



Wisdom & Trust

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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

Obviously oil is down from its 3rd quarter high in 2018. Don't panic. According to Bloomberg Surveillance and Market Watch, there are many factors contributing to this financial storm, starting with the predictable and ending with the outliers. **The end-of-year-slump**. Some investors historically pull money out for the holidays but most just liquidate simply out of fear. **Interest rates have raised**. The Central Bank raised its rate for the fourth time this year, the ninth time in three years--everything slows with higher rates. **Political turmoil**. President Trump has shut down the government as promised (it's now the Democrats fault for not funding "his wall") and he threatens to close the Mexico-US. Border; former cabinet members are "revealing all" and close aids are going to prison. As a nation, we are witnessing increasingly erratic political behavior and this makes investors nervous. **Tariff war with China**. For months this has been a ping-pong battle over \$200 billion of imported and exported goods. Right now everything is on hold, but when investors don't know what's going to happen, the market always tanks. **Oil glut**. This isn't new, but China and other economies have slowed so the oil glut hasn't evaporated as predicted. **OPEC has changed**. No longer is OPEC the Saudi-dominated collective of the '70s. Over the ensuing years, especially the last five, Saudi's leadership and clout have diminished mainly because OPEC's corporate vision has fractured. So when SA states that it's going to continue to hold back oil production, the market needle barely moves. **New players**. The market is flooded with novice foreign investors coming on each day; being green, they frightened easily and sell quickly. The good news? **History tends to repeat**. Going back to 1986-87...and to a lesser degree in 2013-2015, we had huge swings in WTI oil prices, from a low of \$32 to a high of \$132, the oil market quickly stabilized with \$70 oil. I predict \$55 mid year and ending around \$70 by December. **Positive end**. World economies ended the year positive even factoring China's economic slump. **Going home**. Trump announced that we "won the war", therefore we are pulling out of Syria and Afghanistan. Ridiculous and probably a very bad idea, but if it does come to pass, world instability always causes oil prices to jump.

Our takeaway: Eratz makes money no matter what happens next door or across the world. Because we stay in our lane and keep our costs low, our projects remain affordable, and we only invest in projects. Each and every day we put on our oil and gas war boots and do the necessary mucking for our investors to be successful. But Eratz can't be successful without exceptional investors so we seek seasoned diversified investors that don't spook easily. Our investors see opportunities when others see obstacles. Not coincidentally this too is who we are and how we operate.

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 Nash #1 Well, please visit our website: www.eratz.com

Did You Know...

Many consider the 1894 Corsicana oilfield discovery well, drilled on South 12th Street, Corsicana Texas, the first commercial oil discovery west of the Mississippi.

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Company Highlights

We are currently focusing on four counties. Thanks to our in-house geologists we possess a number of Texaco's early '60s O&G shot point and 2D seismic spot maps. Many sites produced but just as many were slightly off structural highs, consequently they did not perform as hoped and that's precisely where we intend to explore first. Aided with 120 years of geological expertise, Providential spot maps, cross-graded 3D seismic mapping coupled with landsat imaging, we now have the capability to finally tap the million-barrel potential our grandfathers envisioned half a century ago! With a platoon of hungry land managers scouring over old records and Rail Road Commission data, Eratz has the capability and heart to make good.

Oil Patch Highlights

Uncle Sam wants his share. One of the major reasons for investing in oil and gas is tax sheltering. Again *why not use tax money for the upside potential of making mailbox money for 8-12 years*. A huge first-year tax write off is **Intangible Drilling Costs (IDC)**. These are all expenses made by an operator necessary in the drilling and preparation of wells, including non-consumables such as survey work, ground clearing, drainage, wages, repairs and hauling; and consumables such as fuel, water, mud and drill bits. The tax payer is allowed to deduct them as expenses according to passive and non-passive income classifications.

Things to Think About

In President's Corner above, I've addressed the obvious, but have you wondered why now this perfect storm? The vaunted bull market streak is over with 2018 ending as the worse year since 2008. But look closer, why the wild swings, the dips that devastated so many private investors? Fear. If you are familiar with the Fear and Greed Index, the major markets have been solidly pegged to the left, the needle buried in Extreme Fear for the last 90 days. Not just fear, **extreme fear**; and how one manages fear is what separates the men from the boys. Warren Buffet has been quoted, "be fearful when others are greedy and greedy when others are fearful." As stated 2008 was a bear with most major indices ending that year in the red, but what most people don't know is that 2009 regained that lost ground with most losses recouped by the big investors. How did Joe American do? He recovered just a fraction of his losses and that got me thinking. Do you recall the scene in Frank Capra's classic ***It's a Wonderful Life*** when Mr. Potter was cozying up to George Bailey? He asserted that the only two that kept their heads during the bank run was he and George. While others were desperately selling to Potter, George kept others grounded. And that's exactly where we are now. Why didn't we see this coming? Seriously, this has been a huge transfer of wealth measured in the trillions, and if history repeats, the market rebound will favor the big cats and not Joe American. It makes me wonder that with all that tempting end-of-3rd quarter "fat" in the market place and with the "plausible" reasons for the market downward spiral, it just seems too coincidental to witness all that money slip from the Baby Boomers and Generation Xers directly into the hands of the big traders. Stay calm and grounded. **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.**

