

INVESTOR EDUCATION SERIES

REPORT #5: THE OILPRICE.COM FULL RESOURCE GUIDE TO DIY OIL & GAS INVESTING

Special Report: Digging Your Way out of the Information Black Hole

Oilprice.com Full Resource Guide to DIY Oil & Gas Investing

There is so much to know in the oil business. So much so that it seems like a good deal of information could be slipping through your fingers, with not enough hours in the day to educate yourself on every facet of the industry.

The wealth of information that you suspect you don't know may sometimes cause you to rush to judgement when it comes to evaluating the pros and cons of a particular oil and gas deal. But there is hope.

No deal is so great and so time-sensitive that you must forego education and just dive right in. And if a salesman tells you otherwise, run far and fast—he's likely pulling a fast one on you from a Boiler Room, as we detailed extensively in our previous report on frauds and scams.

When it comes to investing, education is protection—and nowhere is this more pertinent a point than in the highly dynamic oil and gas industry, where you can lose your shirt thanks to vulture conmen or perhaps thanks to your own lack of knowledge of the oil and gas arena and how it all works.

It's overwhelming—yes. The amount of information needed to make a wise investment—from the geology of the rock and the history of oil in a specific area, to the drilling and extraction process and the management behind the deal, is massive. But don't lose hope.

This report will provide you with many research tools that will take some of the pressure off and make it faster and easier for you to find the information you need to make a wise investment decision.

Half the work involved is in figuring out where you can find the information you need and vetting resources for legitimacy and ease of use. So we'll do this half for you; we'll put it all in one place as a one-stop resource guide to oil and gas investing. This is the first step towards becoming an oil and gas expert yourself, and with each new investment, it will become easier until you've mastered this universe as much as one can master something so dynamic.

In this resource guide, we'll lay out the best sources (and why they're the best) for vital information you need on:

- Where to invest
- How to invest
- Who can invest
- Do-it-yourself due diligence
- Tax breaks
- And much more

For those of you who may not have enough time to read through the entire report, or need quick links for specific issues, we'll start here with our entire resource library—all of which we detail further down.

Part I Index: Where to Invest Resources

- [Guide To Oil And Gas Plays In North America](#)
- [Guide To Oil and Gas Plays in North America: Shale](#)
- [Guide To Oil And Gas Plays In North America: Williston, Bakken And Three Forks](#)
- [Guide To Oil And Gas Plays In North America: Eagle Ford](#)
- [Guide To Oil And Gas Plays In North America: Niobrara](#)
- [Guide To Oil And Gas Plays In North America: Marcellus](#)

- [National Oil and Gas Assessment](#)
- [USGS Maps](#)
- [USGS Energy Data Finder](#)
- [The EIA's Overview](#)
- [Petroleum & Other Liquids Data](#)
- [Energy Explained](#)
- [Baker Hughes Rig Count](#)
- [Gulf of Mexico Fact Sheet](#)
- [Gulf of Mexico, the Atlantic, the Pacific, and Alaska](#)
- [America's Offshore Energy Industry](#)
- [EIA Countries page](#)
- [Government of the United Kingdom, Offshore Maps](#)
- [Wiki oil and gas map page](#)
- [Offshore Technology Magazine](#)
- [Harvard interactive map](#)
- [UK-based Clarkston Research](#)

Part II Index: How to Invest

- [Guide to Oil ETFs 1](#)
- [Guide to Oil ETFs 2](#)
- [Guide to Futures Contracts 1](#)
- [Guide to Futures Contracts 2](#)
- [Guide to Future Contracts 3](#)
- [Investing in oil and gas stocks Nasdaq](#)
- [NYSE Oil & Gas listings](#)
- [OTCQX, OTCQB & OTC stocks](#)
- [All about microcap stocks](#)

- [Complete Beginner's Guide to Investing in Stock](#)
- [Zachs' How to Invest in Crude Oil Stocks](#)
- [Top Foreign Stocks Trading on NASDAQ](#)
- [Canadian Securities Exchange \(CSE\)](#)
- [Australian Stock Exchange \(ASX\) energy stocks](#)
- [London Stock Exchange](#)
- [Money Crashers' investing in oil and gas](#)
- [Blackbeard Data's investing in oil and gas](#)
- [Farm-in Opportunities at Petroleum Listing Service](#)
- [Five-Year Outer Continental Shelf \(OCS\) Oil and Gas Leasing Program](#)
- [2012 - 2017 Lease Sale Schedule](#)
- [Resource Evaluation Program](#): This is extremely important for any investor as it details reserves, market value, and geological and geophysical data acquisition.
- [Maps and GIS data](#)
- [University of Michigan briefing: Onshore Oil And Gas Resource Leasing Process](#)
- [US Bureau of Land Management \(BLM\)](#)
- [Mineral Ownership Guide](#)
- [Alberta's Oil Sands Guide](#)

Part III Index: Who Can Invest

- [SEC Accredited Investors](#)
- [Accredited Investor Markets \(AIMkts\)](#)
- [Investopedia accredited investors](#)
- [Cornell Law School's legal definitions of accredited investor](#)
- [Ernst & Young Guide for Non-US Investors](#)

Part IV Index: Back to the Basics

- [NASDAQ's WTI Crude live oil price chart](#)
- [NASDAQ's Brent Crude live oil price chart](#)
- [EIA's spot prices for petroleum and other liquids](#)
- [CNBC's WTI crude oil price chart](#)
- [Live UK Brent oil price chart](#)
- [Brent Oil Futures at Investing.com](#)
- [The NYSE Oil & Gas Index](#)
- [Dow Jones US Oil & Gas Index](#)
- [S&P Oil & Gas Exploration & Production Select Industry Index \(Dow Jones\)](#)
- [BMO Junior Oil Index \(ETF\)](#)
- [IQ Global Oil Small-Cap ETF](#)
- [The Schlumberger Oil Field Glossary](#)
- [PetroStrategies Glossary](#)
- [The Oil & Gas UK Glossary](#)
- [Adventures in Energy](#)
- [Australian oil and gas guide \(for everyone\)](#)
- [Norton Rose Fulbright Shale Gas Handbook](#)
- [IRRC Institute Guide to Hydraulic Fracturing](#)
- [EKT's Upstream 101 module](#)
- [EKT's Midstream 101 module](#)
- [EKT's Downstream 101 module](#)

- [Geology.com \(they have a knack for speaking to the layman\)](#)
- [The American Association of Petroleum Geologists \(AAPG\)](#)
- [Oil on my Shoes](#)

Part V Index: Due Diligence

- [FINRA Broker Check](#)
- [The Investment Advisor Registration Depository \(IARD\)](#)
- [National Registration Search of the Canadian Securities Administrator \(CSA\)](#)
- [The Ontario Securities Commission \(OSC\)](#)
- [Office of Investor Education and Advocacy](#)
- [NASAA Fraud Center](#)
- [USA.gov, Common Scams and Frauds](#)
- [SEC's brochure on Cold Calling](#)
- [Broker reviews](#)
- [Scam Finance](#)
- [SEC's EDGAR database](#)

Part VI Index: Tax Breaks

- [Investopedia oil tax break guide](#)
- [Deloitte's Oil and Gas Tax Investment Guide](#)
- [The Energy Exchange's Tax Advantages](#)
- [Ernst & Young's Global Oil and Gas Tax Guide](#)

Part I: Where to Invest?

The starting point for any investor should be finding where to invest in oil and gas. The safest bets are usually the tried and true North American conventional and unconventional venues, simply because a) they are familiar, and b) research tools are easier to find and navigate and this is your home terrain—so you have a better idea of what you’re getting into. But even if we just stick to North American venues, educating yourself about where you should invest is often an overwhelming task. There are countless resources available, but the uninitiated can get sucked into the internet Black Hole, never to re-emerge, lost in mind-boggling data forever and ever.

In this section we will make it easier for you by acting as a filter for information. We’ll streamline it all for you and direct you down the shortest path to the information you need to make a smart starting-point decision. Within this section you will find a mini-guide to the following resources that can help you answer the question, “Where should I invest?” including resources for:

- Mapping conventional and unconventional oil and gas plays across North America
- Comparing and contrasting plays based on productivity and reserves
- Choosing between onshore and offshore investments
- Hot overseas venues, how much oil they have and where it is

Key ‘Where’ Resources

1. Investopedia’s [Guide To Oil And Gas Plays In North America](#) offers investors who are new to the oil and gas playing field a concise overview of what North America has to offer. Spinning off of this, they also offer a [Guide](#)

[To Oil And Gas Plays In North America: Shale](#). From here on out, the focus becomes narrower and narrower, so you can home in on more details on exactly what you’re looking for in North America with the following Investopedia guides:

- [Guide To Oil And Gas Plays In North America: Williston, Bakken And Three Forks.](#)
- [Guide To Oil And Gas Plays In North America: Eagle Ford](#)
- [Guide To Oil And Gas Plays In North America: Niobrara](#)
- [Guide To Oil And Gas Plays In North America: Marcellus](#)

2. The US Geological Survey (USGS) provides extensive data on and assessments of US oil and gas, as well as lessons in reserve growth and economics and a very interesting collection of regional studies:

- [National Oil and Gas Assessment:](#)

This provides readers with a wealth of information from news on oil and gas reserves across the US, to heavy data on things like where to find conventional oil and gas in the US, and where to find tight oil and gas. USGS gives you the best look at US basins of any resource. Using an interactive map,

Permian Basin
Oil: 746.79 (MMBO)
Gas: 5196.08 (BCFG)
NGL: 235.44 (MMBNGL)
Assessment Date: 2008

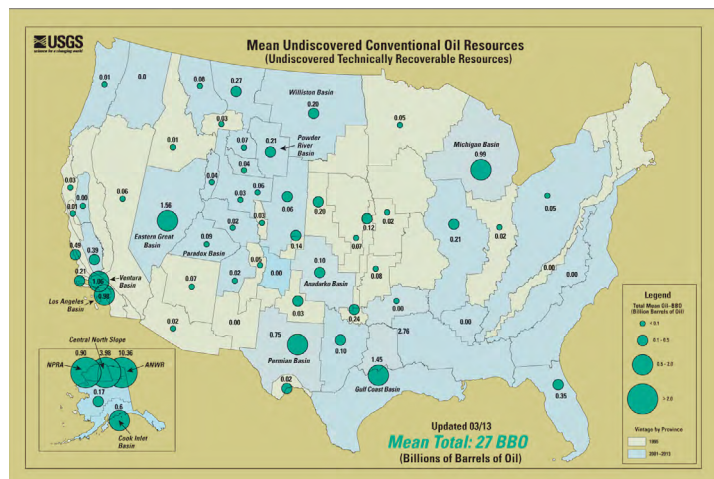
Western Oregon-Washington
Oil: 14.63 (MMBO)
Gas: 725.08 (BCFG)
NGL: 8.23 (MMBNGL)
Assessment Date: 2009

Montana Thrust Belt
Oil: 80.9 (MMBO)
Gas: 8526.67 (BCFG)
NGL: 234.17 (MMBNGL)
Assessment Date: 2003

Illinois Basin
Oil: 214.63 (MMBO)
Gas: 417 (BCFG)
NGL: 18.24 (MMBNGL)
Assessment Date: 2008

you can hover over every single basin in the US to see how much oil and gas they produce and when they were last assessed. It's a brilliant and extremely easy-to-use comparative tool for new investors.

- [USGS Maps](#): This section provides detailed maps of US basins, separated by conventional, continuous, shale, and coal, etc.



- [USGS Energy Data Finder](#): This incredibly unique tool lets you browse through the USGS' immense collections of data using a wide variety of parameters, including a state-of-the-art map interface. You can download or simply preview LIVE data assets.
3. The [Energy Information Administration](#) (EIA) is a key federal agency for collecting, analyzing, and disseminating energy information. Keep in mind that its primary goal is to support policymaking, but it has high educational value because part of its mandate is to promote public understanding of energy and how it interacts with the economy. It's a US agency, but it also contains a wealth of information on international oil and gas.
- [The EIA's Overview](#) is a useful tool for determining what an investor's major considerations today should be. This tool offers up the EIA's analysis of and

predictions for the oil market.

- [Petroleum & Other Liquids Data](#) offers investors critical statistics (constantly updated) on crude oil, gasoline, diesel, propane, jet fuel, ethanol and other liquids. Data is divided into categories, including crude reserves and production; refining and processing; imports and exports; stocks; consumption and sales.
- The EIA also has an extensive collection of educational materials called "[Energy Explained](#)".

[What Is Energy?](#)

[Units and Calculators](#)

[U.S. Energy Facts](#)

[Use of Energy](#)

[Energy and the Environment](#)

[Nonrenewable Sources](#)

[Oil and Petroleum Products](#)

- [Hydrocarbon Gas Liquids](#)
- [Natural Gas](#)
- [Coal](#)
- [Nuclear](#)

[Renewable Sources](#)

- [Hydropower](#)
- [Biomass](#)
- [Biofuels: Ethanol & Biodiesel](#)
- [Wind](#)
- [Geothermal](#)
- [Solar](#)

[Secondary Sources](#)

- [Electricity](#)
- [Hydrogen](#)

What about Offshore?

Choosing between onshore and offshore is a weighty decision, and choosing to invest offshore means investing in a profoundly more expensive operation that carries both higher risk and higher, longer-term reward.

Everything you need to know about the offshore drilling process—and the risks involved—is contained in this [very informative, very concise and very easy to digest report](#). And you can complement this knowledge with [Shell's Deep Water 101](#).

Right now, most investors will be interested in what the US offshore industry has to offer in the Gulf of Mexico, which is gaining quite a lot of momentum now that enough time has passed since the tragic 2010 Deep Horizon oil spill. Keep in mind that there are both onshore and offshore opportunities in the Gulf of Mexico, and these are some of the most important US oil and gas resources. For now, federal offshore oil production in the Gulf of Mexico accounts for about 17% of total US crude oil production and about 5% of total US natural gas production. This is also where 45% of our total petroleum refining capacity is located and around 51% of our total natural gas processing capacity.

For more information on the Gulf of Mexico offerings, the place to start is the EIA. The EIA offers a [Gulf of Mexico Fact Sheet](#), which includes all the production and refining numbers. You can also take a look separately at all the Gulf states' energy profiles, such as [Alabama](#), [Florida](#), [Louisiana](#), [Mississippi](#) and [Texas](#).

Also check out the Bureau of Ocean Energy Management (BOEM), which is responsible for leasing policies in the Outer Continental Shelf (OSC). The BOEM website offers specific pages by region, including leasing information and plans for the [Gulf of Mexico](#), the [Atlantic](#), the [Pacific](#), and [Alaska](#).

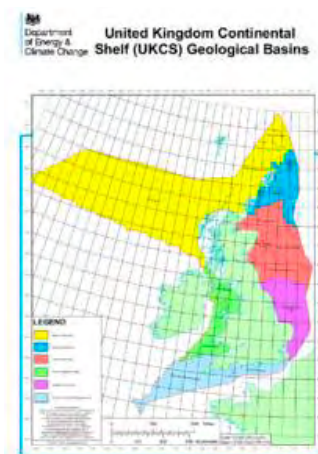
The National Ocean Industries Association ([NOIA](#)) is a non-profit organization that represents all facets of the US offshore energy and related industries, with over 300 member companies. NOIA offers a collection of studies that are an absolute must for anyone considering an investment in offshore oil and gas in the United States.

What we like about NOIA's study on [America's Offshore Energy Industry](#) is that once you get past all the broader sales pitches meant for policy-makers, it offers a wealth of concise information on federal permitting in a section entitled "Timeline for Federal Permitting." It maps out where offshore exploration is allowed, where it's not and where there are some potential gray areas that could be explored if certain legislation is changed. It also offers a complete guide to seismic surveying for beginners.

Overseas: Eyeing Frontier Venues

The [EIA Countries page](#) offers an extensive overview of energy in every country in the world. Through an interactive map, or a drop-down list, you can learn about oil production, oil consumption, and proved reserves in the international venue of your choice. The EIA lists the world's top producers and brings you continually updated news on oil and gas developments in each region.

Total Petroleum and Other Liquids Production 2017 million barrels per day	
United States	15.467
Saudi Arabia	12.09
Russia	11.21
Canada	4.958
China	4.779
Iran	4.695
Iraq	4.455
UAE	3.721
Brazil	3.363
Kuwait	2.825



If you're interested in offshore opportunities outside of the United States, here are some key resources for some of the better-known venues:

- The [Government of the United Kingdom](#) offers oil and gas guidance in the form of offshore maps and GIS shapefiles, as well as information on licensing rounds,

geological data, and much more.

- This [Wiki oil and gas map page](#) offers links, by country, to oil and gas concessions and infrastructure.
- [Offshore Technology Magazine](#) also offers a continually updated resource on oil and gas projects by region.
- This [Harvard interactive map](#) shows you where all the major oil and gas fields are in the world, along with refineries, pipelines and much more.
- And, if you're willing to pay a bit of money for more detailed information on offshore opportunities and concessions, [UK-based Clarkston Research](#) offers in-depth reports on oil and gas activity and concessions by region. (Each report costs about \$320 and is well worth the price tag—mostly because it saves a lot of research time.)

Here are some additional resources for anyone eyeing foreign oil and gas investments, onshore or offshore:

[Oil and Gas International's](#) comprehensive directory for licensing and concessions

It's Polish, and that might seem odd given that the topic is sub-Saharan Africa, but this is [one of the best overviews](#) of the region's oil and gas offerings out there.

[Invest in Canada](#): Oil and Gas Industry Investment (free market research, sector statistics, regulations, tax structures, etc.)

Part II: How To Invest?

First, you need to determine at what level you want to invest in oil and gas, and [how you want to go about it](#):

Mutual Funds (ETFs) Resources:

http://etf.about.com/od/etfinvestingstrategies/a/Invest_in_Oil_ETF.htm

<http://www.investopedia.com/articles/investing/012315/top-oil-etfs.asp>

Futures contracts Resources:

<http://www.investopedia.com/ask/answers/08/oil-as-investment.asp>

<http://www.moneycrashers.com/crude-oil-futures-trading-prices/>

<http://www.theoptionsguide.com/crude-oil-futures-buying.aspx>

Stocks in large-cap oil companies or small-cap, micro-cap Resources:

1. <http://www.nasdaq.com/screening/companies-by-industry.aspx?industry=Energy>
2. https://www.nyse.com/listings_directory/stock
3. [OTCQX, OTCQB and OTC stocks](#)
4. To learn more about microcap stock, you should read [Microcap Stock: A Guide for Investors](#).
5. [About Money's Complete Beginner's Guide to Investing in Stock](#)

Note: If you're looking at stocks, Zacks' "[How to invest in crude oil stocks](#)" is one of the best (and shortest) resources.

Foreign stocks Resources:

6. [Top Foreign Stocks Trading on NASDAQ](#)

7. [Canadian Securities Exchange \(CSE\)](#)

8. [Australian Stock Exchange \(ASX\) energy stocks](#)

9. [London Stock Exchange](#)

- Working interest partnerships in drilling programs
- Working interest in a lease

Stock in royalty trusts

- Direct oil and gas royalties
- Farm-in/farm-out agreements

[Money Crashers](#) offers a short and to-the-point explanation of some of the above, and briefly weighs the risks, while

[Blackbeard Data](#) goes into a bit more detail.

If you're looking for oil and gas farm-in/farm-out agreements, the best place to find them in the US is the [Petroleum Listing Service](#). You can search PLS's interactive map listings by region, area, play type, land base, and current status to find the deal most suited to your investment needs. This is definitely the first place to look if you're considering US farm-in opportunities.

Leasing: Loads of resources for finding and understanding oil and gas leases

In the US, the key agency responsible for leasing offshore is the Bureau for Ocean Energy Management (BOEM). BOEM is responsible for all leasing policy in the Outer Continental

In Order of General Risk

Oil & Gas Stocks: This is certainly the easiest way to invest, and if you've ever invested in any stocks, you'll know how to do this. You don't have to do anything except buy the stock. The risks are commensurate with how much you invest, and those risks run the gamut from an oil spill or other disaster, a management shakeup, or in the case of junior companies, wells coming up dry and hefty drilling expenses bankrupting operations. Dividend yields are generally pretty low on these stocks, and growth rates are nominal for supermajors.

Energy-Traded Funds (ETFs): The lower risk associated with ETFs as opposed to direct investing in oil and gas is that there is very little risk associated with a specific company. This doesn't mean you can't lose your money, but it does almost eliminate company-specific risk. The single biggest risk is market risk. The key to further reducing risk is diversifying your ETF portfolio. Leveraged ETFs are perfect for quick hit and run trades as they are not designed to track the underlying index over a long period of time. Overall, though, this is a very volatile investment due to crude oil prices, but they are cheaper and have more tax breaks than general mutual funds.

Working Interest: Buying a working interest makes you a working interest partner in a well or group of wells. This carries the potential of much greater payout, but also much, much higher risk if the wells turn up dry or don't produce nearly as much as anticipated. You're due for a much larger return on investment because you're footing part of the bill for drilling. If you farm-in to an oil and gas project, you're buying into a working interest. This is also a form of "direct" investing in oil and gas.

Royalty Trusts: Royalty trusts are gaining in popularity, but they should be considered a high-risk avenue for investing in oil and gas. Again, you don't have to do anything, so it's not terribly complex, but you still have to understand quite a lot before you take the plunge. These trusts have large assets of royalty and overriding interests, but they have no business operations whatsoever. They simply receive flows from royalties. There will be a larger payout than simply investing in oil and gas stocks, and they are easy to find on the New York Stock Exchange (NYSE). Trusts trade the same as stocks, but they enjoy one special tax benefit—royalty trusts don't get taxed on the corporate level. Thus, they are able to funnel more money, through dividends, to investors. Beware, though, that while some of these trusts can end up being long-term vehicles for nice dividends, just as often they perform poorly, crushing dividends.

Private Royalties: You can also buy royalties from private owners of mineral rights or leases. This is a more complicated investment in terms of finding the right opportunities and attempting to put together a diversified portfolio, but if done right can offer returns generally varying from 12% to 50%.

Shelf (OSC). These are the BOEM resources that are most helpful:

- [Five-Year Outer Continental Shelf \(OCS\) Oil and Gas Leasing Program](#)
- [2012 - 2017 Lease Sale Schedule](#)

2012 - 2017 Lease Sale Schedule

Sale Number ¹	Area	Year
229	Western Gulf of Mexico	2012
227	Central Gulf of Mexico	2013
233	Western Gulf of Mexico	2013
225	Eastern Gulf of Mexico ²	2014
231	Central Gulf of Mexico	2014
238	Western Gulf of Mexico	2014
235	Central Gulf of Mexico	2015
246	Western Gulf of Mexico	2015
226	Eastern Gulf of Mexico	2016
241	Central Gulf of Mexico	2016
237	Chukchi Sea ³	cancelled
248	Western Gulf of Mexico	2016
244	Cook Inlet	2017
247	Central Gulf of Mexico	2017
242	Beaufort Sea ³	cancelled

Alaska Lease Sales
Gulf of Mexico Lease Sales

[Resource Evaluation Program](#): This is extremely important for any investor as it details reserves, market value, and geological and geophysical data acquisition.

[Maps and GIS data](#)

For onshore federal lands, this [University of Michigan briefing](#) explains how it works and what the bureaucratic process is, while the [US Bureau of Land Management](#) (BLM) provides you with onshore oil and gas statistics and leasing information to get you started.

Royalties and Working Interests

One of the best resources out there for investors interested in oil and gas royalties is an in-depth report by Oilprice.com in late 2014. If you haven't had a chance to peruse this

report, it's a must, and you can get to it from here. There is really no other more authoritative and easy-to-digest report on investing in US oil and gas royalties today. [Geology.com](#) also offers useful basic information about mineral, surface, oil and gas rights.

[Blackbeard Data Services](#), LLC is also a tried and true provider of information for investors on the purchase of mineral rights, working interests, and oil and gas royalties. In fact, Blackbeard has the largest database in the world of oil and gas royalty owners.

Finally, for the US, [Mineralweb.com](#) is a great guide to oil and gas mineral ownership. The guide offers a unique (and indispensable) directory through which you can research the company that is serving as the operator on the lease in which you have or are considering investing in. The operator is the one who will be doing the drilling, so you can check their track record. The guide also gives you field profiles and offers up great information on shale plays. You can also check mineral rights by state. Even better, if you're looking for opportunities, it provides an extensive owners guide to leased and produced land, leased but non-producing land, unleased land and everything in between. This is an absolutely fantastic guide.

For Alberta's oil sands in Canada, the best resource is the Government of Alberta, which offers:

[Oil Sands Royalties Guidelines](#)

[Royalties History and Description](#)

[Monthly Royalty Rates](#)


[Interest Rates](#)

Part III: Who Can Invest?


Of course, anyone can buy stocks in oil and gas companies, but only accredited investors can usually directly invest in oil and gas.


Direct investing in oil and gas wells allows private investors to directly participate in the drilling and completion of oil and natural gas wells, with the investor owning a portion of a well and receiving a share of any income generated by that well.

WHO IS AN ACCREDITED INVESTOR?
Regulation D investments are generally only available to **accredited investors**.
For most investors, this means:

**Net Worth Exceeds
\$1 million**
Not including primary residence

OR

**\$200K**
Individual –
EACH of last 2 years

**\$300K**
Joint with spouse –
EACH of last 2 years

VISIT WWW.SEC.GOV FOR MORE INFORMATION

Most investment portfolios are comprised of stocks, bonds, cash, mutual funds, or ETFs. Before 1930, less than 10% of Americans were shareholders of public companies. Today, 54% hold shares in public companies. But that is changing: The new trend poised for expansion over the coming years and decades is investment in private equity, hedge funds, and tangible assets through direct investing.

As information about direct investing is disseminated and investors become increasingly sophisticated and energy-

savvy, accredited investors are set to lead the revolution in the market for tangible oil and gas assets.

What sets direct investments apart from traditional stocks and bonds is that private individuals can invest directly by purchasing fractional ownership in tangible assets, such as an oil or gas well, and then reap the potentially huge rewards of well production through a steady, long-term income stream, while at the same time benefiting from special tax deductions.

Direct investments are considered long-term investments, and are not for everyone. Only accredited investors may purchase these tangible assets, and since there is no official secondary market, assets are not considered liquid.

The benefits of investing in oil and gas prospects can be enormous but so too can the risks. From time to time, drilling may result in a dry hole or nonproduction, and investors should be capable of shouldering this risk.

In an effort to protect individual investors from undue risk, the Securities and Exchange Commission (SEC) created a class of investors known as the **accredited investor**. Marketers of private equity, venture capital, and hedge funds were banned from soliciting anyone but accredited investors. Companies were limited to contacting only those investors with whom it had a prior relationship, or who fit the SEC definition of Accredited Investor.

For more information on accredited investors, check out the [SEC's Accredited Investors Bulletin](#).

These additional resources are also useful:

- [Investopedia Accredited Investors](#)
- [Cornell Law School's legal definitions of accredited investor](#)

Are you a non-US investor interested in investing in US oil and gas?

Ernst & Young provides a [fantastic investment guide](#) to help non-US investors evaluate US oil and gas assets. The guide (which is actually useful for US investors as well) is a wealth of information:

- [Foreign Investment in Real Property Tax Act \(FIRPTA\)](#)
- [An overview of the US oil and gas subsectors \(upstream, midstream, downstream\)](#)
- [Important tax information that can determine whether a certain investment is right for you](#)

Part IV: Back to the Basics

How do you invest in oil and gas if you don't know what an exploratory well is, or a farm-in agreement, and if you haven't got a clue (like most of us) about geology?

Investors in private oil and gas deals are particularly vulnerable because they often do not understand the complexities of the industry. They may not realize, for example, that investing in an exploratory well, in an area that is not known to have produced oil or gas, is riskier than investing in other types of wells that are closer to areas where production was successful.

Well, hopefully you've received our previous five reports, which go a long way to explaining much of the complexities of the oil and gas industry. If you haven't read these reports, be sure not to miss out. They include:

1. **The New Oil Investor's Reference Bible: Tricky Terminology That Can Make or Break Your Bottom Line**
2. **Primary, Secondary & Tertiary**

3. **The Oilprice.com Investors Guide to Oil & Gas Recovery Phases**
4. **The Genesis of Profit, Where the Oil Story Begins The Oilprice.com Investor's Guide to Oil & Gas Exploration**
5. **Oil & Gas Discoveries: Sheep in Wolves' Clothing The Oilprice.com Guide to Decoding Discovery Announcements**
6. **A Million Ways To Lose Your Shirt in Oil & Gas The Oilprice.com Guide to Oil & Gas Frauds and Scams**

To augment what we've gone over with you so far in these reports, we can recommend some additional resources that will help you gradually build your foundation of knowledge of how the oil and gas industry works from a more technical standpoint and broader market standpoint.

Oil Prices

- [NASDAQ's WTI Crude live price chart](#)
- [NASDAQ's Brent Crude live oil price chart](#)
- [The EIA's Spot Prices for Petroleum and other liquids](#)
- [CNBC's WTI Crude Oil Price chart](#)
- [Live UK Brent Oil chart](#)
- [Brent Oil Futures at Investing.com](#)

Oil and Gas Stocks

- [The NYSE Oil & Gas Index](#)
- [Dow Jones US Oil & Gas Index](#)
- [S&P Oil & Gas Exploration & Production Select](#)

[Industry Index \(Dow Jones\)](#)

- [BMO Junior Oil Index \(ETF\)](#)
- [IQ Global Oil Small-Cap ETF](#)
- [Independent Oil & Gas Industry Investor's Guide](#)

How it All Works & What It All Means

It's important to understand the very basics of how oil and gas is formed, how wells are drilled, and how it's all brought to the surface. Without this knowledge, it's difficult to make sure your investment dollars go as far as they should.

First, you'll have to familiarize yourself with the terminology, some of which we've already gone over in-depth in previous reports. But if you want it on hand in an easy glossary format, there are a number of good options, but my favorites are these:

- [The Schlumberger Oil Field Glossary](#)
- [The PetroStrategies Glossary, which is a warehouse of glossaries so you can see everything that's out there and choose for yourself based on your needs.](#)
- [The Oil & Gas UK Glossary](#)

Beyond this, there are a couple of online resources that do a fair job of explaining how oil and gas were formed in the first place and how we get these precious hydrocarbons out of the ground. Maybe you're not keen on 100-page studies. Perhaps you prefer those who can condense information to give you what you need for your purposes without taking up too much of your time. With that in mind, these are the go-to resources:

- [Adventures in Energy: This online resource educates](#)

[us on how oil and gas formed, the basics of exploration and production, natural gas processing and oil refining, and a bit about transportation and distribution.](#)

- [This Australian guide answers all of your basic questions about oil and gas, and it is applicable anywhere.](#)
- [Norton Rose Fulbright Shale Gas Handbook](#)
- [IRRC Institute Guide to Hydraulic Fracturing](#)

The IRRC Institute offers a very long and extremely comprehensive [guide for investors interested in shale gas in the United States](#), with an in-depth study of hydraulic fracturing included. While this report—originating in 2012—covers a number of issues, for our purposes, the most useful include:

- [Key US shale gas plays, including in-depth case studies of New York, Pennsylvania and West Virginia](#)
- [Broad issues for investors to consider](#)
- [Hydraulic fracturing and horizontal drilling of shale gas \(including the chemicals used\)](#)
- [Access rights that can lead to conflict](#)

Finally, EKT Interactive is a great learning tool that can give you a basic understanding of the three subsectors of the industry: upstream, midstream and downstream.

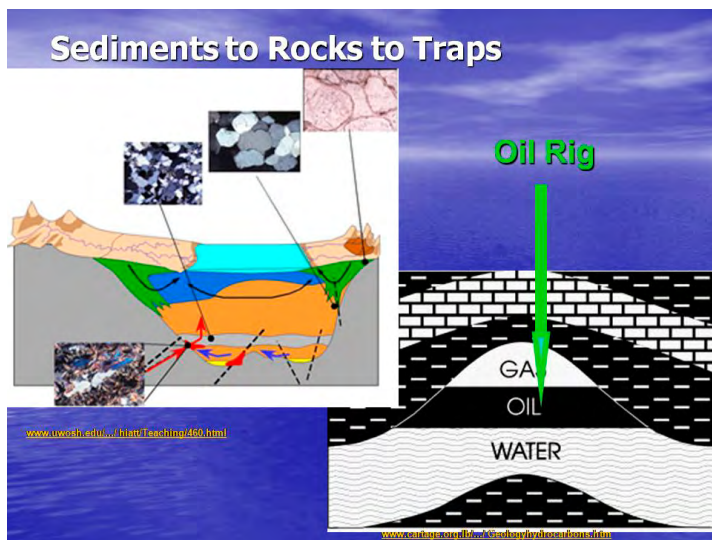
[EKT's Upstream 101 module](#)

[EKT's Midstream 101 module](#)

[EKT's Downstream 101 module](#)

Petroleum Geology (for non-experts)

Have references to the Paleozoic and Jurassic made your mind wander before you could even start to assess the viability of an oil deal on offer? Well, no one expects an investor to know much about geology if he or she isn't actually a geologist; and without at least a half decade of studying, you're not going to get too far with this. But there are some things that are important to understand if only so that you can interpret the millions of oil and gas discovery announcements out there, which rely heavily on geological terminology that can trap investors.



While one might think that the US Geological Survey is the place to look for some basic education on this issue, it's not really. Many find it cumbersome and overwhelming. So here are some better (and certainly more concise) resources you can use:

- Geology.com (they have a knack for speaking to the layman)
- [The American Association of Petroleum Geologists \(AAPG\) has some very useful educational tools](http://The American Association of Petroleum Geologists (AAPG) has some very useful educational tools)
- Finally, Oil on my Shoes (not just because we like the name) is quite an informative site that might not be the best organized or the most sophisticated in terms of website design, but it is easy to digest.

Part V: DIY Due Diligence—Resources for Spotting Scams

In our previous report on fraud and scams in the oil and gas industry, we took you through a lot of the scams out there, the modus operandi for the scammers and tried to give you a baseline from which to work to make smart decisions when you invest.

Now we're going to give you the resource tools you need to do some of your own due diligence before you pump a bunch of cash into an oil and gas venture that may or may not be legitimate. Doing your own due diligence is a start. It won't always be enough, but before you hire someone to help you in more complicated cases, do your own homework. It may turn out that this isn't something you wish to go forward with after a basic background check, so you'll save yourself a lot of money by squashing an illicit deal in the early hours.

Broker Check

First things first: If we're talking about private securities, make sure the individual offering it up to you is a registered broker deal.

The first place to go is FINRA, the Financial Industry Regulatory Authority. FINRA has a database of registered broker-dealers, and if the individual you're talking to isn't in this database, then back away.

The FINRA Broker Check tool, <http://brokercheck.finra.org/>, allows you to check a broker's name against his or her employment history, certifications and licenses. It can also tell you if there are any red flag regulatory actions, violations, or complaints associated with a particular broker or brokerage firm.

If you're using an investment adviser, you will want to see all documents on that adviser from the [Investment Advisor Registration Depository \(IARD\)](#), which has information on more than 260,000 investment advisers. This includes information on investment adviser representatives and firms registered with state securities regulators.

If you're considering an investment in Canada, you'll want to use the following resources:

- [National Registration Search of the Canadian Securities Administrator \(CSA\)](#), which provides information about individuals and firms registered with Canada's authorities
- [The Ontario Securities Commission \(OSC\)](#) also contains a broker/firm registration database.

Scam & Fraud Alerts

By far the top alert service for oil and gas scams is the US

Securities and Exchange Commission (SEC). The SEC's [Office of Investor Education and Advocacy](#) provides a number of services to this end.

SEC Investor Alerts:

These alerts are contained in a database of recent investment frauds and scams. You can browse the database through their online archive or you can subscribe to the SEC's Investor Alerts via email. The database is highly organized, allowing you to search by keyword or browse from four different categories:

- [Investment fraud and scams](#)
- [Mutual funds, ETFs, registered investment advisors](#)
- [Broker-dealers and exchanges](#)
- [Public companies and disclosure information](#)

The North American Securities Administrators Association (NASAA) is also a good source of scam and fraud alerts. NASAA has its own [Fraud Center](#), which seeks to educate investors and increase their awareness against investment fraud, which sees investors lose billions of dollars every year as scams become increasingly complex. Specifically, the NASAA Fraud Center provides the following due diligence tools:

[NASAA Top Investor Threats](#)

This segment takes you through the key cons in the oil and gas industry, and it's continually updated to take into account the dynamic nature of fraud in this sector.

[NASAA Contact Your Regulator](#)

This segment is a convenient database of contact information for regulators by state. It offers the addresses and contact

information for the securities departments in each state, along with the names and contact information of key local securities authorities who can help you determine whether the investment you're considering is above board and whether the people involved raise any red flags.

[USA.gov](http://www.usa.gov) also offers updated scam alerts for investors.

In Canada, the [Ontario Securities Commission](http://www.ontario.ca/osc) (OCS) also provides constantly update investor alerts along with a warning list and a list of individuals who have been disciplined or sanctioned:

In both the US and Canada, it is important to remember that securities authorities are there to help the investor. This is something that investors rarely take advantage of and we find this mindboggling. Just to be clear, securities officials can help you with the follow up (all you have to do is call):

- [Find information about new investment opportunities](#)
- [Provide you with FREE due diligence resources and tools](#)
- [Let you know if your broker or adviser is legitimate or has a criminal track record \(among other unsavory things\)](#)
- [Help you determine if an investment is a fraud or scam](#)
- [Take you through the complaint-filing process if something goes wrong](#)

And by all means, read the SEC's brochure on [Cold Calling](#) to better familiarize yourself with Boiler Room tactics.

There are also plenty of private, non-governmental scam watchdogs out there, and while they can't really help you, they do keep alerts up to date and often contain cases that

are only suspected fraud—cases in which those involved have not been accused or charged by any regulatory bodies. These can be important advance tools for identifying new potential fraud cases and scammers. Once they're on the SEC website, they've already done their damage.

Once you get outside of North America, the situation gets much more complicated, if only because you're not on your home territory and won't even know where to begin with due diligence. Europe, of course, is a different story than, say, Africa, but keep in mind that it's much easier to scam someone from afar—especially when you are a foreigner and they know you don't know anyone or anything. It's always best in these cases to hire an expert to do your due diligence for you, but here are some basic starting points:

- <http://www.scamfinance.com>

This site offers 'Broker Reviews', 'Risk Warnings' and a 'Complaint Center'. But still, be cautious. The site advertises as well, so while the alerts can be useful (keeping in mind the advertising nature of this site), recommendations for investments should be reviewed with caution.

- <http://www.scamwarners.com>

This tool is great because it is a forum—a place for investors (like you) to share their experiences with different brokers and companies and warn each other about potential pitfalls. You can search the forum for any mention of the individuals or companies involved in the investment you are considering and see if anyone else has anything to say. There will also potentially be a lot of pure slander on this site, so you will have to do additional research, but it's still a useful tool as a starting point. You have to register and log-in to use it.

Also be sure to make full use of the [SEC's EDGAR database](#). This database has over 20 million filings in electronic form to

improve the ability of investors to check up on the companies in which they are investing and the brokers they are using to get there.

Part VI: Everything You Need to Learn About Oil & Gas Tax Breaks

The oil and gas industry is a great one for tax breaks, which is exactly why a lot of investors choose it. Both direct investing and investing in royalty trusts offer substantial tax benefits.

Key resources to find out how much you can save on taxes by investing oil and gas include:

- [Investopedia oil tax break guide](#)
- [Deloitte's Oil and Gas Tax Investment Guide](#)
- [The Energy Exchange's Tax Advantages](#)

[Ernst & Young's Global Oil and Gas Tax Guide](#) is a must-use reference, particularly for investors who like international diversification.

Conclusion, Recommendations & What To Expect Next

We took a break in the series of reports this time not to educate, rather to give you the tools to educate yourself. Regardless of whether you are setting out to invest with the help of a financial advisor or on your own, you should have the necessary background to compare what you are being told with what you can learn yourself. There is no better protection, and no better way to make money than by empowering yourself with as much knowledge as possible before taking the investment plunge. Now you have all the resources you need to get started, and to stay informed, condensed into a single report at your fingertips.

Next time, it's back to educating—this time about the increasingly popular trend of investing in Energy Exchange-Traded Funds (Energy ETFs), which are blowing mutual funds out of the water. We give you everything you need to know about ETFs, from what they are, how they work, and how to play them to the risks, rewards, and whether they are right for you.





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