



Why Athabasca Oil Shares Surged

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of diversified energy company **Athabasca Oil** ([TSX: ATH](#)) popped as high as 10% today on good vibes over its second-quarter results and a looming decision from the Alberta Energy Regulator on its 250,000 barrels-a-day Dover commercial project.

So what: The stock has been under heavy pressure on regulatory concerns and general energy malaise, but today's second-quarter results — production averaged 7,258 barrels of oil equivalent per day — coupled with growing optimism that Dover will eventually be approved is forcing analysts to increase their price targets. After all, the approvals trigger Athabasca's right under a put/call agreement to sell its remaining 40% stake in Dover to **PetroChina** for a cool \$1.3 billion.

Now what: Athabasca expects to hear from the Alberta Energy Regulator regarding Dover sometime in the third quarter, with a decision possibly coming as early as next week. And on a conference call with analysts, CEO Sveinung Svarte mentioned that he didn't know of any other projects being changed so significantly at such a late stage in the regulatory process. So when you combine that bullishness with the fact that Athabasca's stock is still way off its 52-week highs, the risk/reward at this point seems rather appealing.

Canada has yielded its fair share of great companies. But unsuspecting Canadian investors could get ambushed by a glaring weakness in their portfolios. One basic investing principle holds the key to a rock-solid portfolio ... and it starts with our neighbors to the south, America.

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Fool contributor Brian Pacampara does not own shares in any companies mentioned at this time. The Motley Fool does not own shares of any companies mentioned at this time.

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Date

2025/07/26

Date Created

2013/07/31

Author

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