



Collect Monthly Oil Well Royalties Without Buying Land With PrairieSky Royalty Ltd.

Description

For generations the Barnes family worked a dairy farm in Tioga County, Pennsylvania. Just as it was for many farmers in the area, it was sometimes hard to get by.

That was until a landman from the local oil company visited a few years ago. It turned out the Barnes were sitting on top of a bounty of oil and gas. Today, they receive thousands of dollars in monthly royalty cheques for any drilling carried out on their property.

“Payments can range from \$8,000 to \$35,000 a month.” reports *Kiplinger*. “Royalties have been coming in for nearly a year, allowing the family to pay off bills, purchase machinery, and invest \$50,000 in a portfolio of mutual funds.”

Collect thousands in monthly oil well royalties, even if you don't own any land

Millions of ordinary people are striking it rich in North America's energy boom. Since 2008, thousands of shale wells have been drilled across the continent. A property owner with a hundred acres of land can receive millions of dollars in royalties over decades — on top of initial lease payments that can reach into the six figures.

But unless you live in a place like Texas, Alberta, or Pennsylvania, it's hard to invest directly in oil wells. Or at least it used to be.

There is a little known way to collect oil well royalties and you don't even have to leave your house. I'm talking about partnering with an already established, highly successful landowner: **PrairieSky Royalty Ltd** ([TSX: PSK](#)).

PrairieSky is a way for people to invest directly in oil-rich land who do not have the resources to buy acreage on their own. The company is unusual in the energy business because it doesn't actually extract any oil and gas itself. Rather, PrairieSky owns 5.2 million acres of land across Western Canada. It then collects royalties from drillers operating on its properties, which are then passed on to shareholders.

More importantly, PrairieSky pays NO mineral royalties to the government. Most drillers pay hefty fees to extract any oil and gas on crown land. These taxes can sometimes cost up to 50% of revenues. However, thanks to an obscure tax loophole, PrairieSky avoids all of these expenses.

For investors, PrairieSky has a number of advantages over your run-of-the-mill oil stock. Royalties, drilling costs, clean-up expenses — energy companies pay an enormous amount of money to extract a single barrel of oil. Many of them operate on razor-thin profit margins.

By contrast, PrairieSky's cost of revenues are almost zero. Depending on oil prices, the company can generate profit margins between 80% and 90%. That's a heck of a lot better than your average driller.

This is how PrairieSky can send out such consistent, oversized royalty cheques. Today, the company pays an annual dividend of \$1.30 per share, which comes out to a yield of 3.5%. However, I expect that payout to grow substantially in the years ahead as PrairieSky expands its landholdings.

You can start earning some real cash flow with a yield like this. With an initial investment of \$100,000, you can earn an extra \$300 in monthly passive income. With an initial stake of \$450,000, you can collect \$1,300 per month!

Collect your first royalty cheque by December 15

Best of all, the company is about to send out another round of royalty cheques in a few weeks. If you become a partner by November 26, you will be able to collect your first royalty cheque on December 15. Then you will be eligible to receive a cash payment every month after that.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:PSK (PrairieSky Royalty Ltd.)

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