



Husky Energy Plans to Keep Its Oil Flowing

Description

Husky Energy (TSX: HSE) announced that it's planning on moving ahead with two new heavy oil projects in Saskatchewan. The move will accelerate Husky Energy's plan to boost thermal oil output by one year. Overall, Husky Energy investors can expect to see a lot of [oil-fueled growth](#) over the next few years.

Green-lighting heavy oil

The two projects that Husky Energy is giving the green-light on are Edam East and Vawn, both of which are in the Lloydminster region. Each project is expected to produce about 10,000 barrels of heavy oil per day. These projects are part of the company's plan to boost its thermal oil project to 55,000 barrels per day by 2017. By giving both projects the green-light, Husky Energy will push up that goal by one year.

While Canada's oil scene is dominated by the oil sands, it does have a number of other promising oil regions like Lloydminster that oil producers are using to fuel oil production growth. Peers like **Canadian Natural Resources** (TSX: CNQ) (NYSE: CNQ) are also investing in this area to fuel production and cash flow growth. The draw of these projects to companies like Canadian Natural Resources and Husky Energy is the high returns on capital that producers can earn from these projects.

Multi-platform approach to oil growth

Husky Energy is focusing a good portion of its future outside of the oil sands. In addition to its big push into the heavy oil of the Lloydminster region, the company and its partner **Statoil** (NYSE: STO) are investing to find oil off Canada's Atlantic coast. The partners announced a [massive offshore discovery](#) last year, which is estimated to hold as much as 600 million barrels of recoverable oil. It was one of three discoveries the partners have made so far.

That's not to say that Husky Energy is forsaking the oil sands altogether. It has partnered with **BP** (NYSE: BP) on the Sunrise Energy project that's expected to start producing later this year. The first phase of that project is expected to produce about 60,000 barrels per day, with half of that production attributed to Husky. With more than 3.7 billion barrels of bitumen reserves, rising production from

Sunrise should fuel returns at BP and Husky for years to come.

Investor takeaway

Husky Energy has a lot of oil production coming online over the next few years. That should fuel solid returns for investors — as long as oil prices stay high.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

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