



3 Energy Stocks Gushing Dividends

Description

black gold Some investors feel like they have to choose between income and growth. Why not have both?

Thanks to new technologies like steam assisted gravity drainage and horizontal drilling, energy production is booming across North America. That's good news for income investors who want to lock in a stream of growing dividends.

Canada's oil patch is a rich source of quality income ideas. Here are three top names to get you started.

1. TransCanada

For most investors, **TransCanada** ([TSX: TRP](#))([NYSE: TRP](#)) is just a reliable dividend payer. The company has hiked its distribution for 13 consecutive years. Today the stock yields a respectable 3.8%.

However, that could be small potatoes compared to what's coming next. Thanks to booming oil sands production, the amount of oil and gas currently being pulled out of the ground is only a fraction of what's to come. Companies like TransCanada that collect, ship, and store all of these hydrocarbons are poised to make a fortune.

TransCanada has a staggering \$38 billion in secured expansion projects on the books through 2018 — more than the company's entire market capitalization today. Shareholders should be richly rewarded through steady cash flows, growing dividends, and a backlog of expansion projects.

2. Canadian Oil Sands

Canadian Oil Sands (TSX: COS) is a great way to position your portfolio for rising energy prices while picking up a nice, fat dividend cheque today.

The company is the owner of the largest stake in the Syncrude megaproject. With a yield of 5.8%, the stock is a true dividend gusher. Given that management is winding down most of its capital expenditure

program, the company should free up plenty of cash for more dividend hikes down the road.

There has also never been a better time to add this stock to your portfolio. In April, news of unplanned maintenance of one of its cokers — processors that convert raw bitumen into refinery-ready crude oil — sent the stock reeling. However, if you consider that the Syncrude facility has an estimated reserve life of more than 40 years, it's a classic example of short-sighted, impatient traders.

3. Cenovus

Cenovus ([TSX: CVE](#))([NYSE: CVE](#)) is the perfect example of a good dividend stock: an above average yield, good growth potential, and a shareholder-friendly management team.

Boosted by rising oil production and energy prices, the oil sands behemoth has hiked its payout three times since being spun off from **Encana** in 2009. Today, the stock yields 3.1% — twice as large as its nearest oil sands rival.

Cenovus also has the asset base to maintain this growth for years to come. The company is sitting on top of 8.2 billion barrels of recoverable bitumen. Also, as anyone in the industry will tell you, these assets are some of the best in the oil sands.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:TRP (TC Energy Corporation)

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Author

rbailieu

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