



What Does Suncor's Sale Mean for the Future of Natural Gas?

Description

Somewhat lost in the shuffle of yesterday's chaotic sell-off of all-things commodity was **Suncor Energy's** (TSX:SU,NYSE:SU) announcement that it has sold its conventional natural gas assets in the Western Canadian Sedimentary Basin for \$1 billion. The buyer is British company Centrica, which controls gas distributor Direct Energy here in Canada, and Qatar Petroleum. They have split the ownership of the assets 60/40%.

It's unknown what Suncor has planned for the proceeds from this sale. Growth oriented projects, share buybacks and/or an increased dividend have all gained traction in the media.

Not the only one that wants out of gas

Suncor's move follows a similar announcement that peer **Canadian Natural Resources** (TSX:CNQ,NYSE:CNQ) made about a month ago. CNQ indicated that it had put a quarter of its unconventional Montney natural gas assets on the block. This move had analysts scratching their heads as selling assets is not something that CNQ has typically done.

These moves imply that neither firm thinks the long-term prospects of being a North American natural gas producer are very good. Supply is plentiful and the price of the commodity has doubled over the past year. One has to assume that neither company thinks the price can go much higher. Both are seeking to monetize the gains that have occurred and go forward with a more "oily" collection of assets. Simple as that.

Foolish Takeaway

Suncor and CNQ have by default made the decision to bump their respective exposure to oil by embarking on these transactions. Clearly, the powers that be at both firms envision a brighter future for this commodity vs. its potentially over-supplied peer. Keep this in mind if you're looking to up your exposure to the natural gas space.

Another energy related commodity with an incredibly bright future is uranium. Uranium has the potential to be *the* fuel that powers the 21st century and currently the market is completely ignoring it.

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for instant access to our FREE report titled “**Fuel Your Portfolio With This Energetic Commodity**”. We think you’ll be surprised just how bright the future is for uranium, just how far these two Canadian names have fallen, AND **how fast** they could rebound. [Click here now](#) to access this free report, and hop on for the nuclear ride of your life.

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Fool contributor Iain Butler is does not own shares in any of the companies mentioned at this time. The Motley Fool does not own any of the stocks mentioned.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)

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