



## 2 Dividend-Rich Oil Sands Projects for Your Portfolio

### Description

The Syncrude project and a new Fort Hills oil sands project are the focus of **Canadian Oil Sands** (TSX: COS) and **Suncor Energy** ([TSX: SU](#))([NYSE: SU](#)), respectively. Here is more information on these projects and what they can add to your portfolio.

#### 1. Canadian Oil Sands

Canadian Oil Sands has a 36.74% interest in the Syncrude project and is the largest stakeholder in the project. Other stakeholders include Imperial Oil Resources, Suncor Energy Ventures Partnership, Sinopec Oil Sands Partnership, Nexen Oil Sands Partnership, Mocal Energy Limited, and Murphy Oil Company.

Canadian Oil Sands has a long-life crude oil production stream via the Syncrude project. Syncrude's upgrading facility converts bitumen into a light, sweet crude oil. Syncrude has a broad, undeveloped, top-tier bitumen mining resource.

Canadian Oil Sands noted that it expects its Syncrude product to continue to be in strong demand by refineries. Syncrude's synthetic crude oil is a premium grade product versus conventional light, sweet crude. This product has characteristics that make Syncrude crude oil more responsive for refining into higher-value distillate products.

Canadian Oil Sands stated the following:

"2014 will be a critical year, as Syncrude completes the majority of work related to the major capital projects that commenced in 2011. With the completion of that work, a period of higher capital investment will end. Syncrude will then be positioned for enhanced operating and environmental performance."

For Q1 2014, Canadian Oil Sands produced higher-than-forecast cash flow from operations. This was due to stable production from the Syncrude joint venture and a strong realized selling price for its synthetic crude oil.

In Q1 2014, Canadian Oil Sands declared a quarterly dividend of \$0.35 per share. The company's current dividend yield is 5.8%.

## 2. Suncor Energy

Suncor Energy's oil sands business is its foundation for growth. The company's oil sands operations recover bitumen through mining and in situ development. The company then upgrades it into refinery feedstock, diesel fuel, and by-products. Suncor's share of Syncrude project production — that is, the Suncor Energy Ventures Partnership — increased to 35,100 bbls/d in Q1 2014 from 31,200 bbls/d in Q1 2013.

Suncor Energy is also focusing on a new multibillion-dollar Fort Hills oil sands project in Alberta's Athabasca region. *Canadian Mining Journal* reported this week that Suncor Energy chose Honeywell Process Solutions to provide automation systems for the new Fort Hills oil sands project. The expectation is that the facility will be operational in late 2017.

The project's co-owners are Suncor Energy, which is the operator, Total E&P Canada, and **Teck Resources** (TSX: TCK.B)(NYSE: TCK). The project is scheduled to produce first oil as early as Q4 2017 and achieve 90% of its planned production capacity of 180,000 barrels per day within a year. The lifespan is expected to be over 50 years at the current planned production rate.

In April, Suncor Energy's board approved a quarterly common share dividend of \$0.23 per share. The company's dividend yield is 2%.

The Syncrude and Fort Hills oil sands projects represent significant long-term opportunity for Canadian Oil Sands and Suncor Energy. These projects also represent major opportunity for investors looking for lasting returns from the oil sands.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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