



# Wisdom & Trust

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### Useful websites

[www.oil-price.net](http://www.oil-price.net)

[www.bloomberg.com/energy](http://www.bloomberg.com/energy)

### Now Available:

[Eratz Oil and Gas Investor Handbook](#)

### Contact Us

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## President's Corner

Seriously, *do you know who we are?* Over the last 30 months we have diligently put out the word on who, what, when and where we are, and we haven't pulled any punches. Drilling for oil has risks and since my earnings comes from oil revenues, the oil has to flow! So, I know your fears and hopes, friends. Since 1989 Eratz has provided sound returns to its investors. This is very important since I am typically the #1 investor on each project! I move cautiously with my eyes on the bottom line. Being humble and working hard allows me the freedom of being humble. I stay in my lane; I don't out-think myself. I'm confident with Eratz' track record, but I know you're only as good as your last performance. And to that point, the single reason I publish this newsletter is to let my investors know what's going on. I am compelled to provide answers, address concerns and walk my readers through industry topics. Candidly, my goal is to answer all your question before you even ask them. The worst thing is to leave investors wondering what the heck is going on.

Now is a critical time in our world. Oil prices are moving steadily up; the best technology is in the field; I've secured excellent leases and the world economies, long chilly, are finally warming. So my next question is: *Where are you?* This is the best time in four years to make a move-- there shouldn't be any excuses. We have great prospects; demand for WTC is huge and drilling expenses remain stable—for now. In January Eratz added three new clients: one was a referral, the other by chance meeting and one reached out to us. When people seek you out, you must be doing something right. They became investors because they read our handbook; they reviewed our website and they truly enjoy reading these newsletters; and then they decided to participate in a project. These opportunities are closing because prices are going to go back up sooner than you think. So ask yourself: *Are you strong enough to step out in a direction with ERATZ who's been in business for 29 years who rises early, works hard, hits the oil, and makes money for investors like you? The answer should be YES.*

## Company Highlights

With a budget of \$5.6 million spread over 18 months, we have teamed-up with five geologists to cultivate two million barrels of oil reserves between seven leases. As we go to print, we are setting up operation on the second of seven tracts. And we're going to shoot multiple 3D seismic overlays on two future projects. We remain focused, lean and clean and by investing the extra money on 3D overlays, we will locate the precise structural highs within each reef. Getting it right the first time each time saves a lot of headaches and money. We are scheduled for two more projects, making a total of three in 2018; three in 2019 and one more in 2020. After the first round of drilling we will offset these tracts; naturally, we will offer first right of refusal to investors. Of course, we will acquire other leases as opportunities arise.

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](http://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.

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## Oil Patch Highlights

On February 8th I journeyed south to Houston to attend one day of the National Association Petroleum Engineers (NAPE) Summit. This is a non-profit organization dedicated to promoting and disseminating the newest O&G technology to its members. There was a lot of cash being flashed and dozens of Mr. Haney (ala Green Acres) promoters barking and trolling. Nonetheless, I was intrigued so I caught a few panel discussions. Nothing new to report on **Lease Banking**. The bankers keep singing the same tired song; the lyrics are different but they stick with the same three chords: positive leverage yields more options; the cost of WTC has almost doubled from two years ago; and the world demand is increasing. Sounds great but Eratz has always shied away from using bank money because what happens when things don't go as planned? Oil and gas have risk even when everything goes right, but the added pressure of debt service when you are in a negative position is too great to ignore and we will not knowingly put our investors in jeopardy. And often when that pressure mounts people and companies do very unwise things when they have their backs to the wall. **Land Satellite Imaging (Lansat) technology** has been around a few years, mainly for offshore applications; special cameras detect bubbling hydrocarbons coming from the deep. Now with enhanced software, that approach can now pick up very minute shows over land. Nothing replaces tried-and-true surface geology, but this is another confirmation tool. **Multi-Layered 3D Seismic** is here to stay. Think of this technology as the CATSCAN of surface drilling. This is going to be the norm if it isn't already now.

## Things to Think About

We predict that the average price of WTC in 2018 will be in the mid-\$60s with summer spikes no higher than \$70. When our market crests \$70, many wells that are currently capped or governed will be fully operational. Economists predict that America will soon be the largest producer of crude averaging over 10 million barrels per day and when the Keystone Pipeline comes on line in 2020, this could bring on another million barrels per day. Here is why we scratch our collective head. With world economies surging and major energy importers like China turning to America for its crude (could this be just one way to keep China from calling in trillions of US treasuries? But I digress...), why has OPEC stayed the course on curtailing its production? It's known that the Saudi's pretty much control OPEC and are the unofficial mouthpiece. So, with all this pent-up energy demand and prices going up, why all the corporate restraint? OPEC's company line for the last 15 months is that its members must hold down production to force their economies' diversification, and secondly curtail their own government-controlled entitlement programs. Sounds reasonable. True, for the most part OPEC countries do have incredibly expensive public entitlement programs that are not only unsustainable but also harmful to per capita production. In other words, their comprehensive entitlements have fostered nations of complacent citizens. We should know because America wrote the book on funding outrageous entitlement programs. Could it be that ARAMCO, which is scheduled to go public very soon wants its IPO to break just when energy demand and price of oil are peaking? If yes, then once ARAMCO's coffers are flush with billions of dollars creating the world's biggest sovereign wealth fund (Bloomberg Markets, Dec 17, 2017), how likely will Saudi Arabia lead the OPEC chorus to change its tune?

**Again. it's important to Eratz—and to you as well—that you familiarize yourself with our website, [www.eratz.com](http://www.eratz.com). You should know who we are, what we do and how we do it.**

