



# 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)

[www.oilprice.com](http://www.oilprice.com)

### Now Available:

[Eratz Oil and Gas Investor Handbook](#)

### Contact Us

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**"Mail back your enclosed postcard and receive our Eratz Oil and Gas Investor's Handbook!"**

--Sam Roden, President and Founder

## President's Corner

Eratz partners with three types of investors. The Soft Investor, the Established Investor and the Mature Investor. The Soft Investor is the "stock guy" with an impressive streak of wins but tax time is looming and he fears Uncle Sam is going to take a very big bite around tax time. He is new to oil and gas, but someone told him how oil and gas not only has remarkable long-term profit potential, but the tax advantages are incredible.

When I talk with such a prospect for the first time, I am as curious about them as they are about me. There are many reasons to or not to move forward with oil and gas, so I ask questions, and I listen--really listen. The topic of *luck* always comes up.

Friends, the romantic notion of luck has more to do with divining rods than with science and technology. Today I define luck as the timing bridging hard work with great opportunities. John Milton said, "*Luck is the residue of design.*" He was obviously an oil man. If you insist on luck, then you should know for me luck is when a drill rod doesn't shatter 8,000 feet below. Luck is when it doesn't rain four inches in two days. Luck is when... So, I call on luck, but luck is not what makes Eratz successful.

When there are no obstacles or prior commitments, and it appears we are a good fit, I will ask, "*so...what are the chances of you drilling with Eratz this year?*" If I hear hesitation or walk-back, friends, it's not going to happen. In sales this is known as qualifying your lead. This year I have talked to hundreds of prospects; after which each receives an industry postcard. After a couple of weeks, I will call these prospects. We talk honestly. I'll winnow this number, and then mail Eratz Oil and Gas Investors Handbooks. We talk again, and this ultimately yields about a dozen private placement memorandums, of which 50% will convert to Eratz family members. Since you are reading this newsletter, we have probably talked at least twice. If so, then you have committed to drilling with Eratz. If, for some reason you have not received a handbook, call immediately or send back the enclosed postcard. We are very intentional in every thing we do. It's not luck that Eratz is successful, and our clients are happy. We do not "shotgun" our efforts and see what hits the target. Life is too short and expensive. After 30 years of qualified experience, our fair and insightful system allows me to focus on true prospects. I promise you I will be true to you and earn your trust. You may choose not to partner with Eratz, but I expect to earn your trust. My question is: are you true to yourself?

**"Knowing yourself is the beginning of all wisdom."**

— Aristotle

## Oil Patch Highlights

Even though the oil patch has slowed, slow does not mean dead. Interestingly, most of my seasoned oil and gas pros are still working--Eratz included, but the cowboys (companies with less than six years on the scene) have left for "safer" jobs. By the way, **what is a safe job?** The Texas Railroad Commission is working largely from home. I've been told there is one

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

**Did You Know...**

Texas is the top U.S. producer of both crude oil and natural gas. In 2019, our state accounted for 41% of the nation's crude oil production and 25% of its marketed natural gas production.

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agent overseeing injection, two for plug-ins, two for drilling and one person handling saltwater disposal wells. A year ago that number was trebled. Eighty percent of our wells are producing quite nicely and the balance are getting worked. As mentioned in July's newsletter, Eratz placed additional storage tanks so we wouldn't have to pick up when WTC price was low. This paid off literally. By the end of August or early September, Eratz will pick up several loads of oil, so expect to see mailbox money soon, friends.

**Company Highlights**

Tax time is here, so once again, here's a quick primer on why oil and gas is a smart choice.

	<b>TAX CONSIDERATIONS</b>		
<u>Total Investment</u>	<u>Intangible</u>		
\$100,000	\$70,398		
Intangible Depreciation Write-Off:			
Invested Capital Per Unit	\$100,000	\$100,000	\$100,000
First Year Write-Off	70,398	70,398	70,398
Tax Bracket	<u>x 33%</u>	<u>x 39%</u>	<u>x 50%</u>
Total Dollar Savings	\$ 23,231	\$ 27,455	\$ 35,199

To summarize, the bigger your tax bite, oil and gas becomes even more attractive. Doesn't it make sense to invest a portion of your tax money for the upside potential of receiving mailbox money for 8-10 years?

Eratz is fortunate because a majority of our investors are repeat investors so they know this to be true, but for a few of you, this will be your first time, so please get with your CPA, or better yet, have your tax professional talk with our tax guru.

**Things to Think About**

May we live in interesting times. How appropriate to open with a purported Chinese curse. Even though China's markets are recovering from 2019 and the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2020 debacles, you would think there would be a national sigh of relief and more than a few bottles of baijiu being popped. No, not at all. The Middle Kingdom is behaving...well, badly. China's leader Xi Jinping since he became President of the PRC in 2013 has been steadily beating the drums to roll back his country-mens' personal freedoms. This is so contrary since every macro-economist agrees that modern financial strength comes from a vibrant middle class, and yet Xi, obviously a devout Marxist Leninist, is deliberately throttling his professional class citizens. Additionally, Average Zhang Wei is losing what little he had of religious freedom and his ability to assemble. Just in the last two years China has shuttered or destroyed hundreds of churches and mosques, and those that are left standing must now swear a political oath to Mother China. And it goes on. Why has China literally put its boot heel on the throat of its people? It doesn't make sense unless you are retraining (China is big into "re-educating") an already passive 1.2 billion population into being even more submissive. Is China's leadership aggressively preempting any populist notion of self-determination? Here is something just as baffling, according to Irina Slav of Oilprice.com, China, the second largest consumer of oil and second largest importer of LNG, is selling its cheap April oil on the open market. Not a lot of oil was sold but it was noted by several news outlets that China was "testing the waters." For a country that is aggressively expanding its military, political and economic presence just in order to secure energy and food resources, they decide to sell oil? This is very thought provoking.

**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.**

