



## Why Canadian Natural Resources Limited Is Dominating the Oil Patch

### Description

**Canadian Natural Resources Limited** ([TSX: CNQ](#))([NYSE: CNQ](#)) is one of the world's largest independent crude oil and natural gas producers.

With a balanced portfolio of heavy oil, light oil, natural gas, oil sands mining and upgrading facilities, Canadian Natural offers investors a unique opportunity to benefit from one of the strongest assets portfolios of any energy company on the planet.

Here is a look at why Canadian Natural is a dominant force in the oil patch and should be on every investor's energy watch list.

### Great assets

Canadian Natural Resources has a diversified mix of assets located in North America, the North Sea and Offshore Africa.

With the largest undeveloped land base in the Western Canadian Sedimentary Basin (WCSB), Canadian Natural is well positioned to reward investors for decades.

The company is one of the largest natural gas producers in Western Canada and is the number one producer of heavy crude oil. Its Pelican Lake project is among the top crude oil assets in the country.

Canadian Natural also owns some of the country's best oil sands properties, including its thermal in situ assets. These should be of particular interest to investors because they hold enormous growth potential as extraction techniques continue to advance.

The other major jewel in the crown is Canadian Natural's Horizon Oil Sands project. This flagship operation is a surface mining and bitumen extraction facility operating at record production levels.

### Effective strategy

Led by President Steve W. Laut, Canadian Natural has employed a successful strategy of acquiring

and developing low-risk assets through the prudent use of capital allocation.

The company also prefers to own 100% of the assets it operates. Partnerships have the advantage of spreading out capital risk, but they also tend to result in a slower decision-making process.

Complete ownership of its properties allows Canadian Natural to make quick decisions to ramp up or shut down a drilling program giving it better control of its capital allocation. This is important when the company has a balanced asset mix.

Canadian Natural has strategically built up a balanced portfolio of natural gas, heavy crude oil and light crude oil assets. This helps diversify earnings when commodity prices are volatile. As prices in the commodity markets fluctuate, Canadian Natural has the ability to shift capital resources to the highest return projects.

### **Proven results**

Success in the energy business is all about being an efficient and effective producer. Canadian Natural is one of the most efficiently run energy companies in the patch.

Canadian Natural's Q2 2014 results are proof that this company is operating at peak performance.

The company reported record production at both the Horizon Oil Sands operation and Pelican Lake. Total crude oil and natural gas liquids production averaged a record 542,200 barrels per day, a 12% increase from the first quarter.

The company delivered record cash flow of \$2.63 billion compared to \$2.15 billion in the first quarter and \$1.67 billion in Q2 2013.

Adjusted net earnings hit a record of \$1.15 billion compared to \$921 million in the first quarter and \$462 million a year earlier.

### **Excellent shareholder returns**

Canadian Natural continues reward its shareholders through a mix of share buybacks and dividend increases. The company has bought back and cancelled more than eight million common shares in the first half of 2014.

The dividend has more than doubled in the last two years. The current quarterly payout of \$0.225 yields about 2%. The shares have increased by 900% in the past 15 years.

### **The bottom line**

Long-term investors looking for a world-class energy company with a diversified asset portfolio and a strong history of dividend increases should consider Canadian Natural Resources Limited as a top pick for their portfolio.

### **CATEGORY**

1. Investing

## TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

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