



Why Athabasca Oil Shares Sank

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 explorer **Athabasca Oil** ([TSX: ATH](#)) sank as low as 21% today after the Alberta Court of Appeal decided to allow Fort McKay First Nation, an aboriginal group, to appeal the provincial regulator's approval of the its Dover oil-sands project.

So what: Athabasca has expected production at Dover to reach 250,000 barrels a day at full capacity, so today's news naturally raises some concerns over the company's growth going forward. While Athabasca made it clear that the leave to appeal is "not a judgment on merits of the case" but rather a specific question of law or jurisdiction, the uncertainty alone is prompting investors to sell on the risk of even more bad news ahead.

Now what: The appeal will be heard at a later, yet-to-be-determined date. "Fort McKay First Nation has a number of concerns about the proposed project, particularly relating to the cumulative effect this project will have on the environment, having regard to the large number of other similar projects in operation or planned in the region," Justice Frans Slatter of the Court of Appeal of Alberta said. So while energy-savvy contrarians might want to take a closer look at the situation, conservative Fools would probably do well to keep their distance.

For a smoother ride to profits than Athabasca's shares have offered, [click here now](#) and download our special **FREE** report "**3 U.S. Companies That Every Canadian Should Own**".

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Fool contributor Brian Pacampara does not own shares of any of the companies mentioned at this time. The Motley Fool has no positions in the stocks mentioned above at this time.

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