Eratz

Wisdom & Trust

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

In This Issue

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www.bloomberg.com/energy

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Eratz Oil and Gas Investor Handbook

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Company Highlights

We are finishing the Hughes 7 and will finish the Hughes 8 in late September; our Copeland project, scheduled for later this year, will only be offered to our power clients. Mr. POI, please realize that Eratz's future projects will be mostly locked down when my recurring PCs exercise their *Rights of First Acceptance*. And remember, Eratz owns at least 15% of each well (and soon to be 20%). Our next ventures will likely require more money but they'll be deeper wells with much larger reserves. Some have suggested that Eratz should own 25% of these new ventures, but my PCs are supremely loyal, and Eratz remains forever grateful, so I doubt that'll happen. Why wouldn't I share this wealth? My team knows we are so close to hitting a 100 BOPD well. Candidly, string a couple of those wells in our mix, and we'll soon hit our 500 BOPD in the aggregate—probably in 2028. But to get in on this, Mr. POI, you better get in now. This month, we picked up 22 loads of oil; that'll be 40-50 loads with SWDs on line.

Oil Patch Highlights

Most oil novices own wells, but the properly trained speak of barrelage, e.g., ***"I made four barrels a day/120 barrels a month."*** In the oil patch, it's not how many wells—it's how many barrels of oil. And everything Eratz does serves that purpose: more production—more barrels—and that's manifested when our investors ask, ***"When is our next well, Sam?"*** Seriously, I have these conversations every week. Our already-stuffed 0700 Monday staff meetings are running 30 minutes longer because there's more on our tic sheet since we have two outstanding teams replete with top-notch petroleum engineers, geologists, and, of course, our professional work crews. As good as we have it, weather and 110º West Texas heat take a toll, so some days we literally have to recover. But it always starts in the field, not behind a desk. Me? I'll be on a rig, looking at samples like a rock hound because there's virtually nothing more exciting than bringing in a well (besides the births of my children). But when I witness an investor's face as his oil starts to flow into a tank for the first time, it's priceless. To celebrate Providence's grace, we'll roll into a well-loved small-town diner with the best smoked brisket and peach pecan cobbler, and to frame it perfectly, we'll pick up the tab for all the diners. That's a sweet and sweat victory. It's hard to describe, but when you see it, you'll want more! When Eratz wins, everyone wins: the local pipe and tool fitters and suppliers, workmen, rig fitters, geologists, landowners, the diners, tax assessors, and hoteliers—everyone benefits for years.

Things to Think About

We are coming into the 4th quarter, and that means capital taxes. And, no doubt, my POIs and PCS will be ringing me up, asking how to minimize their tax exposures—it happens like Swiss clockwork. Although we never lead with tax benefits (Eratz has stayed in business by creating healthy ROIs *with* incredible tax shielding), we would be negligent not to remind everyone that ***tax shielding is huge in O&G;*** it's a little thing we call the **Intangible Drilling Cost (IDC) deduction**. In practice, if you're stewing in the highest tax bracket…and many of my PCS are…when you invest $100,000 to own 10% of an Eratz well, you will be able to write off 82% of the drilling and testing costs multiplied by your tax bracket. In essence, you're going to write off $39,000 of your $100K investment. Of course, talk to your tax attorney or financial advisor before you invest to make the financial decision right for you. But why invest now? One POI confessed, ***"I'm still waiting to see***

Do you have an article you want to submit or an oil subject you're curious about? Let us know by emailing us at the address below.

Did You Know…

…that one year after the Lucas Geyser, aka Spindletop, heralded the Texas oil boom, this legendary field produced 94% of Texas' oil in 1902.

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how the price oil turns out!" **REALLY??** President Trump is playing the Strait of Hormuz like it's NJ real estate—which it isn't. He also "tells" everyone that the price of oil will settle down, which it will, but that price will be nothing close to March 2026 levels. And the worst-kept secret in the world must be the inevitable "deal-breaker" Hormuz transit fee (tax). I can go on, but I can assure you that the price of oil will remain elevated for a long time. Wall Street is setting records while Main Street struggles. Heck, The Big 5 made ***huuuge*** profits last quarter, confirmed recently when Trump's group doubled down on energy stocks. So, do you think these companies (and *I-love-profits Trump*) want a return to just good profits? I'm asked: ***"What about using our oil to make our own gasoline?"*** Great idea—except for four reasons: 1) We are many years and billions of dollars away from this refining reality. Saudi Arabia crude is so clear that one can light it with a match, while our domestic crude is a much thicker dark green. Is our oil bad? No. Actually, the world does more with our oil than the amber stuff; hence, our refining is geared to our kind of oil. 2) The world moves on petrodollars. There has been a push to democratize currencies, but as of today, USD runs the show, so by default, the trillions$$ that come from it. 3) As long as Iran pulls Hamas and Houthis strings, it creates two separate water choke points. And if you haven't noticed, Iran has not isolated either Hamas or the Houthis on a proverbial ice-flow—they are standing resolute with their useful idiots. And 4) The talk of a SA pipeline to bypass the water passage is at least a decade away.
So ask yourself, ***"How likely will oil continue to rise?"*** You have two answers: You can pay a lot of taxes while kicking yourself for not investing, or you can pick up the phone and let me show you how to take tax dollars and create mailbox money. As I've said before, but it bears repeating, ***"I would love to make money with you, but I most certainly will make money without you since 1989."***

President Corner

I find motivation in the loftiest places. I remind myself that when the world conspires against me, I'm probably doing something right, and I rest knowing that Eratz's foundation was laid quietly, securely without fanfare.
Every day I rise excited because I love what I do. And when I talk with a prospect for the first time, I'm actively listening for excitement, curiosity, etc. I must know where they stand. Pleasantries are nice, but when I'm not hearing probing questions, then I know I'm just another O&G investment call he's had that day—and that's not good. So how does Eratz separate from others? I've been doing this since 1989, so I know when a prospect is taking my fate-altering call seriously or when he's humoring me. This is our first date, and first impressions are everything, so either you're into me or you're not—it's that simple! Everyone has to walk the road, and real commitment is required to be an O&G man, not immediately, but soon enough. Eratz has perfected our vetting process. When I'm talking to a client, I should hear, ***"What's your track record? How many dry wells have you drilled?"*** Eratz hasn't had a duster in over six years. ***"When am I going to get my first check?"*** About 90 days. We drill; we produce; then the refinery ACHs your revenue check into your bank account. ***"Do you have anyone I can talk to?"*** We have clients in your region; many with the same area code, some with the same zip! Recently, one of my PCs spoke to a new POI. Not surprisingly, they shared a mutual friend that confirmed my PCs success with Eratz.
Now, let's discuss what not to do. Some POIs literally use their "friends" to talk them out of investing. Apparently, they don't trust themselves, so they want someone else to throw the shade. Sadly, many don't believe they're worthy of blue-sky success…I've seen it firsthand. CPAs are an interesting bunch, ditto for financial advisors (FAs). Their likely guidance is for you to hold pat for two reasons: 1) risk and 2) they don't make money. Plus, heaven forbid, if it goes less than great, they might be blamed. By the way very few CPAs and FAs know much about O&G. That is precisely why we talk only to DMs.

Again. it's important to Eratz--and to you as well--that you familiarize yourself wth our website, www.eratz.com. You should know who we are, what we do and how we do it..