



## Cenovus Continues to Grow its Portfolio of Oil Sands Projects

### Description

After touching a new 52-week low in February, integrated energy major and oil sands heavyweight **Cenovus** ([TSX:CVE](#))([NYSE:CVE](#)) has seen its share price rally 4% since then. As discussed earlier this year, Cenovus appeared attractively valued as it flirted with new 52-week lows and continued to pay a dividend with a yield of almost 4%.

Cenovus continues to remain an attractive long-term play on bitumen production, recently announcing the approval of yet another oil sands project. Alberta's Energy Regulator recently approved Cenovus's 100%-owned Grand Rapids thermal oil sands project, making it the fourth oil sands project held by the company.

The project, located 300 kilometers north of Edmonton Alberta, is expected to be able to produce around 180,000 barrels of crude daily once completed, with an expected life of 40 years. An independent assessment of the project also estimated the entire Grand Rapids project has total potential oil reserves of 1.5 billion barrels. In the same assessment, 78 million barrels of oil reserves were also identified.

At the end of 2013, Cenovus reported total oil reserves of 5 billion barrels, with 51% of those reserves being composed of bitumen. Oil production for 2013 averaged 188,743 barrels of crude daily, with 60% made up of bitumen.

Accordingly, when the project is completed, Cenovus stands to gain a significant boost to both its core oil assets and daily bitumen production. This will not only boost the value of its core underlying assets but also revenue, cash flow and ultimately its bottom line.

More importantly, Cenovus will be able to defer some of the capital costs associated with developing the project and maximize capital efficiencies by using infrastructure from its nearby Pelican Lake conventional heavy oil project.

The company is also proceeding at this time with the completion of the first phase of its Narrows Lake project, which is estimated to have a total production capacity of 130,000 barrels of crude daily. The first phase is expected to be completed in 2017 and commence initial production at 45,000 barrels of

crude daily.

### **Foolish bottom line**

The approval of this project and its ongoing development of Narrows Lake highlights Cenovus's commitment to growing its oil reserves and production over the long term in order to generate value for shareholders. It also highlights that the company has a solid growth trajectory and was oversold by the market on unfounded negative sentiment.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)

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### **Date**

2025/08/12

### **Date Created**

2014/03/21

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