



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

--Sam Roden, President and Founder

President's Corner

Where are we today? 15 months ago, some comrade probably slurped a bad bowl of bat soup while snaking through one of China's notorious wet markets. No matter how culturally tolerant and adventurous we claim to be, most Americans could not fathom such a setting. Four months later, our world was in a downward CoVid19 spiral, and here we are still. The oil market has been slow; people bailed; people stopped going to church, many are still looking at "the next guy" to make his move, yet Eratz keeps on keeping on. Many have rationalized that doing nothing at this point in time is prudent. Great if you're an apex predator looking for a sit-down dinner! But as for us, we hustled. We drilled two wells, and we finished a salt-water disposal well. We have been exceptional in acquiring new leases, leases that we probably wouldn't even had a sniff if the market was robust. In good and in bad times, smart investors are either making money real time or positioning for future runs. Relevance of oil? Recently I saw a beefy tow truck pulling a Tesla--how ironic! Recent TV footage was afire with images of Texas blanketed in snow and ice while suffering massive power outages. So surreal it was to see the Houston skyline lit up like Las Vegas while its suburbs were charcoal black. The next video panned over hundreds of wind turbines frozen solid. I saw a photo of a man holding a sign that read, **"I bet you wished you had more oil gas and coal-powered power plants, huh?"**

So where are you on being a partner with Eratz in 2021? Stop looking at the *other guy!* Seriously, if you're not leading the pack, the scenery never changes so step up and move up and stop talking about your bad oil experiences. Life happens. Eratz has been around over 30 years without a name or location change and by staying in our lane offering the biggest bang for the buck while having major skin in the game. We've seen it all, friends. You've held our material; you've read our reports. Now ask yourself, *"Am I emotionally set and do I have the wherewith-all to do oil and gas?"*

Oil prices are jumping. The world-wide production cuts are finally in-sync with world demand. With fewer independents breaking ground, those of us who have weathered this freeze will soon enjoy the warm sun across our faces and feel the gentle breeze of hard, smart work paying off. Just mark my words, 2021 will be incredible!

Oil Patch Highlights

Eratz drilled on two discoveries in 2020 (most independents did zip), and we have a three-offset well project scheduled this year. We are super excited about what's ahead. It's been said that you are only as good as your last act; I don't know if I agree with this totally, but when given the right formations, reserves and expertise as we have now, Eratz will certainly step out a little further and raise that bar a little higher to achieve greater success without violating our mantra: **stay in our lane**. Typically, our wells are between 5-7500 foot, and their payouts have been consistent, long lasting and virtually hassle free once online. True, we've perfected vertical offsets and have reaped their rewards; but with our new leases, it just doesn't make sense to expend the same energy, prayers, juice, effort on drilling the same kind of well when there is the real probability of so much more **if** we go just a little deeper with our advantages. Drilling a well is akin to giving birth--it is very personal. No matter the well, there is going to

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Did You Know...

At our current consumption rate of about 20 million barrels a day, the Strategic Petroleum Reserve would last only 36 days if we were faced with a situation where the oil had to be released all at once.

Contact Us

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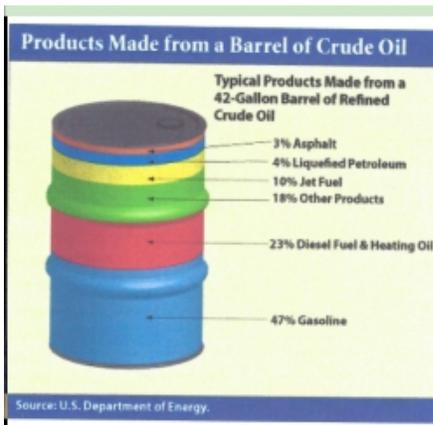
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be excitement, hope, joy, amazement, worry, pain, and even agony at times, but we stay focused protecting and promoting each child so that it becomes a successful mature member of the Eratz family. We are involved in each and every step because these are our babies--yours too, and no one takes care of a child like a loving parent. No matter the well, Eratz will always be that ever-vigilant, protective and encouraging parent.

Company Highlights

We ended 2020 with a full head of steam and rolled into 2021 without pumping the brakes. We are finishing our salt water disposal well and will complete the Harris 2 offset next week. All our wells are pumping, and we are picking up oil. Our much-anticipated Hughes 1 drill will start this week (delayed because of snow and ice) but it should be wrapped-up by March 15th. The Hughes 1 is just the first in a series of offsets in Young County. As we go to publish, we are staking high-points for Hughes offsets 2, 3 and 4. This massive reserve has several structural highs not captured in the '60s but Eratz did using 3-D sonic mapping and landsat. Our goal is to have all three offsets drilled by the end of this year. And as always, Eratz will not just sit back; we are always searching for our next reserve. Since wins attracts winners, we have land managers and geologists calling us daily. You should call as well.

Things to Think About



A recent Oilprice.com blog announced the Big 5 have target dates to diversify their energy holdings, reinventing themselves as broader-based energy companies than strictly oil and gas. BP said it would boost its investment in low-carbon energy ten times to US\$5 billion a year and reduce oil and gas production by 40 percent by 2030. In December, Shell said its oil production peaked in 2019 and is set for a continual decline over the next three decades. Friends, we've all heard snarky comments how oil is *so 19th century* equating petroleum with smoky whale oil before the arrival of kerosene. This is foolish. When you consider the calculus of thermodynamics, safety and reliability, current technology and universality of an oil-leveraged world...and let's not forget affordability, no other energy source comes close. With the Big 5 projecting 50 years into the future, solid independents like Eratz will be around for a long time. But, friends, new forms of energy are indeed coming, and as with all new technologies, there will be growing pains. My fear is that the *Law of Unintended Consequences* will rear its ugly head and do so dramatically. The talk now is of exotic electric batteries with fusion to follow. Batteries are great, certainly happening within Detroit's Big 3, but the nagging issues remain energy density (think sustained power at the flywheel) and cost of battery replacement. And fusion? Well... the big question is how does one contain super-heated plasma (temperature of the sun magnitude) reliably and affordably? So fusion is probably 25-30 years off--funny, they've been predicting fusion's ascendancy for, oh, 20 or 30 years now. But what really has me holding my breath is that future when oil passes its baton to most likely fusion power, countries like Iceland and Norway could be the **New World Order** economic darlings relegating the Middle East as mostly irrelevant---and this would be very bad for all of us. But back to the present. Looking at the chart Gasoline is at 46% and Heating Oil at 23%; these percentages will decline over time, yet I predict there will be big gains in Other Products because the versatility of petroleum is simply amazing. Although counter-intuitive, friends, don't be surprised if the price of oil climbs as new energy sources and technologies hit the markets. Oil and gas will remain center-stage for many many years, and I pray no disasters.

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.