



Wisdom & Trust

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Contact Us

wisdom@eratz.com

214-803-0595

President's Corner

Comments by Samuel Roden

Hello investors, and thanks for reading our first inaugural Newsletter! You are the reason we are in business--and let's be totally candid—and stay in business – We continue to develop profitable, long-term relationships built on Wisdom and Trust.

We are starting the year on a roll and are excited about what the new year will bring. We have always focused on the positive and remain grateful for what we have. For us and our investors, we see the glass half full.

We aren't naïve. We scan the oil and gas business landscape, we hear whispers on the streets, the media is replete with the recent low lows and the turmoil in the world marketplace. What's new?! I started this company almost 27 years ago when the price of oil was only \$8 per barrel. And just like then, as it will prove to be true when the dust settles, the business landscape will be a lot cleaner with much less clutter and inefficiencies; and that's good news for the investor! That's how market's work! This is not the one of the signs of the "end time" sign of but a natural, recurring cleansing and purging of the market place. We are not surprised that less efficient, debt-heavy competitors have left the market. We are encouraged that fewer brokers and promoters are haranguing you on the phone with their patented fast-talking spiel "this is a lock, a hot deal, only one unit left!" plus there's less email chatter and that's good! It's a cycle and it's due.

I started this company in 1989 with just a few dollars in my pocket, a clear vision in my head and a burning desire in my heart to run a clean, fiscally responsible independent oil and gas company where Wisdom and Trust guide my steps. You chose us or considering us right now because we deliver what we say and that will never change. We are not full of hype; we stay in our lane; we take care of our families and the families of our investors. These will not change either.

We have rededicated our focus to you and to your financial returns, which embrace the new "Marketing Paradigm". And we have developed outstanding joint ventures for several attractive, long-term leases. So please take a look at the details for these and more in what follows.

Company Highlights

Ring out the Old; Ring in the New! The old Marketing Paradigm - "Business is a War where you kill the competition and capture his customers" - no longer works. The new Paradigm - "Business is a garden where we grow and nurture investors" - is the right approach today. We are the first and only O&G independent to embrace this; it is the cornerstone of our new

"Investor-Friendly" Website and companion "Investor-Friendly Communications Campaign". We invite you to visit our new website to see what we mean and when you call us to discuss investment opportunities. You'll find our approach not only just better but also more relevant than the others.

We rolled out joint ventures for two outstanding leases – Sykes and Hodges. The Sykes 1 joint venture has just been successfully drilled and will be completed soon—it looks exactly how we described it: seven pay zones, big reserves; Sykes #2 will follow mid year. The Hodges #2 is now being offered; we are 50% funded on this. Our goal is to drill in March after the soil thaws. Please call us when you are ready for all the details.

Oil Patch Highlights

2015 was a transition year to the "new normal" for oil prices. Savvy oilmen and investors alike know prices follow cycles. It looks like prices just bottomed out and we will see a gradual increase throughout 2016. No one can accurately predict oil prices, but Eratz operates to make you money in all phases of the cycle. Remember this, unlike most O&G companies, a good portion of our operating income comes from the sale of oil. So, you see our perspective is just like every one of our investors: How quickly can we make our investment money back, and how long can I expect to make money.

Many marginal O&G companies went out of business last year, leading to what is considered industry consolidation. The long-term players – Eratz is one of them – always take advantage of downturns by acquiring leases at attractive prices as well as striking mutually attractive deals with industry partners. Warren Buffet was quoted once: "Be greedy when others are fearful and fearful when others are greedy"...Those who have the resolve to move in when others are leaving, typically reap huge rewards.

Our domestic O&G industry is a formidable opponent to OPEC and other pretenders. It is dynamic, resilient and the technological leader. And it plans to stay that way!

Something to Think About

The recently concluded Paris Global Climate Conference is a wonderful example of hot air and misinformation regarding a complex issue. It seems presumptuous to think man can control massive geologic trends—we may influence trends but to stop or start a massive global trend? Even the most hard-core respected global-warming scientist will concede that these trends have been going on since the beginning of the world. But the truth is we are stewards of this beautiful planet of ours so we must do our part to keep our earth as healthy as possible by using the very best clean oil extraction technologies. We do.

You will enjoy reading a summary of the book "The Skeptical Environmentalist", published in 2001 by Bjorn Lomborg. Dr. Lomborg at one time was a Greenpeace proponent who realized it distorted the facts to suit their agenda. You can read it by "clicking to explore our Website" which is found on our Home Page at www.eratz.com. The more you know, the better you will understand what the press is saying – or not saying!