

BROWNBAG SEMINAR (in English)

"The Effect of Production Information on the Choices of Lease Locations: A Study of the Marcellus Shale"

By Dr. Wenshu GUO

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Date: 27 April 2021 (Tuesday)

Time: 12:30-13:30

Venue: WYL314 & Zoom*

*Registration is required



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Abstract: in November 2010, the Pennsylvania government began posting well-specific production data of the Marcellus shale. The information reveals the shale gas reserve distribution. This paper studies the effect of the production information disclosure on the shale gas operators' choices of lease locations. A theoretical model is proposed, in which firms sequentially choose the location with the highest expected return by conducting Bayesian updating about the locations' output potentials, with their prior beliefs adjusted by the production data. The model is empirically examined using a novel dataset. Outcomes show that the production information shifts firms' target leases towards more productive regions.

ALL ARE WELCOME

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