



5 Companies Streaming Oil, Gas, and Dividends

Description

The oil and gas industry is dependent upon sustained demand, politically stable environments, and overall global economic health. Consider also the substantial capital expenditures companies must undertake to get their product to market. Nevertheless, companies in this sector can fuel your portfolio. Here are five to consider.

1. Canadian Natural Resources

For Q1 2014, **Canadian Natural Resources** ([TSX: CNQ](#))([NYSE: CNQ](#)) achieved record quarterly production in primary heavy crude oil, Pelican Lake heavy crude oil, and North America light crude oil and natural gas liquids. With a balanced portfolio, the company's production mix in 2013 was 40% heavy crude oil and bitumen, 30% natural gas, and 30% light crude oil, NGLs, and synthetic crude oil. Canadian Natural Resources achieved \$7.5 billion in cash flow from operations in 2013.

Recently, it declared a quarterly cash dividend on common shares of \$0.225 per share.

2. Cenovus Energy

Cenovus Energy ([TSX: CVE](#))([NYSE: CVE](#)) saw its oil sands production increase 20% in the first quarter of 2014. The company received regulatory approval from the Alberta Energy Regulator for its 180,000 bbls/d wholly owned Grand Rapids oil sands project. Its intention is to move ahead with an initial phase of 8,000 to 10,000 bbls/d. The estimation is that Grand Rapids will have a 40-year lifespan.

Furthermore, Cenovus Energy has its third oil sands project: Narrows Lake. This project is expected to have a total gross production capacity of 130,000 barrels per day. Cenovus expects it to start oil production in 2017.

Last month, the board declared a second quarter dividend of \$0.2662 per share.

3. Pacific Rubiales Energy

For Q1 2014, **Pacific Rubiales Energy** (TSX: PRE) had record net production of 148,827 boe/d. This

represents an increase of roughly 16% versus Q1 2013. The company also had record sales volume in Q1 of 151,847 boe/d.

Pacific Rubiales generated U.S.\$4.6 billion of revenue from sales of crude oil and natural gas in 2013. This represents an increase of 19% over 2012. The company has new discoveries in Colombia, Brazil, and Peru, and in Q1 2014 it drilled 16 exploration wells in Colombia.

In March, Pacific Rubiales Energy announced its Q1 2014 cash dividend of U.S.\$0.165 per common share.

4. Penn West Petroleum

Penn West Petroleum (TSX: PWT)(NYSE: PWE) currently has a five-year plan to become a top oil producer in the Western Canadian Sedimentary Basin. Part of its long-term strategy is to concentrate its development on projects with the highest returns in three of its core areas: Cardium, Viking, and Slave Point.

For Q1 2014, development activity in the Cardium play increased because of operational efficiency and a reduction in drilling cycle times. In the Viking play, Penn West expects to spend approximately \$150 million drilling 108 wells this year. Its 2014 capital budget in the Slave Point area is expected to be approximately \$145 million. Activities will be mainly centered on low-risk drilling.

At the end of April, Penn West's board declared a Q2 2014 dividend of \$0.14 per share.

5. Talisman Energy

In Q1 2014, **Talisman Energy** (TSX: TLM)(NYSE: TLM) grew liquids volumes, increased operating margins, and lowered net debt. The company's cash flow increased to \$616 million.

In 2013, Talisman increased North American liquids production by 30% versus the prior year. For this year, the company has forecast cash flow to increase 5% to \$2.3 billion, reflecting higher cash margins per barrel. Talisman noted that increased high-margin production from the Americas and Asia-Pacific will fuel cash flow growth.

In Q1 2014, in Indonesia, Talisman received government approval to obtain a 90% working interest in the Sakakemang Production Sharing Contract. In Malaysia, it completed two successful development wells at Kinabalu. This contributed an additional 1,200 boe/d versus the prior quarter.

The oil and gas industry is an essential but volatile sector that's historically caused a host of market conniptions. Companies in this sector take on great risk, while strategizing for considerable returns. But with the right amount of research, you can get considerable returns too.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CNQ (Canadian Natural Resources Limited)
2. TSX:CVE (Cenovus Energy Inc.)

3. TSX:FEC (Frontera Energy Corporation)

Category

1. Investing

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Author

mugulini

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