A Splendid Example of Short-Term Thinking at its Worst

Description

Something that we Fools must constantly be filtering in this age of information overload is what's meaningful, and what's not. Unfortunately, this equation is heavily skewed toward the "not" and this can be harmful as we attempt to achieve our financial goals.

A prime example of this dynamic appeared in this week's media.

A mid-week article indicated that because of a maintenance over-run of 21 days, **Canadian Oil Sands** (TSX:COS) is going to struggle to achieve the low-end of its production guidance for 2013. The article was drawn from the work of a sell-side analyst who has crunched the numbers that surround this possibility.

While this type of coverage has the potential to cast a shadow over Canadian Oil Sands and the Syncrude oil sands project that it's the biggest owner of, it's 100% meaningless to the intrinsic value of this company. Granted, this bit of news didn't appear to move the stock, but it can change investor's opinions. It shouldn't, and here's why.

Long-life asset

Canadian Oil Sands owns 36.7% of the Syncrude oil sands asset. Its partners include the likes of **Imperial Oil** (TSX:IMO) with a 25% stake, and **Suncor** (TSX:SU) with a 12% stake.

Syncrude was first introduced to the world in 1964 and produced its first barrel of oil in 1978. The consortium now produces approximately 100 million barrels of light, sweet crude oil from Alberta's oil sands on an annual basis.

While this annual production may sound significant, what's truly remarkable about the asset that Syncrude owns is the size of its reserves. These reserve figures for Syncrude, as well as Canadian Oil Sands' share are tabled below:

	Syncrude	Cdn Oil Sands
Proved and Probable	4.6	1.7
Contingent	5.2	1.9
Prospective	1.6	0.6

Billions of barrels of oil; Source: Company reports

At its current production rate of about 100 million barrels/year, and assuming only the proved and probable reserves are valid, Syncrude is going to be producing oil for the next 46 years! Again, this 21-day maintenance hiccup and slight miss on scheduled annual production is small potatoes when the asset is put into perspective.

Foolish Takeaway

Always be skeptical! Whether it's a talking head, or a reputable financial publication, most of what we see and hear is meaningless over the long-term. Though the market schluffed off this bit of "news" relating to Canadian Oil Sands, often times this is not the case. And as we expressed in this week's edition of **Take Stock**, reacting to such short-term related items is one of the worst things that you can do as investor. Stay vigilant against such items!

Canadian Oil Sands is going to be pumping oil, and profits for years to come. For a look at 3 other, non-commodity oriented companies that are going to be producing robust results for a long-time, **click here now** and we'll send you our special **FREE** report "**3 U.S. Stocks That Every Canadian Should Own**".

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Fool contributor Iain Butler owns shares of Canadian Oil Sands. The Motley Fool doesn't own shares in any of the companies mentioned.

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