



Want Growth & Good Dividend Yields? Consider ARC Resources Ltd. and Husky Energy Inc.

## Description

Consider the following two energy companies for your income portfolio. Each has a track record of dividend payments and programs in place to foster shareholder return on investment:

### 1. ARC Resources, Ltd.

**ARC Resources Ltd.** ([TSX: ARX](#)) is growing production and last year employed its largest capital program ever. For Q2 2014, the company attained record production. For this year, ARC increased its capital program from \$915 million to \$975 million.

In northeast British Columbia, ARC's assets are in the tight gas Montney resource play. The Montney is recognized as one of the best tight gas plays in North America. ARC is advancing large-scale development plans for its Montney assets, and focusing on them to be its main growth driver.

The company holds roughly 900 net sections of Montney land in some of the best parts of this play. This gives ARC exposure to natural gas, natural gas liquids, as well as oil production. During the first half of this year, ARC added approximately 50 net sections of lands, mainly in the Montney region of British Columbia and Alberta.

ARC Resources also has its Parkland property in northeast British Columbia. Here, it has a new gas plant and liquids handling facility. The plant has a design processing capacity of 60 mmcf of gas and 8,000 barrels of liquids per day (5,000 barrels per day of oil and 3,000 barrels per day of natural gas liquids). ARC is bringing on wells throughout this year to fill the facility.

ARC's higher Q2 2014 production was partly due to new wells at Parkland/Tower following the commissioning of the new gas processing and liquids handling facility late last year.

ARC Resources current dividend yield is 4.00% and the company's dividend rate is \$1.20. In 2013, it paid more than \$374 million in dividends to its shareholders.

## 2. Husky Energy Inc.

With upstream and downstream business segments, **Husky Energy Inc.** (TSX: HSE) has led the way in the production of heavy oil in Western Canada. The company's foundation is heavy oil, but it is converting this business and putting greater focus on thermal technologies and horizontal wells.

Husky is also pushing for growth via its Asia-Pacific region projects. The Liwan Gas Project is its largest development so far. Liwan is the first deep-water gas project offshore China, although Husky has had some startup issues at this project. Work has started to complete the installation of a second deep-water production pipeline from the main Liwan 3-1 field to the shallow water central platform. The field is scheduled to be shut in for six to eight weeks beginning in the fourth quarter to enable the installation.

The company also has its Sunrise Energy Project, which has experienced increased costs. This project is advancing toward startup later in 2014. For phase 1, all major regulatory approvals are currently in place. The expectation is that phase 1 production will grow over 18-24 months to 60,000 bbls/day (30,000 bbls/day net to Husky Energy). Sunrise is considered a world-class reservoir. It has estimated reserves of 3.7 billion barrels of bitumen (0.44 billion proved, 2.40 billion probable and 0.86 billion possible) as of Dec. 31, 2013. Husky Energy has a 50% working interest in these reserves.

However, this week, the **Globe and Mail** reported that **Citibank** analyst Mohit Bhardwaj said, "We believe the market is overestimating the startup issues at Liwan and cost over-runs at Sunrise and are therefore underestimating the cash flow impact."

Husky Energy's current dividend yield is 3.70%, and the company's dividend rate is \$1.20. Husky recently declared a quarterly dividend of CDN\$0.30 per share on its common shares for the three-month period ended June 30, 2014.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)

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### Author

mugulini

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