



# Wisdom & Trust

September 1, 2021

Volume 6, Number 5

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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

[wisdom@eratz.com](mailto:wisdom@eratz.com)

972-392-2677

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

--Sam Roden, President and Founder

## President's Corner

Greetings to everyone in the Eratz family, our investors, prospects, field teams, geologists, land managers and my terrific staff. It's hard to believe that tax season is just around the corner! I know that in the last eight months life for many has had its ups, downs, sideways and twists, but if we would allow ourselves to adjust our oculus and narrow the focus just on the oil and gas industry, we have much to be thankful for. Crude oil prices have risen 29% since the beginning of 2021, and the moving yearly average shows an impressive 44% gain. Currently WTI stands at over \$62 bbl. This is great news--not surprising news. Not surprising because Eratz investors make money when oil eclipses \$32, so honestly we should all be very happy.

I truly believe, "Difficult times never define you, but they certainly can refine you." and the same goes for corporations, big and small. Stress **must** be applied if a company is going to get better, more efficient, more responsible. Sadly, many independent oil companies did not survive this purging fire. No sane person invites troubles, problems, setbacks, and of course, heartbreak and pain, but that's a part of life, Like Sylvester Stalone pleaded to his son in 2006's *Rocky Balboa*, "**Son, nothing hits harder than life...it will drop you to your knees...it's not a matter of how hard you can get hit, its how hard you can get hit and keep moving forward!**" I can't predict the future, but I can predict there will be change; we have to be prepared.

Thankfully, there are a few constant core Eratz values that will never change. Eratz remains lean and clean; Eratz stays in its lane, and Eratz will always have skin in the game. Since our success is built on 90% relationship and 10% experience, it takes everyone moving quickly, confidently, precisely and most importantly moving forward to be successful. Eratz is receiving a lot of praise and referrals, and I think it's just not due to great leases and regular mailbox money. No, I believe our investors appreciate how Eratz deftly manages the storms. Over the years, like most in the O&G industry, Eratz got hit hard; but unlike most, Eratz took those body shots and kept moving forward.

So, if you know of anyone who wants to be a part of great project, partnering with others sharing similar values, strength of character and mindset, send them Eratz's way. I'll be more than glad to talk with them to see if oil and gas is a good fit.

## Oil Patch Highlights

Here are the 10 steps I take when putting together an O&G project. 1) You must have a great idea or hunch, 2) Find a reputable land manager or local geologist who diligently checks out mineral rights, past ventures, etc. 3) Secure a trusted oil and gas attorney to draw up paperwork with the landowner to shoot 3D seismic. 4) Evaluate the seismic data with tested geologists. 5) Identify the most promising areas with an emphasis on project (multiple wells ) and not single wells. 6) Draw up the lease with landowner. 7) Secure a trusted security attorney who will generate the private placement memorandum (PPM). 8) Notify current investors and interview prospects on O&G suitability, offer and then gather signed PPMs. 9) With everybody on board, drill the well, build the roads, set up tanks, etc. and lastly, 10) Complete the well.

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

Did You Know...

It takes about 10 million years for plant and animal matter to convert to oil. The process, catagenesis, requires high heat and extreme pressure. What takes time is the million of years for the matter to be buried deep enough for the process to start.

Contact Us

wisdom@eratz.com

972-392-2677

Throughout the entire process, the Texas Railroad Commission (TXRRC) oversees every aspect. The TXRRC is especially keen about mineral right infringement, correct well placement, declaring target strata, reefs, fractures, etc., and the TXRRC is super hawkish on environmental issues. Currently due to severe TXRRC manpower shortages, most oil operators have to do all the TXRRC paperwork filing and ensuring all paperwork is completed and filed properly. There's a lot of work that goes in before the first barrel is pumped, seriously it's like juggling feral cats and making them behave. And that's precisely why 70% of my job is evaluating projects and determining investor suitability because none of us have the time, energy or resources to waste. O&G investing is not for everyone. Actually, it's just for a few intrepid, intelligent and appropriate souls; yet not everyone readily accepts this. I spend a fair amount of time culling my prospects. I spend lots of time helping my repeat-partners and also explaining to newcomers who really want to know before they commit. However, some of my best, most compelling work is gently helping others realize that oil and gas is not for them, and then...I must admit...there are times when I just want to ask, "Are you a geologist, an excuse-ologist or a joke-ologist?" Now that I think about it, I probably have asked that a few times.

## Company Highlights

Every oil and gas investor knows that 82% of the IDC is tax deductible. Doesn't it make sense to invest pre-tax money, money that would normally go to Uncle Sam, on projects that will generate mailbox money for years?

I just returned from Houston where I attended America's largest oil and gas conference with over 12,000 O&G producers showing projects, holding lectures, and gazing into their crystal balls. What impressed me the most though is that even though the domestic rig count is down...even more so with the appearance of the Delta Variant...domestic oil prices remains robust. I think WTC should range between \$60-70 for the rest of the year. I also predict that with the good fortune of our reworked shallow wells coming back on line, striking big the last two wells (We hit the Mississippi Reef and two Mississippi fractures giving us 1200 units of gas.), and having the Hughes #3 (client-only) and Hughes #4 (new-investors only) pumping and delivering by the end of the year, Eratz should be picking up 200-300 BOPD in the first quarter of 2022. It's a good time to be in the Eratz family.

## Things to Think About

**Luck favors the prepared and Luck is the residual of good planning.** No doubt, you've heard these wise words. I was thinking the past week how both of these excellent truths have at their core, the truth that my future will largely be shaped by how I view the present while I plan for my future. I vow that I will never be one of those guys who lives in his past glory years because I've said many times, ***"my best year is the one I'm in and the one to come!"*** You see, I have a plan. I am living and preparing for my blessed life 10 years from now. Luck favors the prepared. I probably won't or want to drill three or four wells a year, maybe just two, but these two ventures will be glorious, the culmination of being better, wiser, more resilient, more experienced and yes, "luckier". So today and for the days to follow, I'm living my life as it will be in 10 years. Oh, here's another pithy saying you might have heard, *Timbuk 3's* lyric, ***"My future is so bright I need shades!"*** So, while you're sitting there and pondering this great turn of prose, pass me my sunglasses.

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.