



Wisdom & Trust

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Useful websites

www.oil-price.net

www.bloomberg.com/energy

Coming Soon:

[Eratz Oil and Gas Investor Handbook](#)

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President's Corner

It's been over a year since we started this bi-monthly newsletter and a lot has changed, yet some things remain the same. The price of oil grows steadily albeit slowly, and a few O&G cowboys still think today's investor are "easy marks". As expected several of you have requested detailed information about our drilling opportunities and have done your diligence and invested. Thank you and we appreciate your interest and effort. However many more continue to sit, in the world of energy, just like sharks, if you're not moving forward, you're dying. Remember Warren Buffett's sage advice: *Be greedy when others are fearful and fearful when others are greedy?* He bought BNSF in 2009 and everyone thought he was crazy, and the whisper now on the Street is that he's looking to invest big in the top five airlines. *Hmmm.* Warren rarely makes mistakes and he always looks for hidden value, and that's why he remains bullish on the Permian Basin and the Eagleford. Summer oil formulation is just around the corner and energy demand will naturally spike so now is the time to "fly right" and drill with Eratz and secure that stream of revenue you desire. I spend 60% of my time evaluating potential leases, and as I have stressed so often, it's always about the lease. And since Eratz doesn't do deals --we do projects, I focus on the long run, always looking for those formations suitable for offset opportunities. For our loyal investors we remain true to providing a good ROI, a safe investment and we keep our doors open because of our repeat business. There's no reason why you shouldn't invest with Eratz. And most importantly we make our clients money, so please call Word Headquarters @ 972-392-2677 for more information.

Company Highlights

As investors slowly re-enter the O&G market, the saying: *Go Big or Go Home* must take on new meanings. Instead of buying into several nominal re-entries or go with big splash wildcatters, the informed investor takes a larger stake on vetted opportunities. When you invest bigger bucks, your monthly revenue checks will be larger—much larger. Successful investors always minimize their risks as they look for the right opportunities. They focus on what is real and who is actually doing the business and how well they have been doing it. We gladly place our track record against anyone. In fact, we encourage you to compare us to any small privately owned Texas O&G company. Hint: Eratz has been in continuous operation since 1989 without moving in the last 26 years. Plus we've doing it cleanly and that really separates us from the rest. Our investors expect a return and they get it. To that point, in January 2016, we predicted oil would end the year in the mid \$50s. We were right; this year we expect oil to climb into the mid \$60s. Don't always believe what you hear. The amount of conflicting information and diverse opinions about OPEC and what the consortium will do in the future from Varney and Company at Fox Business News, Squawk Box, Bloomberg Surveillance or Cramer at Fast Money all agree at least on one thing: No one really knows and only time will tell what will happen.

Do you have an article you want to submit? Let us know by emailing us at the address below.

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www.eratz.com

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Oil Patch Highlights

Over the last three years the large players definitely decreased their rig count it's now 730 (compared to 2400 rigs in 2014) so the turn-around is slow. However, *they* keep exploring aggressively. *They* know precisely where the oil is. *They* are just waiting for the price of oil to settle to make it worth their while. Successful drillers don't knowingly toss out aces at the card table. We're not saying there aren't viable opportunities, but the chances that partnering with a small O&G company operating north of Oklahoma paying off, well, is most likely... a pipe dream. Cast-off tracts, played-out formations, oh, they're out there, but operational costs will only climb for less and less oil. As O&G heats up and demand for services increases, the bargain operational expenses that we've had will evaporate. But right now compared to 2014, we still remain 20-30% less on Field Services and 30-50% off Equipment Prices. Eratz has taken advantage of such steep discounts, setting us up nicely for future ventures. But it's our relationships we cherish the most. Loyalty goes both ways and we have been blessed with steady, dependable field service partners and as the industry turns the corner, we move together. As in Simon Sinek's aptly titled book, **Leaders Eat Last**. We have a moral responsibility to our investors, employees and contractors to do the right thing regardless of externals. We never forget this.

Things to Think About

This part of my newsletter is more about "what if" than "what is" so I often make forecasts as they apply to the energy sector. The election is over. Trump is in office and yet the stock market didn't shatter into a million pieces as so many Fourth Estate pundits were predicting. In fact, the Dow has eclipsed 20,000 with record-breaking bull runs. Something must be going right. True to his threats or promises (depending on where you stand), President Trump signed several executive orders. There will be no Honeymoon for this president. However, with the Republicans controlling both houses and a conservative Supreme Court Justice nominee, you'd think the table is set for a conservative agenda. And with respect to the oil patch, the highly debated northern pipeline will now be traveling south. The long-awaited renaissance in the energy sector is here, right?--not so fast! Like nature, economic markets often follow similar paths: retraction, pause and then explosive expansion. Over the past three years our industry has struggled for various reasons with retraction. But just like a rogue wave builds in the vast deep where causes are buried miles deep in mystery, what witnesses eventually experience is a surf receding for miles (a Retraction), followed by an eerie calm (a Pause—this is where we are as oil has plateaued for months in the mid \$50s), culminating in a 100ft wave crashing miles inland (an Expansion). There's too much going on around the world with China flexing muscles in the South China Sea, Russia in Crimea and Syria, North Korea being...well, North Korea, ISIS getting ever desperate and the rapidly expanding middle class in 2nd and 3rd World countries. The pent-up tensional energy is just too much so there will be a rapid, probably chaotic expansion. It's not a question of **if**, but more of a **when**. Be like Warren and prepare for the pending sudden changes; be on the wave riding on top instead of being crushed underneath.

Again, it's important to Eratz—and to you as well--that you familiarize yourself with our website, www.eratz.com. You should know who we are, what we do and how we do it.