



## 3 Alberta Companies Tending to Business in the Oil Patch

### Description

It may not be considered glamorous to be a service provider to the oil and gas industry. However, for these three companies, it's the everyday provision of necessary services that's driving growth and profits.

#### 1. Canadian Energy Services & Technology

Based in Calgary, **Canadian Energy Services & Technology** ([TSX: CEU](#)) provides technically advanced consumable chemical solutions all through the life cycle of the oilfield. The company has its drilling fluids core business and its production specialty chemicals core business. It also provides environmental and drilling fluids waste disposal services to Operators working in the Western Canadian Sedimentary Basin (WCSB).

Its business divisions include Canadian Energy Services, Moose Mountain Mud, AES Drilling Fluids, AES Drilling Fluids Permian, PureChem Services, JACAM Chemicals, Clear Environmental Solutions, and Equal Transport.

The company notes that opportunities for growth will come from operators that require more chemicals and fluids overall, as well as more technically advanced chemical solutions so that wells can be successfully drilled, cased and completed. I like the range of services it offers the industry and its focus on servicing the ongoing significant resource plays.

Canadian Energy Services & Technology recently announced a cash dividend of \$0.07 per common share. This represents an increase of 8% to the monthly dividend. Since transforming to a corporate structure on January 1, 2010, this is the ninth dividend increase.

#### 2. Gibson Energy

Calgary-based **Gibson Energy's** ([TSX: GEI](#)) services include terminalling, storage, blending, processing, marketing and distribution of crude oil, condensate, natural gas liquids, and refined products. Services also include emulsion treating, water disposal and oilfield waste management services in Canada and the U.S. In late 2013, the company received the "Supplier of the Year" award

from Canada's *Oilweek Magazine*.

I like Gibson Energy's strategy of taking advantage of the projected growth profile of oil and liquids production throughout North America. Its emphasis is on expanding its midstream solutions program. For example, Gibson has its Hardisty Terminal in Hardisty, Alberta (a petroleum terminal). In the past three years, the company has increased its total crude oil storage capacity at this terminal by 54%.

Gibson Energy recently announced a quarterly dividend of \$0.30 per common share. This represents a 9% increase from the previous quarterly rate. Gibson declared total dividends of \$134 million, or \$1.10 per share in 2013, versus \$106 million, or \$1.01 per share the year prior.

### 3. Mullen Group

Based in Okotoks, Alberta, **Mullen Group** ([TSX: MTL](#)) is the largest provider of specialized transportation and related services to the oil and natural gas industry in western Canada. Additionally, Mullen is one of the foremost suppliers of trucking and logistics services in Canada.

I like one of the components of Mullen's strategy, which is its emphasis on investing in accretive acquisitions. In 2012, the company acquired Bernie's Hot Oil Service (Swan Hills, Alberta) an oilfield fluid transportation business. Mullen acquired Bernie's as part of its plan to invest in the energy sector.

In 2013, Mullen acquired Jay's Group, a Less-Than-Truckload (LTL) transportation company operating mainly in Saskatchewan. Mullen Group acquired Jay's as part of its strategy to invest in the transportation sector in western Canada.

Recently, Mullen Group announced a monthly dividend of \$0.10 per common share. For 2013, it increased its annual dividend by 20.0 percent to \$1.20 per annum (\$0.10 declared and paid monthly). In addition, for 2013, Mullen Group's share price increased by 35.8% to \$28.39 per share versus December 31, 2012.

### Foolish bottom line

Energy services companies are vital to the oil and gas industry, providing solutions to energy producers throughout the exploration and production process. The above-mentioned companies offer services designed to foster productivity in the oil patch and return on investment for shareholders.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CEU (CES Energy Solutions Corp.)
2. TSX:GEI (Gibson Energy Inc.)
3. TSX:MTL (Mullen Group Ltd.)

### Category

1. Investing

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