tuesday at 5:30 pm to 6:50 pm

Dillard Building 177/186 and Internet-Hybrid course

Fall Semester 2020

Contact Information

Instructor: Dr. Robert C. Forrester

Office: DB 209A

Office hours: Tuesday 12:30 pm to 2:00 pm, Wednesday 2:00 pm to 3:30 pm, Thursday 12:30 pm to 2:00 pm and by appointment. Zoom Office Hours ID: 288 612 8207 (you will enter the waiting room, and I'll bring you into the video conference).

Office phone: (940) 397-4360

Cell Phone: (940) 867-1156 (please not after 10 pm unless it's an emergency. Text messages work, too)

E-mail: robert.forrester@MSUTexas.edu

Zoom Link: <https://msutexas-edu.zoom.us/j/97713709431?pwd=bVU0Z0lzTFFhOEEreEhJd01HL3hwUT09>

Zoom Data: Class Meeting ID: 977 1370 9431 Passcode: 4g711w

Course Materials – Instructor Furnished

1.) Course Material (available through D2L), including Instructor's lecture material. The lecture material is available only to the registered students and must NOT be shared in any format with anyone outside this class.

2.) Parts of the course will draw on the following books:

Betty Simkins and Russell Simkins, *Energy Finance and Economics – Analysis and Valuation, Risk Management, and the Future of Energy*, 2013, Wiley & Sons. ISBN: 978-1-118-01712-8

Jim Haag, *The Acquisition & Divestiture of Petroleum Property: A Guide to the Tactics, Strategies and Processes Used by Successful Companies*, PennWell. ISBN-13: 978-1593700454

Steven Errera and Stewart L. Brown, *Fundamentals of Trading Energy Futures and Options* (2nd Ed.) 2002, PennWell. ISBN-13: 978-0878148363

Ken Kasriel and David Wood, *Upstream Petroleum Fiscal and Valuation modeling in Excel: A Worked Examples Approach*, 2013, Wiley. ISBN: 978-0-470-68682-9

Other Requirements

Each student is required to obtain an external webcam. The technical specifications should include: Sensor: CMOS; Minimum Resolution: HD 720p; Note: The webcam recommendations listed on this page meet or exceed the minimum resolution. For example, options with HD 1080p and 720p image resolution possess functionality to exceed the minimum; Viewing Angle: 70 degrees or higher; Interface: USB 2.0; Focus: Automatic or Manual; Microphone: Integrated microphone; Imaging Distance: 5 cm to infinity; Video Format: Color; Minimum Height of Camera (using gooseneck or tripod): 8 inches.

Each student also needs to have a financial calculator capable of calculating the time value of money and will need to bring it to each class. A student is expected to be familiar with his/her own calculator's functions. I will be using a Texas Instruments BAII Plus Professional for in-class examples. The "Professional" model performs some finance functions that other models cannot. Graphing calculators such as TI-83 or TI NSpire are not allowed on exams.

Course Description

Focuses on the financing and economics of oil and gas endeavors, including risk management, sources of financing, budgeting, capital budgeting and cash flow analysis, quantitative analysis pertinent to the oil and gas industry, methods of determining the value of production, and typical forms of doing business.

Course Prerequisites:

MGMT 5313 and FINC 5713.

Learning Goals:

I. General Learning Goals:

Upon successful completion of this course, students will:

- Complete the course with a sound understanding of financing and valuation tools in the energy industry, an increasingly important part of the U.S. and the global economy.
- The course is geared toward students interested in the finance field, as well as students interested in the energy industry more broadly.
- Relevant career paths are not limited to those involving the energy industry directly, but include industries that play a supporting role such as consulting and financial services.

II. Course Specific Learning Goals:

Upon successful completion of this course, students should have developed the understanding of:

- Fundamentals, various methods, processes, and strategies involved in financing and risk-management of oil and gas firms.
- Fundamental aspects of petroleum exploration, operations, production, and transportation
- crude valuation
- Sources and types of financing
- Fundamentals in making oil and gas financing decision as a group using a real-world database

- Understand and apply techniques to manage risks in financial and O&G markets.

Course Policies

Attendance Policy: Regular attendance is expected. Participation in class discussion is graded, so reading the assigned material and completing assignments prior to coming to class is also expected. See the university catalog for the University Class Attendance Policy.

Class attendance, *Midwestern State University Undergraduate Catalog (2014-2016)*, p. 71:
Students are expected to attend all meetings of the classes in which they are enrolled. Although in general students are graded on intellectual effort and performance rather than attendance, absences may lower the student's grade where class attendance and class participation are deemed essential by the faculty member. In those classes where attendance is considered as part of the grade, the instructor should so inform students of the specifics in writing at the beginning of the semester in a syllabus or separate attendance policy statement. An instructor who has an attendance policy must keep records on a daily basis. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor's records will stand as evidence of absences. A student with excessive absences may be dropped from a course by the instructor. Any individual faculty member or college has the authority to establish an attendance policy, providing the policy is in accordance with the General University Policies.

Instructor Drop, *Midwestern State University Undergraduate Catalog (2014-2016)*, p. 76:

An instructor may drop a student any time during the semester for excessive absences, for consistently failing to meet class assignments, for an indifferent attitude, or for disruptive conduct. The instructor must give the student a verbal or written warning prior to dropping the student from the class. An instructor's drop of a student takes precedence over the student-initiated course drop of a later date. The instructor will assign a grade of either WF or F through the first 8 weeks of a long semester, the first 6 weeks of a 10 week summer term, or the 11th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F. The date the instructor drop form is received in the Office of the Registrar is the official drop date.

Students who fail to show up for class meetings or watch required class lectures more than three times without valid excuses will be dropped from this course with a failing grade. A valid excuse is defined as an authorized absence (see *Midwestern State University Undergraduate Catalog (2014-2016)* for the definition) or an unforeseeable, proved, and documented event that requires the student's presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence.

Students who fail to meet class assignments, show indifferent attitudes, or reveal disruptive conducts will be given warnings each time such instance occurs. Students with more than two warnings will be dropped from this course with a failing grade.

Other Related Policies

The exams must be taken as scheduled. There are no make-up exams in this course and students missing an exam without a valid excuse will receive an exam grade of zero for the specific exam. A valid excuse is defined as an authorized absence (see *Midwestern State University Undergraduate Catalog (2014-2016)* p. 70, for the definition) or an unforeseeable, proved, and documented event that requires the student's presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence, and the

weight assigned for the missed exam will be redistributed to the other exams. No student will be allowed to miss the final exam.

Grading and Evaluation:

Grades in the course will be based on:

- Excel modeling exercises (25%)
- Mid-Term Exam (25%)
- Term project/presentation (25%)
- Final Exam (25%)

Excel Modeling Exercises:

Students will examine over Excel files (ranging from modular examples to full models) in Excel formats. This software offers both a wealth of content and models allowing greater insights into underlying calculations and sensitivity analysis of projects.

Team project/presentation:

This semester we will have one focus case. Students will write a detailed analysis of case findings in APA format along with an appendix that includes their Excel modeling of the details of the case. On dates in which cases are due, there will be one student PowerPoint presentation of the case. Presentations are expected to last around 20 minutes.

Final Exam:

The final exam is weighted towards classroom lectures and material.

Other Course Policies

- The instructor cannot provide technical supports to a student's hardware/software problems other than making sure that the provided course material is in working order. For problems related to D2L, please check link to MSU technical support or contact the University at distance.ed@msutexas.edu.
- Students have the responsibility to check regularly the course pages on D2L for new postings and course material. New material for the coverage of each exam will be posted over time.
- Redistribution of any course material provided by the instructor in any form outside this class constitutes copyright infringement and is prohibited.

Mid Term Grades

In order to help students keep track of their progress toward course objectives, the instructor for this class will provide a Midterm Progress Report through each student's WebWorld account. Midterm grades will not be reported on the students' transcript; nor will they be calculated in the cumulative GPA. They simply give students an idea of where they stand at the midpoint of the semester. Students earning below a C at the midway point should [provide instructions here: should schedule a meeting with the professor and seek out tutoring.

Academic Integrity

Students shall follow the “Student Honor Creed” on the Midwestern State University Undergraduate Catalog (2014-2016). A student who commits academic dishonesty is subject to conduct sanctions (please refer to the Midwestern State University Student Handbook (2015-2016) for the definitions of Academic Dishonesty, Conduct Sanctions, and Academic Misconduct Procedures).

Americans with Disabilities Act

This course follows the university policies and guidelines suggested by the Disability Support Services Office for qualified students. Students are referred to the Midwestern State University Undergraduate Catalog (2014-2016) for details.

Campus Carry Policy

Senate Bill 11 passed by the 84th Texas Legislature allows licensed handgun holders to carry concealed handguns on campus, effective August 1, 2016. Areas excluded from concealed carry are appropriately marked, in accordance with state law. For more information regarding campus carry, please refer to the University’s webpage at MSU campus carry rules and policies.

Syllabus Change Policy

This syllabus is a guide for this course and is subject to change with advanced notice.

References

Midwestern State University Student Handbook (2016-2017)
Midwestern State University Undergraduate Catalog (2016-2018)