Why Angle Energy Shares Angled Up

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 oil and gas explorer **Angle Energy** (TSX: NGL) popped 10% today after its third-quarter operational update impressed Bay Street.

So what: The stock has plunged over the past year on a string of disappointing quarters and general energy malaise, but yesterday's update — third quarter production is estimated to be 10,100 to 10,200 boe/d (32% light crude oil and condensate, 26% NGLs, and 42% natural gas) — suggests that things are starting to turn. Operating costs at its key Harmattan Cardium field are even down between 25% and 30% from April 2013, giving analysts some decent visibility into Angle's *profitability* levels as well.

Now what: While management simply maintained its full-year production guidance, costs should keep coming down. "The Company is benefiting from its multi-well pad drilling strategy with well costs being reduced from approximately $3.2 million to approximately $3.0 million on a recent Harmattan Cardium well," Angle said in a statement. "Angle expects capital efficiencies to continue to improve as it fully executes on its multi-well pad drilling program." More importantly, with the stock still well off about 35% from its 52-week highs and trading at a forward P/E of 8, there might even be some upside left to *profit* from that improvement.

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Fool contributor Brian Pacampara doesn't own shares in any companies mentioned. The Motley Fool doesn't own shares in any of the companies mentioned.

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Date
2025/07/26
Date Created
2013/09/24
Author
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