



Wisdom & Trust

November 9, 2018

Volume 3, Number 6

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Useful websites

www.oil-price.net

www.bloomberg.com/energy

Now Available:

[Eratz Oil and Gas Investor Handbook](#)

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President's Corner

Sorry for being late, but we waited for the mid-term election results. True, a few races are undecided but their effects should be negligible. Thank you again for a fabulous 2018. I believe it validates your wisdom and trust and all our hard work.

We are in the last quarter of 2018 with Halloween in our rear-view mirror and Thanksgiving just around the corner. For most stock-heavy investors January 1st can not get here fast enough because the past ten months have been scary and painful--very painful. Truly, this past secular holiday left most of us feeling that so far it has been all trick, certainly no treat. But, it's not all bad, especially those who maintained balanced, diversified investment portfolios. With oil prices above \$60 for practically the entire year, this has been a healthy year for our investors, especially those who invested a little heavier in energy. According to Market Watch oil YTD is up 8.64%. Sadly for those who invested heavily in stocks, 2018 has been a not-so-good year, and it could get worse before year's end. In fact, one should declare 2018 as the **Year Of The Diversified Portfolio** because if you didn't diversify this year of all years, well, let's just say, according to Market Watch on October 24th, both DJIA and the S&P 500 were in the red .7% and .6% respectively. Meaning all those fantastic market run-ups throughout the year have evaporated leaving them both in the negative. One of the reasons for Eratz's continued success is because it is built to last even in the slow times. We have resources to cover expenses, and we don't owe anyone money. We are blessed with fantastic leases, great field engineers and a combination of old- and new-generation geologists. With skilled professionals contributing their unique strengths, we don't miss much. And since we miss little, our investors rest easier. For nearly 30 years over 500 investors have rested easier because they placed their trust in and appreciation for Eratz. You certainly don't pay me to "sit back and watch it play out" because you pay me to sweat the details, to consider the remote, execute the mundane and to stay in our lane. You expect that I use resources wisely--and you demand results which I have for almost 30 years.

Company Highlights

Rights to Drill, an excerpt from *Eratz Oil & Gas Investor's Handbook*. **You should have one by now.** In the United States land ownership is three-faceted. The *landowner* owns the land plus the *surface rights* and the *mineral rights*. The landowner may parcel the rights to his land (sever) either horizontally or vertically so that the surface rights and mineral rights become two separate estates whose ownership may change hands independently of the other. For example an owner may own the surface but not below-ground minerals. Mineral ownership includes the right to utilize the land surface to explore for and drill for minerals below the surface. Surface rights and minerals can be bought, leased and sold in accordance with local, state and federal laws. The mineral owner has the exclusive rights to explore for and remove oil, gas or other minerals from the property. This complexity is something Eratz contends with every day.

Here is where Eratz comes in. After a geologist's prospect has been evaluated and the oil and gas company deduces that they stand a good possibility of making money by drilling for

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Redirect

For up to date information on Nash #1 Well, please visit our website: www.eratz.com

Did You Know...

Oil was first detected in Texas in July of 1543 when Spanish explorer Luis de Moscoso of the DeSoto expedition saw oil floating on the water in the Galveston Bay.

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oil or gas, the oil and gas company land man will negotiate for permission to drill a well with the minerals owner. To help Eratz separate the proverbial wheat from the chaff and to stay clear of potential legal battles, we depend on the expertise of highly regarded petroleum-certified petroleum land managers. These professional middlemen provide title opinions as well as being the critical liaison between drillers and owners.

Oil Patch Highlights

We are excited about the building momentum and how our future looks--it could reach \$80 in 2019. We have five of the seven projects pulled together and two of them have been 3-D processed. Eratz is presently active in three counties on the eastern side of the Permian Basin, and we anticipate investors and current prospects to be in at least two of the five on-going and projected projects.

We should start drilling on the Nash before the end of the year; we need to shoot just one more line of seismic but we need drier ground. The same story on fracking Hodges #2 and completing Harris #1 ... my kingdom for dry soil and a horse. If you didn't know, September and October have been incredibly wet. Consequently because of these sloppy and dangerous conditions, it's difficult to get heavy equipment on and off site thereby forcing delays. Even the Big Four concedes to Mother Nature.

The Harris #1 is drilled and completion should start around Thanksgiving. Going back to the Nash, we expect completion to start in the first quarter 2019.

Additionally, three more projects are scheduled for 2019. We're excited about the Throckmorton and Young leases with another project to be named later--we have a few in mind. If you want to know more about these projects and where they are located just call for an executive summary and expect a personal call from me, Sam Roden.

Things to Think About

The mid-term elections are over...mostly; America has spoken and it's a split decision. No surprise but it bears noting that the Democrats flipped the House, and the Republicans held the Senate. What is surprising is how little attention was paid to President Trump's strong economy. Although contentious issues were in play, Democrats leveraged health care and Republicans pounded immigration and national security; in the final analysis Joe America sided with his checkbook. We certainly have legitimate challenges, but apparently we citizens truly appreciate low unemployment and rising wages. On NPR I heard a counter-intuitive factoid that since the 1950's the US economy heats up when we have a split congress. Could it be...and I'm not saying this is the case...that if a Democrat-controlled house represents labor and a Republican-controlled Senate reflects big business, that these naturally juxtaposed economic forces foment an environment suitable for strong economic growth?

I often said that the heralded economic boom of the early 1990s was a combination of President Clinton's social and economic agenda being held in check by congress, and regrettably, most of the nation being transfixed on the numerous political and personal scandals that plagued Washington. Very little of anything significant was made into law, but the economy really hummed.

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.