



Wisdom & Trust

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In This Issue

President's Corner

Oil Patch Highlights

Company Highlights

Things to Think About

Useful websites

www.oil-price.net

www.bloomberg.com/energy

www.oilprice.com

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[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

Staying on His path and working with wisdom and trust are what brought Eratz here today, and this is never more needed than now as the world spin sideways. If you’re a first-time oil and gas investor and considering partnering with Eratz, this is the right time. With Russia’s invasion of Ukraine, many experts predict oil will go up, up and up. However, a high tide floats all boats so let’s be especially vigilant for bandits, oil cowboys and their fancy presentations and attractive guarantees. As in life, there are no guarantees in oil and gas. Eratz has credible client references in your region and some have been with Eratz over 20 years. Also remember, friends, due to our efficiencies and relationships, Eratz’s lifting costs still come in around \$2 per barrel--the best in the business--and even in the darkest times, our investors made money at \$32+ a barrel. And when one considers that in mid April 2020 oil was almost -\$40 barrel--that means, the producer gave a \$40 kicker to the buyer--the net effect is a \$130 lift in 22 months! As Mark Twain aptly quoted, “Reports of my death have been greatly exaggerated.” Within the Eratz family everyone comes together knowing their responsibilities and roles before they sign on the dotted line. Our clients read our letters, accept our calls, study our handbook and digest our newsletters. We have collected over six years of Wisdom and Trust in www.eratz.com, so there is no reason why I should ever hear, “I really don’t much about you or Eratz.” Trust me, when you want to really know someone or something, you dig in. Successful investors do their due diligence before they make any move, but they do move; they do follow through. What they don’t do is delude themselves with “I have the stuff to be an oil and gas man but it’s not the right time” or are so scared they suffer analysis paralysis. Friends, investing in anything, be it stocks, oil and gas, real estate, commodities, etc. should be exciting and hope-filled. Situations do change, but people rarely do. Our investors are serious about moving forward; they know there are no guarantees, but they are motivated to move with Eratz and stake money--money that they normally would give to Uncle Sam--for the upside potential of mailbox income. Our clients tend to pay \$300,000-400,000 in taxes so investing pre-tax money makes total sense. Practically all think of it as **Lost Money Found** and, friends, nothing feels better than finding a heap of money along the trail.

Oil Patch Highlights

It’s known that the market place hates uncertainty; there are only losers. However, there are exceptions like when it comes to war, energy prices tend to jump up and down, but mostly up. Nothing causes volatile changes in the market place like *fear*. WTI crude is over \$91 and many experts predict it will exceed \$120. Domestic rig count, even though we have 242 units more than same time last year, it’s still a third of 2015’s count, and still the US energy wonks refuse to replenish the Strategic Oil Reserves. Maybe it’s a nod to our domestic producers to stay ready? Saudi Arabia is still strong on oil because it has put another 400,000 barrels a day on the water, but it also recently reminded the world

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Did You Know...

That Nord Stream 2 is a 764-mile-long pipeline carrying natural gas under the Baltic Sea, running from Russia to Germany's Baltic coast?

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that although Saudi Arabia accepts that fuel oil will go away, they were quoted recently, “net zero (carbon emissions) does not mean net zero oil.” Folks, there are a million and one things produced with oil and you’re probably sitting on something that either has plastic parts, a finish, or a fabric in it or on it. Oil will be around for a long time, and in times of turmoil and tension it is especially attractive.

Company Highlights

The Arctic blasts in January forced us to shutdown two wells out of concern of pipes busting or valves exploding off the well-head, but seeing opportunity where others see adversity, after the cold spate passed, we jumped in to make those down-hole adjustments and well head changes, tweaks that upgrade our daily production. We did have a minor setback, minor but still annoying. During the deep freeze, a power line fell at one of our sites so the electric company was dispatched to make the fix and in doing so they crushed a 2” salt-water disposal line. We stopped well production in order to replace the line. Hey, it happens with Mother Nature. It wasn’t all problems though; we started a three-square mile 3-D seismic shoot that we’re confident will reveal deeper bore sites and additional formations. We picked up oil on three out of the four leases and should pick up oil on every lease this month. As a result, our investors found nice surprises in their mailboxes.

Things to Think About

With Russia moving troops into Ukraine under the pretense of recognizing break-away Luhansk and Donetsk as sovereign countries, you have to ask yourself what is Putin’s play, why such a dangerous game? The notion of “re-uniting peoples” with a shared lineage and common language is not new for Europe and certainly not Ukraine. If you recall 1939 Sudetenland, a coal- and iron-rich part of Czechoslovakia, then you know how that went. *Question: What does a monster want after you give him a cookie? A glass of milk.* Follow the money, friends. Now, I’m not saying this to be fact, but this may be a grand conceit that is all about oil rubles. Russia is an oil exporter and it does it well. Gazprom, which controls Russia’s natural gas production with over 282,000 miles of gas pipelines, was Europe’s major gas supplier in 2021. Why is the world so surprised about today’s headlines? It shouldn’t be because Putin’s move into Ukraine really started in 2014. After decades of Crimean in-fighting between pro-Soviet and Ukrainian nationalists, Russia seized Ukraine’s Crimean peninsula to “rescue” three million Ethnic Russians from Ukraine. The world was appalled with Russia’s temerity that an international consortium with the US taking the lead imposed harsh economic sanctions on Russia. Mother Russia didn’t even pump its brakes--it pressed the pedal down harder. In fact, Russia, which was striving to catch-up to the West’s military capabilities, really accelerated modernizing its military. Not only did the military upgrade showcase Russia’s intellectual and industrial capabilities, but it also served notice that Russia is once again a main player, if not **the main player** at the European table. But why now? The answer must be President Biden and German Chancellor Olaf Scholz. Between Putin’s perception of Biden as a vacillating marshmallow (Whatever you may think of Trump, this incursion probably would not happen if Trump were president) and the weak left-leaning cobbled-government of Scholz, these new heads of states fomented the mire for Putin to make his move. Going back to 2014, As a result of the Crimean annexation, Nord Stream 2, a huge pipeline out of Russia designed to serve Europe transiting through Germany; was put on indefinite hold due to America’s and Germany’s fear of Russia’s domination of European oil and gas supply. But now with new heads of states at the table, Putin probably believes it’s time to unfreeze Nord Stream 2. So...perhaps this is all some grand play by Putin to not only unfreeze Nord Stream 2 (again, follow the money), but also to gain concessions from Europe, NATO and the United States? Smells like pure putrid politics. Will the international community rally to stop Putin’s advances? Will we risk a war with Russia when many left-leaning Europeans are ambivalent about Russian intentions? Everyone knows that when we fail to learn lessons from history, we are doomed to live them again, but quotes from ***The Lessons of History by Will and Ariel Durant*** speak to me because I know them to be prophetically true, “*The man who can manage the men who can manage things or money manages all.*” and “*The meaning of history is it is man laid bare.*”

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.

