



## Why is Crew Energy Up 11% This Month and is There More to Come?

### Description

**Crew Energy** ([TSX: CR](#)) is making a comeback. The company's production is now comprised of just over 50% oil and liquids, and it has a significant position in the natural gas liquids-rich area in the Montney in British Columbia. Septimus is the most economically attractive of their positions, with an IRR of 45%, according to company reports. Crew also operates a heavy oil play, Westminster and an Alberta Oil play, Princess. Lastly, Crew is also active in Deep Basin in Alberta.

### Latest Results Looking Good

Production in the second quarter came in at 27,109 barrels of oil equivalent per day (boe/d), which is 4% higher than the previous quarter. Cash flow from operations increased 43% sequentially, while operating cost decreased 11% to \$10.76.

Crew has an excellent track record of increasing production and reserves per share. This is very important as it means that the benefits of their growth has not been diluted over a larger shareholder base. CAGR in production per share since 2003 is 34% and CAGR in reserves per share since 2003 is 51%.

The company's balance sheet is strengthening, as cash flows are rising and the company took the step to reduce net debt by \$23 million in the second quarter. Debt to Cash flow now stands 1.6 times and management reiterated that they will remain committed to keep capital discipline. Capital expenditures in 2013 are expected to total \$219 million, and will be covered for the most part with cash flow from operations.

### Opportunity for Growth

Crew has been busy increasing its stake in the Montney in Northeastern BC, with a focus on the highly lucrative Septimus play. The company has recently completed 3 Septimus wells which are showing good flow rates.

Furthermore, Crew recently closed the acquisition of 81 additional Montney sections, bringing Crew's aggregate holdings to 373 net sections of Montney rights in northeast British Columbia and adding 15

TCFE of Total Petroleum Initially in Place ("TPIIP") for a total of 91 TCFE of TPIIP, made up of 44.6 TCF of natural gas and 7.8 bln barrels of oil

Crew is also currently working on increasing its natural gas processing capacity in the Septimus area, with plans to increase its takeaway capacity from its present capacity to 45mmcf per day up to 189mmcf per day.

### Bottom Line

Crew offers great exposure to the highly coveted Montney region, a strong balance sheet, and a track record of being good operators. All at a cheap price. The stock is trading at 3.5 times cash flow, very cheap historically and compared to its peers. This stock seems poised to outperform as they continue to execute their strategy.

### Another way to play

Though oil and gas tend to grab most of the attention when it comes to energy, there is another way to play this space. Uranium – the key ingredient in nuclear power – has the potential to be *the* energy source of the next 100 years.

That is why the Motley Fool has prepared a Special **FREE** Report that will clue you into two of the best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can receive a copy at no charge by simply [clicking here now](#)!

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*Fool contributor Karen Thomas does not own shares in any of the companies mentioned at this time. The Motley Fool does not own shares in any of the companies mentioned at this time.*

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CR (Crew Energy)

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