



## This Natural Gas Stock Could Triple Your Money

### Description

[Natural gas](#) Over the next couple of years, you could make triple-digit gains in one of the most beaten-down commodity sectors in the world: natural gas.

Let me explain...

Thanks to new drilling techniques like hydraulic fracturing and horizontal drilling, trillions of cubic feet of previously unexploitable natural gas is now being extracted from shale beds across the continent.

We have discovered a virtual ocean of oil and gas beneath our feet. In 10 short years, North America has been transformed from an importer to an exporter of natural gas. And as I'm about to show you, this will lead to massive profits for investors who now how to take advantage of it.

According to a recent report from the U.S. State Department, America has enough natural gas reserves to satisfy the country's demand for the next 90 years. Separate estimates of shale reserves peg that figure at 116 years. And the massive quantities of gas sitting in storage will likely keep prices low for as far as the eye can see.

This gas glut has led to an outright collapse in prices. Over the past six years, natural gas prices are down more than 60%. And that situation is unlikely to change any time soon.

That's bad news for major producers like **Encana** (TSX: ECA)(NYSE: ECA) and **Talisman** (TSX: TLM)(NYSE: TLM). With prices hovering around \$4.50/GJ, it's just too difficult to earn a profit. That's why these companies are abandoning these fields in earnest in favour of more lucrative commodities like oil and natural gas liquids.

But it's great news for **Westport Innovations** (TSX: WPT)([NASDAQ: WPRT](#)). Westport designs engines that run on natural gas. At current prices, natural gas as a transit fuel is now 50% cheaper than regular gasoline. That's encouraging big companies like **Walmart**, **Waste Management**, and **Coca Cola** to switch from diesel engines to ones that run on natural gas.

The economics are overwhelming. Take a company like Waste Management for example. The

difference between natural gas and diesel is about \$1.75 per gallon. Assuming the average heavy truck travels 100,000 miles annually and gets about five miles per gallon, that equals 20,000 gallons per year in fuel.

By switching to natural gas, the company could save roughly \$35,000 a year per truck. Multiply that across 18,000 trucks in Waste Management's fleet, and the company could save up to \$630 million per year.

Companies are already switching over in mass. In 2012, more than 50% of new refuse trucks were outfitted with natural gas engines. The regional truck market is next.

Of course, this is the story investors have already been sold on. However, new markets for natural gas engines continue to open up.

Today, Westport Chief Executive David Demers is fielding calls from major railroad companies that are looking to cut their fuel costs. The industry could save boatloads of money by using natural gas instead of diesel to fuel its 100,000 plus locomotives.

Westport is also making inroads into the consumer automotive market. The company has signed partnerships with seven of the top 10 automakers — including **Ford**, **General Motors**, and **Toyota**.

And then there's the granddaddy market of them all: Asia. China's trucking market is 10 times the size of the United States'. Westport recently partnered with the largest engine manufacturer in the country, and special patents could give the company a near monopoly on the entire Chinese market.

India's government has also reached out to Westport to improve its cell phone towers. Today, there are 500,000 cell phone towers in the country, powered mostly by diesel generators. Westport's natural gas technology could help create a clearer, more reliable power supply.

But a quick word of warning: Wall Street is beginning to catch on. Earlier this year, research firm FBR Capital issued its first report on this small-cap stock. And since the beginning of April shares have rallied more than 25%.

Now what would make Wall Street take notice of this little stock? I'd say it's because they see a big rally ahead.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)

## Category

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