



Wisdom & Trust

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Useful websites

www.oil-price.net

www.bloomberg.com/energy

www.oilprice.com

Now Available:

[Eratz Oil and Gas Investor Handbook](#)

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President's Corner

Thank you for taking my calls and reading our literature. Now, most of you have been in our database for at least four months...a few much longer. I enjoy our conversations and learn listening about your investments and experiences. It's natural and healthy to want to know each others beliefs, philosophies, expectations; and more importantly to see those requisites work themselves out in day-to-day life. You might not truly appreciate the fact that Eratz has been in continuous operation with the same name since 1989. Eratz is the proverbial poster boy for **Lean and Clean**. I could talk about how Eratz has specialized in perfecting vertical, mid-depth wells with offsets, or how Eratz doesn't pursue *deals* only multi-hole projects with substantial reserves. But, honestly, you should know this. But if you don't, then there is a problem. My daddy said, **"Son, make sure you are talking to the right people at the right time for the right reasons."** It's part of any successful business to know when to fish or cut bait, and it stands to reason there is a time when you have to make a decision to continue reading our literature and taking the steps to become an Eratz investor...or not. I know you have good intentions, but in O&G, it's always about timing. And in this business, those investors who do the absolute best are died-in-the-wool contrarians. The Eratz family achieves high levels of returns because it has foresight, patience, and fortitude to see the big picture, and most importantly, it commits--repeatedly. As with any strong family, staying connected is key. For us, it starts with a call to confirm you are an accredited investor, followed by receiving our exceptional oil and gas handbook. During this initial phase, I'll send industry postcards, newsletters, peppered with phone call in between. The only thing I ask is that you send back the card folded within your newsletter. Seriously, if you can't or won't send it back, then it's just not the right time for you--it may never be the right time. I have repeatedly stated that oil and gas is not for everyone so there is no shame in saying, "Oil and Gas is not for me, Sam." My business is a hard business to be successful because I'm dealing with Mother Nature on different levels of risk...yet, I love it. It is not algebra, folks--it is much more fluid. It's not about "crunching" Xs to yield Ys. No, it's about the discipline and experience in managing the oft-changing challenges that makes this a great company. That's why O&G is not for everyone. Each day, my like-minded investors fortified with wisdom and patience help me turn the drill bit to the right so we can share the bounty. We win because we win together.

Oil Patch Highlights

Unless you own big box or mega-store shares, sell essentials, have a huge internet presence, or sell plants and lumber, there is a good chance things are slow in your industry as well. At this time there are fewer than 400 drilling rigs in the lower 48 with a labor force at an all-time low with many local and major companies cutting back to the bone. BP has had billions of bucks written off due to lower oil expectations, ditto for Mobile, Exxon, etc. Vaunted Chesapeake has plummeted from \$170/share to \$13 and is

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Did You Know...

Lyne Taliaferro Barret completed the first Texas oil well on September 12, 1866, west of the Sabine River. His Nacogdoches County discovery well did not produce commercial quantities of oil; it lay dormant for nearly two decades until others returned to Barret's oilfield.

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facing BK. Much closer to home, Colorado-based Extraction Oil & Gas has filed for bankruptcy protection as oil prices plunge amid the COVID-19 pandemic. Even OPEC continues to tighten the screws to bolster world prices by forcing Iraq to cut its exports and Iraq, like most oil fiefdoms, needs oil revenue badly. And the newly minted publicly-traded Aramco has released 25% of its workforce. As tough as it is, many experts are still bullish on oil, some say that \$100/bbl is not a fantasy. Friends, that might be a ways off, but the price of oil is amazingly buoyant even as the fear of a second round of CoVid 19 looms. However, as stated in May's newsletter, until we change our national policy on how and when we buy foreign oil while we exhaust our super-expensive shale oil reserves we are going to continue to slog through this mess. Let's wake up!

Company Highlights

Eratz advanced Harris #2 and Hughes #1 with offsets planned on the latter since we've confirmed a 200-acre Mississippi reef, so this looks **really good**. Even though cattle grazing and road construction confusion slowed our drilling, completions and seismic shooting, Eratz remained focused and on track. Additionally, I put the final touches on several oil leases; our shallow production is back online; our salt water disposal well will soon be completed, and we fracked two wells with great results. The lack of manpower out in the field is well known, even the Texas RR Commission (TRRC) is running slim. Where we once had three to four agents covering territories, we now have one. Since everything Eratz does in the field has to be cleared by the TRRC, approved filings are much slower in coming. Undaunted, Eratz marches forward. I plan to start funding Hughes #2 in mid July with the project commencing in late August with all new investors.

Things to Think About

What is happening? China clamps down on a new wave of Corona while Europe closes its eyes hoping this bad dream just goes away? The US-of-A has seen major CoVid 19 spikes across its plains, yet despite these upticks, our national leadership keeps talking as if it's all in our proverbial rear-view mirror? Friends, big things are coming and, I believe, there have been strange major forces at play. Each day as I drive to and from work, I read church and business marquees claiming how CoVid 19 wasn't sent to kill us, but to make us stronger. I believe this. I have witnessed, read, and rejoiced about so many good things by great people, and sadly, I have been rocked to my core by a few really bad actors. Indicators are improving but could it be the calm before the storm? I believe most of the over-priced shale plays will be shelved within five years while we purge our super expensive shale oil from our national reserves. I wouldn't be surprised if our domestic oil policy soon favors domestic production first and we soon hear talk about the need for international oil tariffs. But locally, we march and by **staying in our lane, being lean and clean, delivering the biggest bang for the buck**, independents like Eratz stay strong to make the difference.

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.