

SYLLABUS

Course: Diplomacy and Geopolitics for O&G

Time: M-W 7.30 – 9 pm

Location: Check on the website

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



COURSE OVERVIEW

Hydrocarbons resources are a subject of constant negotiation between transnational actors such as States and private investors in our globalized economy. However, the leading role of the State in these negotiations has suffered dramatic changes during the 20th and 21st Century, transferring more power to non-state actors. Therefore, under a new system of balance of power, it is necessary to review our conceptions of diplomacy and the law that governs the relations between the players of the oil and gas sector.

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 to defend their interests around the world. 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 that 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 the oil industry have sought systems of order and intervention of the sector. Even in recent years, we have witnessed the impact of the U.S. energy independence policy in the oil markets or the "petrodplomacy" 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 private 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 solution 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 through the study of 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 to the students political and economy background for investment strategies of the oil industry.

READINGS

Readings for this course will be focused 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

The materials will be distributed online.

COURSE BACKGROUND

Diplomacy and Geopolitics of Oil and Gas is a course that was created following the need 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 belief 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. 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.

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: Review of the notions of geopolitics and the Law applicable to petroleum transactions.

Section 2: 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. The legal regime that existed based on contractual terms to the transnational legal regime of petroleum transactions.

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 Resolution 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.

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 sanctions that affect the oil and gas industry.

Section 11: The diminishing power of OPEC and the need to reach agreements with non-OPEC and private actors in the 21st Century.

Section 12: The New Economic Order of the Petroleum Industry.

PROFESSOR'S BIOGRAPHY



Julian Cardenas Garcia
Research Assistant Professor

Julián de Cárdenas García is a Venezuelan attorney and Research Assistant Professor at the Environment, Energy and Natural Resources Center of the University of Houston Law Center, where he teaches Transnational Petroleum Law, Diplomacy and Geopolitics of Oil and Gas, and Transnational Investment Law and Arbitration. He has taught investment law at the Rio de Janeiro State University (UERJ) in Brazil, and is a Visiting Professor teaching these courses at the University of El Externado, in Bogota, Colombia, and the University of Nuevo Leon in Monterrey, Mexico.

Prior to this position, he worked in private practice and also served as career diplomat at the Venezuelan Ministry of Foreign Affairs working on sovereign border issues and multilateral affairs before the United Nations and the Organization of American States.

Professor Cardenas has been retained as an expert on Venezuelan law in international arbitrations regarding the upstream petroleum sector in Venezuela. He has also been involved in ICC, AAA and ICSID arbitration cases concerning downstream petroleum transactions, direct foreign investments, and international construction projects. He is a frequent speaker on oil and gas investment arbitration, best practices in the petroleum industry and oil and gas geopolitical matters, invited by oil and gas service companies, operators, government agencies, and universities. He has been a guest speaker at conferences on energy law in the U.S., Canada, France, Scotland, the Netherlands, Mexico, Brazil, Cuba, Costa Rica, Ecuador, Colombia and Venezuela. He works effectively in Spanish, French and English, and has some working proficiency on Portuguese.

He holds a law degree and a B.A. in International Relations from the Universidad Central de Venezuela, a Diplôme Supérieur Universitaires in Business Law and a Master of Laws in Arbitration from the Sorbonne University - Paris II Pantheon-Assas, and a 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) at the University of Bourgogne, Dijon, France

Professor Cárdenas is a violinist who has played with different symphony orchestras in Venezuela, France, and the U.S. He has performed at the *Berlin Philharmonie*, the Carnegie Hall, and the Sorbonne Amphitheatre, among other venues.