5 Oil Stocks Gushing Dividends

Description

Oil stocks have tanked lately, but you already know that.

One day energy prices soar on news that drillers are slashing production. The next, prices collapse on a report that storage tanks are close to bursting.

Pundits are calling for oil prices to go from anywhere between US$20 to US$200 per barrel. Of course, where prices go next are anyone's guess.

Now if energy markets are so unpredictable, what should investors do with their money? You could do worse than double down on dividends.

The idea is that if the capital appreciation side of stocks spins its wheels, dividends can still carry you along with reasonable returns. Even better, the recent crash has turned some traditional dividend payers into veritable cash cows.

Here are five.

Company	Yield	6- Month Return
Imperial Oil Limited	1.0%	(8.8%)
Suncor Energy Inc.	2.87%	(9.8%)
Inter Pipeline Ltd	4.33%	(6.6%)
Pembina Pipeline Corp.	4.36%	(16.8%)
Crescent Point Energy Corp.	8.6%	(-26.5)

Source: Google Finance

Let's say a few words about these companies.

Oil giants like **Imperial Oil Limited** (TSX:IMO)(NYSE:IMO) and **Suncor Energy Inc** (TSX:SU)(NYSE:SU) are hardly hidden gems. However, they have the size and scale needed to survive the industry's current doldrums. That's why these stocks are exactly the ones you want to own during a prolonged period of low oil prices.

However, what I like most about these companies is their commitment to shareholders. Over the past few years, both Imperial and Suncor have returned billions of dollars to investors through dividend hikes and share buybacks. Though these efforts have been halted for now, you can expect those programs will resume if oil prices find a floor.

But not everyone in the oil patch is struggling. Pipeline owners like **Inter Pipeline Ltd** (TSX:IPL) and **Pembina Pipeline Corp**

(TSX:PPL)(NYSE:PBA) are your ultimate toll road businesses. These companies simply charge a fee on every barrel of oil and gas that is shipped through their networks. So no matter which direction energy prices go, these firms will still make money.

Most of this cash is funneled back to shareholders. Simple. Stable. Lucrative. If oil prices remain in the dumps, pipeline stocks like these will provide some of the best returns around.

Finally, **Crescent Point Energy Corp** (TSX:CPG)(NYSE:CPG) is the most speculative name on this list. Whenever a stock's yield ticks up above 8%, you have to wonder if the dividend is at risk. But while that's a reasonable concern, I don't expect this company will cut its payout anytime soon.

That's because before oil started plunging, Crescent Point locked in prices for most of its future production. And if the company needs to conserve cash, it can always cut back on capital spending. The price of oil would have to fall to less than US$45 per barrel – and stay there for nine months or so – before management would even consider a dividend cut.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:VRN (Veren)
4. NYSEMKT:IMO (Imperial Oil Limited)
5. TSX:IMO (Imperial Oil Limited)
6. TSX:PPL (Pembina Pipeline Corporation)
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