

SYLLABUS

Course: Diplomacy and Geopolitics for O&G

Time: T-Th 2.30 – 4:00 pm

Location: Check on the website

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Office Hours: Wed. Fr. 10:30 a.m. – 12:00 p.m



COURSE OVERVIEW

In our globalized economy, hydrocarbon resources are a topic of frequent negotiation between transnational actors such as States, corporations, and international organizations. However, the leading role of States has suffered dramatic changes in recent decades, transferring more power to non-state actors such as O&G companies and industry organizations. Russia's 2022 invasion of Ukraine has highlighted energy security concerns in a global economy that still relies heavily on the use of hydrocarbons. Under a new system of balance of power, it is necessary to review the law that governs energy transactions including contracts, international treaties and transnational sanctions regulation to deal with energy transition and energy security policies that affect the performance of energy operations.

During the 20th Century, one might assert that Nation-States controlled the practice of international diplomacy. Indeed, Nation-States were the actors who had the technology and the resources to deploy personnel around the world to defend their interests. But, since the early stages of the oil industry, oil corporations were also able to interact on a transnational level. The 1928 Redline Agreement, negotiated by American, British, and French oil companies concerning the allocation of oil resources within territories of the Ottoman Empire; or the interaction between the Seven Sisters and the Railroad Commission of Texas or with the Organization of the Petroleum Exporting Countries (OPEC), showed the different ways in which State and non-state actors have sought systems of order and intervention in the sector. Even in recent years, we have witnessed the impact of the U.S. energy independence policy in the oil markets, or the "petrodiploamacy" of States such as Russia, Iran or Venezuela, trying to increase their influence through international energy agreements as tools of realpolitik.

Today, after living a decade of oil boom, the need for technology and capital is still the main problem of most oil-producing countries. This requires the participation of foreign investors and service providers, fomenting private diplomacy between corporations, and also private/state diplomacy dealing with transnational issues such as climate change or investment standards, which cannot find solutions throughout the exclusive or predominant action of any of these actors.

In a globalized, hyper-connected and more interdependent economy, the evolution of extractive technologies has shown that there is more oil than we estimated, we can produce more than we calculated, and we will consume less than we expected. These changes affect the balance of power among industry actors and are impacting the legal practice in the oil sector. But, how much have we changed? What happened to the myths such as the "peak oil" or the "permanent sovereignty over natural resources"? And what are the fundamentals in a new world order of the petroleum industry?

This course aims to answer these questions from Houston, a world capital of energy diplomacy, by studying the crossroads between geopolitics and the law. We will focus on the governance of this transnational economic order based on relations of cooperation but also the permanent tug-of-war between State and non-state actors. Furthermore, we will study the legal instruments that have been built to govern inter-state and state-corporate relations, providing the students political and economic background for investment strategies of the oil industry.

READINGS

Readings for this course will focus on international treaties and public international law applicable to the oil and gas industry. We will also study selected chapters on energy geopolitics such as:

- 1) The Energy World is Flat by Daniel Lacalle and Diego Parrilla
- 2) The Quest: Energy, Security, and the Remaking of the Modern World by Daniel Yergin
- 3) The End of Power by Moises Naim.
- 4) Crude Volatility: The History and the Future of Boom-Bust Oil Prices by Robert McNally
- 5) The New Map, by Daniel Yergin

The materials will be distributed online.

COURSE BACKGROUND

Diplomacy and Geopolitics of Oil and Gas is a course that was created following the interest to provide students the vision of global affairs that impact investment transactions in the oil and gas industry.

This approach provide better understanding of investment cycles, market changes, and the new trends of energy production and consumption around the world.

We strongly believe that a good understanding of this crossroad between geopolitics and law, help to better understand the rationality of current legal practice in the oil and gas industry.

SKILLS PROVIDED BY THE COURSE

The practice of law in the oil and gas industry requires an understanding of the balance of power between the relations of the transnational players of the industry and how this is translated into international treaties, oil and gas contracts and transnational regulation. Practice the law without a big picture of the geopolitical events implies the risk to apply the law without context.

If you are the kind of person looking for courses that present paradigm shifts and new visions of legal practice and political science, this course is for you.

GUEST SPEAKERS

The course has had the participation of guest speakers to discuss international issues related to the oil and gas industry. Some of them have been: Mr. Oswaldo Tapia, former Head of Energy Studies at the Organization of the Petroleum Exporting Countries (OPEC, 2009-2017), and Mr. Caner Can, Energy Counselor, at the Turkish Consulate General in Houston.

EVALUATION

The evaluation of the course will be based in a final paper discussing the current legal environment of oil and gas transactions in the light of the geopolitical events that impact the oil and gas industry.

PROGRAM

Section 1: A review of the notions of diplomacy, geopolitics and the Law applicable to petroleum transactions.

Section 2: An overview of the oil and gas industry since the 19th Century to the 21st Century. The impact of new technologies such as horizontal drilling and hydraulic fracturing, in the current scenarios of international oil and gas markets.

Section 3: What is power in the 21st Century? Different kinds of power. How power change over time? How to exercise power in the oil and gas industry? The theories of international relations about power.

Section 4: The construction of a legal regime for petroleum investments. From the legal regime that existed based on contractual terms to the transnational legal regime of petroleum investments.

Section 5: The attempts of oil producing States to control the legal regime of petroleum investments. The history of U.N. Resolution 1803 "Permanent Sovereignty over Natural Resources".

Section 6: The creation of the Petroleum Exporting Countries (OPEC). The history of OPEC Resolutions and agreements that impacted the international oil market.

Section 7: The construction of a transnational legal regime through transnational arbitration and investment standards. The New York Convention, the Panama Convention, the Washington Convention, the Energy Charter Treaty, and the emerging practice of investment treaties and arbitration.

Section 8: Exercise on decision making and negotiation. The use of power and law.

Section 9: Energy Cooperations Agreements as a source of petrodplomacy. The cases of Russia, Iran and Venezuela.

Section 10: The role of States and Multilateral Organizations imposing unilateral or multilateral sanctions that affect oil and gas producing countries and the oil and gas industry.

Section 11: Current Oil and Gas Diplomacy Issues. The diminishing power of OPEC and the need to reach agreements with non-OPEC and private actors, for market stabilization in the 21st Century.

Section 12: Energy Transition and the Role of Hydrocarbons in the Energy Mix. A global economy that heavily relies on fossil fuels in the light of climate change and energy security challenges.

Section 13: Energy Security Issues in Europe and in the U.S.A. as a consequence of the Russian Invasion to Ukraine.

Section 14: The New World Order of the Petroleum Industry.

PROFESSOR'S BIOGRAPHY



Julian de Cardenas Garcia
Research Assistant Professor

Professor Cardenas joined the University of Houston Law Center in 2012 as an Energy Scholar and Visiting Professor at the Environment, Energy and Natural Resources Center (EENR Center), focusing on transnational oil and gas transactions. At UHLC he teaches the courses Transnational Petroleum Law; Transnational Investment Law and Arbitration; Diplomacy and Geopolitics of Oil and Gas; and Global O&G Service and Procurement Agreements. As a visiting professor, he has taught investment law and arbitration in the O&G sector, and O&G industry practices at the Universidade do Estado do Rio de Janeiro (UERJ) in Brazil; the Universidad Autónoma de Nuevo León (UANL) in Monterrey, and the Instituto Tecnológico Autónomo de México – ITAM, in Mexico City, Mexico; the University Paris Sud, France; and the University Externado, in Bogota, Colombia.

He frequently works with companies, public authorities, and governments in various areas of oil and gas law and policy. At the EENR Center, he is the coordinator of the "Inter-American Hydrocarbons Regulators Dialogue," an initiative conceived to create a nexus between national hydrocarbons agencies, the private sector, and the academia. Since June 2019, he sits on the Ad Hoc Administrative Board of Directors of Petróleos de Venezuela (PDVSA), the Venezuelan National Oil Company, working on the oversight of Citgo Petroleum Corporation in the United States.

He is a conference speaker on transnational oil and gas law, investment law, international arbitration, best oil and gas industry practices, and oil and gas geopolitics. He has been a guest speaker in conferences related to these issues in the U.S., Canada, France, Germany, Scotland, the Netherlands, Mexico, Brazil, Cuba, Costa Rica, Trinidad & Tobago, Ecuador, Colombia, Venezuela, Gabon, and Kuwait. Also, Professor Cardenas is frequently interviewed by media outlets on Latin American affairs and oil and gas industry matters. Before joining the EENR Center, he worked as foreign legal clerk at the Arbitration Department of Dewey & Leboeuf, Paris, and also served for nearly six years as a career diplomat for the Venezuelan Ministry of Foreign Affairs, working multilateral affairs with the Organization of the American States (OAS) and the United Nations (U.N.) and bilateral affairs on sovereign boundary issues. He works effectively in Spanish, French, and English, and has some working proficiency in Portuguese.

He holds a law degree and a B.A. in International Relations from the Universidad Central de Venezuela; a Master of Laws in Arbitration and a Diplôme Supérieur d'Université in Business Law from the Sorbonne University - Paris II Pantheon-Assas; and an LL.M. with a Certificate in Energy, Environment & Natural Resources Law from the University of Houston Law Center. He was a Doctoral Fellow at the Research Center for Investment and International Trade Law (CREDIMI-CNRS) at the University of Bourgogne, Dijon, France.

Other Important Items:

UHLC Honor Code and AI:

A. *Honor Code*

The UHLC Honor Code applies to all aspects of this course. You are responsible for knowing all Honor Code provisions and for complying with the Honor Code. Please inquire if you have any questions regarding how the Honor Code's provisions apply to specific activities or situations related to this course. Your continuing enrollment in this course is deemed to be a pledge by you under the Honor Code to comply with the Honor Code in relation to this course and to comply with the instructions in the course syllabus.

B. *AI Generated Text*

The software technology known as artificial intelligence has recently expanded its capability to generate text (AI Generated Text). Examples of the technology include what are known as "generative" large language models (LLMs), and a specific implementation what is well known in the general public is ChatGPT. These systems can generate text in response to prompts and/or input of other text/documents/code/images. The output, the AI Generated Text, appears to have human-mimicking "intelligence" and is thus potentially usable as a substitute for written work product one might generate themselves. AI Generated Text can include computer code or programs as well as human language content.

Your continuing enrollment in this course is deemed to be a pledge by you under the Honor Code to not prompt, generate, obtain, read, or use any AI Generated Text in relation to any activity or assessment in this course. This applies to AI Generated Text from yourself or others. This pledge includes that your assessment work product in the course is without any contribution from AI Generated Text. This specifically extends to the plagiarism policy and unauthorized aid/materials parts of the Honor Code: AI Generated Text will be treated as from another/other in applying the plagiarism policy to this course. The term "assessment" means any work product generated for this course that is submitted to the instructor or presented in a class session, regardless whether it is graded content or not. Assessments include mid-terms and final exams. AI Generated Text may not be used in the development or drafting of any assessments created by you in a non-proctored environment.

Other Items:

C. *Mental Health and Wellness Resources*

The University of Houston has a number of resources to support students' mental health and overall wellness, including CoogsCARE and the UH Go App. UH Counseling and Psychological Services (CAPS) offers 24/7 mental health support for all students, addressing various concerns like stress, college adjustment and sadness. CAPS provides

individual and couples counseling, group therapy, workshops and connections to other support services on and off-campus. For assistance visit uh.edu/caps, call 713-743-5454, or visit a Let's Talk location in-person or virtually. Let's Talk are daily, informal confidential consultations with CAPS therapists where no appointment or paperwork is needed.

The Student Health Center offers a Psychiatry Clinic for enrolled UH students. Call 713-743-5149 during clinic hours, Monday through Friday 8 a.m. - 4:30 p.m. to schedule an appointment.

The A.D. Bruce Religion Center offers spiritual support and a variety of programs centered on well-being.

Need Support Now? - If you or someone you know is struggling or in crisis, help is available. Call CAPS crisis support 24/7 at 713-743-5454, or the National Suicide and Crisis Lifeline: call or text 988, or chat 988lifeline.org.

D. *Title IX/Sexual Misconduct*

Per the UHS Sexual Misconduct Policy, your instructor is a "responsible employee" for reporting purposes under Title IX regulations and state law and must report incidents of sexual misconduct (sexual harassment, non-consensual sexual contact, sexual assault, sexual exploitation, sexual intimidation, intimate partner violence, or stalking) about which they become aware to the Title IX office. Please know there are places on campus where you can make a report in confidence. You can find more information about resources on the Title IX website at <https://uh.edu/equal-opportunity/title-ix-sexual-misconduct/resources/>.

E. *Reasonable Academic Adjustments/Auxiliary Aids*

The University of Houston is committed to providing an academic environment and educational programs that are accessible for its students. Any student with a disability who is experiencing barriers to learning, assessment or participation is encouraged to contact the Justin Dart, Jr. Student Accessibility Center (Dart Center) to learn more about academic accommodations and support that may be available to them. Students seeking academic accommodations will need to register with the Dart Center as soon as possible to ensure timely implementation of approved accommodations. Please contact the Dart Center by visiting the website: <https://uh.edu/accessibility/> calling (713) 743-5400, or emailing jdcenter@Central.UH.EDU.

F. *Recording of Class*

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the Justin Dart, Jr. Student Accessibility Center. If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized

to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

G. *Resources for Online Learning*

The University of Houston is committed to student success, and provides information to optimize the online learning experience through our Power-On website (<https://uh.edu/power-on/learning/>). Please visit this website for a comprehensive set of resources, tools, and tips including: obtaining access to the internet, AccessUH, Blackboard, and Canvas; using your smartphone as a webcam; and downloading Microsoft Office 365 at no cost. For questions or assistance contact UHOnline@uh.edu.

H. *UH Email*

Please check and use your CougarNet email for communications related to this course. Faculty use the CougarNet email to respond to course-related inquiries such as grade queries or progress reports for reasons of FERPA. To access your CougarNet email, login to your Microsoft 365 account with your CougarNet credentials. Visit University Information Technology (UIT) for instructions on how to connect your CougarNet e-mail on a mobile device.

I. *Webcams*

Access to a webcam is required for students participating remotely in this course. Webcams must be turned on (state when webcams are required to be on and the academic basis for requiring them to be on). (Example: Webcams must be turned on during exams to ensure the academic integrity of exam administration.)

J. *Security Escorts and Cougar Ride*

UHPD continually works with the University community to make the campus a safe place to learn, work, and live. The security escort service is designed for the community members who have safety concerns and would like to have a Security Officer walk with them, for their safety, as they make their way across campus. Based on availability either a UHPD Security Officer or Police Officer will escort students, faculty, and staff to locations beginning and ending on campus. If you feel that you need a Security Officer to walk with you for your safety, please call 713-743-3333. Arrangements may be made for special needs.

Parking and Transportation Services also offers a late-night, on-demand shuttle service called "Cougar Ride" that provides rides to and from all on-campus shuttle stops, as well as the MD Anderson Library, Cougar Village/Moody Towers and the UH Technology Bridge. Rides can be requested through the UH Go app. Days and hours of operation can be found at <https://uh.edu/af-university-services/parking/cougar-ride/>.