5 Top Energy Stocks Gushing Dividends

Description

Try to imagine the typical oil executive.

For many, the picture that comes to mind is the Stetson-wearing wildcatter chewing on a cigar. He's willing to bet a fortune drilling for oil on some barren patch of land.

That image of the energy industry is terribly outdated. Today, most energy companies are downright boring, managed by executives that have more in common with accountants than the wildcatters of yore.

That's why this industry is becoming a favourite of dividend-hungry investors. Thanks to high oil prices and new drilling techniques, many of these companies are gushing cash flow. Here are five top dividend names from Canada's oil patch.

1. Suncor Energy Inc

Many may criticize **Suncor Energy Inc's** (TSX: SU)(NYSE: SU) new Chief Executive Steve Williams for being stodgy, but they're not complaining about his results. Since taking the helm at the oil giant in 2011, Williams has pledged to dial back the firm's expansion, wring more oil production out of existing operations, and return more profits to shareholders. This week the company reported its 11th consecutive quarter of $2.25 billion-plus in cash flow. With oil prices on the rise, many analysts expect another large dividend hike within the next six to nine months.

2. Encana Corporation

After spinning off most of its oil assets in 2009, **Encana Corporation** (TSX: ECA)(NYSE: ECA) was pummelled by the recent collapse in natural gas prices. However, the company has been staging a bit of a turnaround under the leadership of Chief Executive Doug Suttles. Last quarter, the company reported that it's sitting on $2.2 billion in cash and cash equivalents thanks to a flurry of asset sales, cost cutting initiatives, and strong cash flow from operations. Expect to see much of this cash returned to shareholders in the months ahead.

3. Crescent Point Energy Corp.

In today's income desert, **Crescent Point Energy Corp's** (TSX: CPG)(NYSE: CPG) 6.1% dividend yield stands out like an oasis. That distribution is likely sustainable given that the company pays out less than 50% of its fund flows from operations. New shale drilling techniques should allow the firm to grow that dividend payout even more in the years to come.

4. Vermilion Energy Inc.

While North America's energy industry struggles under pipeline congestion and low oil prices, **Vermilion Energy Inc.'s** (TSX: VET)(NYSE: VET) international operations avoid most of these problems. In Europe and Asia, the company earns three times more for its natural gas production than domestic firms. With the company on track to grow production 25% over the next two years, shareholders can expect lots in the way of dividend hikes and share buybacks.

5. Enerplus Corporation

Enerplus Corporation (TSX: ERF)(NYSE: ERF) has accumulated a great set of assets in the Bakken/Three Forks shale play. While the company is on track to grow output at a healthy double-digit clip, new technologies could allow Enerplus to expand its operations much faster than the street currently expects. As investors wait for this story to play out, they are being compensated with a 4.2% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ERF (Enerplus)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:VET (Vermilion Energy Inc.)
4. TSX:VRN (Veren Inc.)

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Date
2025/08/26
Date Created
2014/07/31
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