



Crescent Point Energy Corp.: Earn a 7% Dividend Yield From This Bakken Oil Stock

Description

It's hard to find safe dividend payers that yield over 5%.

But here at Motley Fool Canada, it's my job to hunt down these cash-cranking stocks. And this find might be my best pick yet.

That's because this company currently pays out a big 7% yield. In fact, it generates so much cash, it can pay DOUBLE the dividend of your typical blue-chip stock. And you can expect that payout to keep growing in the years ahead.

Let me explain...

As regular readers know, business is rockin' in the Bakken — a massive oil field that lies underneath Saskatchewan and North Dakota. Last year, the government doubled its reserve estimate for the area. And in June, Bakken oil output hit 1 million barrels per day.

This has been a bonanza for drillers like **Crescent Point Energy Corp.** (TSX: CPG)(NYSE: CPG). Over the past decade, profits are up tenfold. Oil output has grown 21-fold. Cash flow is up 69-fold. But there's good reason to believe its best days are still ahead.

Last April, Crescent Point announced a big new oil find — the Torquay. The play is located in Southern Saskatchewan near the U.S. border, and is actually an extension of the prolific Three Forks field in North Dakota. Altogether, management thinks they can drill at least 400 wells in the region.

Most importantly, drilling in the area is extremely profitable. Depending on the location, a well can earn a rate of return between 90% and 300%. For perspective, industry experts look for returns around 50% and 75%. Torquay wells are true gushers.

The second part of this story: The company is sitting on 18 billion barrels of oil in place. Of course, Crescent Point can only extract a tiny fraction of those resources. According to third-party estimates, it will only be able to recover about 3.6% of that figure with today's technology.

The thing is, shale drilling is still in its infancy. Crescent Point is just starting to try new techniques like infill drilling, longer horizontal wells, and water flooding. If it can increase the recovery factor on its wells by just 1%, it would unlock a huge amount of value for shareholders.

Earn a 7.0% from this Bakken oil stock

Investors are being well paid while this growth story plays out. Crescent Point has hiked its dividend 35% over the past decade, and today the stock yields 7.0%. That's three times larger than a 10- year government of Canada bond.

Best of all, you don't have to wait to start cashing in. Crescent Point pays a dividend monthly. If you become a shareholder by October 29, you can collect your first payment in November.

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Date

2025/07/05

Date Created

2014/10/06

Author

rbailieul

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