



Wisdom & Trust

January 2, 2018

Volume 3, Number 1

In This Issue

President's Corner

Company Highlights

Oil Patch Highlights

Things to Think About

Useful websites

www.oil-price.net

www.bloomberg.com/energy

Now Available:

[Eratz Oil and Gas Investor Handbook](#)

Contact Us

wisdom@eratz.com

972-392-2677

President's Corner

We hope you had a Merry Christmas and a great start for a peaceful, healthy and prosperous new year! We are in the middle of an arctic blast that has blanketed most of the United States upper half so conditions are treacherous. With that said, it's been said that a tire is a tire, but the tread is the difference. We at Eratz couldn't agree more! Over the past three years we've had to gear down, swap out tires and pay extreme attention because of the tough market conditions. No doubt you've seen sleek automobiles with their sexy low-profile tires navigating on ice. If they weren't so dangerous, they would pass as an amusement ride. Their slipping, sliding, those loopy circles ending in ditches--all because they didn't have traction--is pretty much how most independent operators performed during these three icy years. So many operators slipped and slid into oblivion just because they didn't get serious about traction and getting it done for their investors. This indifference is just as bad as those who drill holes with little regard for actually going for oil. Regretfully for many independent oil companies, drilling for oil is how they make money, not actually hitting oil. Sad but true. Since a sizeable portion of Eratz's revenue comes from selling oil, we have to have good traction and the proper motivation to stay in business like we have since 1989. Now with the oil market coming out of its deep freeze and some nice wells under our belt, we are eager to swap out to our summer tires and really start speeding things up. Regardless of our approach, behind everything we do is our *Four Commandments: trust, confidence, efficiency and wisdom*. We have earned and value the trust our investors have placed in us, and I think they trust us to do the right thing. We have confidence in our people, our leases, our technology to make the critical difference between another hole in the ground and a producing well. We are efficient. We do it now; we do it right and we get it done and move onto the next well. And finally there is wisdom. This is where we seek Providential guidance in asking what to do and when to do it—or even do it all. Everybody can make money when the market is up and going strong, but when you can make money when the market is down and struggling, that's wisdom in action.

Company Highlights

The boom is back for Eratz. Great projects with low drilling costs, applied 3-D seismic technology and two extremely seasoned geologist with over 90 years of field experience are now part of our family. We are blessed to have both; one geologist has been with Eratz since we opened shop; the other came to us unexpectedly last year. The latter was with Shell Oil for over 20 years with an impressive pedigree and track record. He literally approached Eratz mid last year and opened his "trunk" and said, "I've got some really good prospects. Either they were too small for my old company or the technology just wasn't there to pull them off. Here you are..." It was like opening King Tut's tomb! It's amazing how success breeds success and how it attracts winners from all over. For anyone who has run a marathon--and being in

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

Redirect

For up to date information on Hodges #2 Well, please visit our website: www.eratz.com

Confirmed

Saudi Arabia and other OPEC countries agreed in late November to continue to limit oil production until the end of 2018.

Contact Us

wisdom@eratz.com
972-392-2577

this business since 1989 is akin to running a marathon--most runners will tell you that it's not the winning the matters, since there can only be one winner, but it's finishing the race that separates you from all other classes of runners. When you can say, "I finished a marathon; I trained hard and ran alongside with some great runners," you are truly saying something. Both of these geologist, along with Eratz, ran and finished many races, and it's time to cross that line again.

Oil Patch Highlights

We are finishing the Hodges 2. All we have left is to set the electrical poles and have the co-op come in and string the power lines. Unfortunately Mother Nature has some say in this. If the drill site hasn't been flooded, it's been frozen, but this is all part of the oil drilling experience. The Harris project has been gridded, and we're shooting 3-D seismic as this goes to print. Because we have such a wealth of projects, we will probably delay doing multiple offsets off a primary well site. Instead we will come back around after each project proves itself. By doing this, investors will maximize on their investments without the normal depletion curve associated with multiple offsets. This is another example of how Eratz takes care of its investors and employs wisdom in all phases of a project.

Things to Think About

Many of you investors of a certain age could probably write your own newsletter about smart investing. However, please forgive me or at least indulge me as I remind you what you already practice: a successful investor is a diversified investor, and speculative investments should account about 10% of your portfolio. Oil and gas is just one element in a well-diversified portfolio. For some of you, it's a smart risk. Even though you're stepping in a direction you're not familiar with, you've done your homework (as you have always done) and you know the risks. Nothing risked, nothing gained. You are investing in something real, tangible, legacy driven and always in demand. Is it risky? Compared to some opportunities, definitely, but no other investments--and I'm not pulling punches here--offers such lucrative long- and short-term incentives.

In a strange yet relevant twist, why all the hype about bitcoin? The 8,000% market run-up is mind boggling but why? This is a true 100% greed-first, brain-last investment. Probably one of the most speculative investments...I don't know...ever? And can someone tell me why they've invested in bitcoin? No one backs this cryptocurrency, except maybe North Korea, and I believe its only value is relegated to virtual reality. One can say the US dollar is virtual as its value is not based on anything but the promise to pay, but unlike the US dollar, which is backed by the US Treasury and its incredible track record, as far as I can tell, bitcoin's backing comes from investors who went all in so they cash out later. Don't Ponzi schemes offer similar promises? Nothing is real. No investments in energy to run our nation's industry or fuel our cars, trucks and ships. No plastics, drugs, pesticides and the list goes on. And please don't get me going on the rise of the New World Order and its demand for a one-world currency—it's just so real it's scary.

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.