



Dividend Investors: 3 Top Oil Stocks Yielding Up to 9.7%

Description

Oil stocks aren't known for their generous dividends, but that might be about to change.

Outside of a few major or master limited partnerships, few energy names sport impressive yields. Drilling for oil is an expensive business, which is why energy companies are forced to plow most of their earnings back into operations.

That was true, at least, before the current downturn. The recent plunge in crude prices has knocked down the valuations on many high-quality stocks. Investors can now find juicy yields in shares of battered firms, many of which are paying out decent distributions.

Of course, there are no sure things, but bigger yields compensate investors for the extra risk. So, with this theme in mind, here are three top dividend stocks from the energy patch.

1. Suncor Energy Inc.

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) is hardly a hidden gem. But as the largest energy producer in the country, this company has the size and scale needed to survive the industry's current doldrums. This is exactly the type of stock you want to own during a prolonged period of low oil prices.

Suncor stands out from its rivals in other ways, too. Over the past few years, Chief Executive Steve Williams has returned billions of dollars to investors through dividend hikes and share buybacks. It's this sort of commitment to shareholders that has likely attracted the attention of famed value investor Warren Buffett.

2. TransCanada Corporation

While most players in the oil patch are struggling, midstream businesses like **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) are doing just fine. Midstream is oil lingo for all of the operations involved in moving energy products from the wellhead to the refinery. However, most investors don't understand that this tends to be the most lucrative part of the industry.

You could think of midstream firms like TransCanada as a toll road. This company charges a fee on every barrel of oil and gas that is shipped through its network, which is then funneled back to shareholders. So, no matter which direction energy prices go, TransCanada still gets paid.

3. Crescent Point Energy Corp.

Finally, **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) is the most speculative name on this list. Of course, whenever you see a yield up above 9%, alarm bells should be going off. But while it's prudent to be concerned, I don't expect this company will cut its payout anytime soon.

Before oil started plunging, Crescent Point locked in the price for most of its future production. And while other energy producers loaded up on debt during the boom years, this company kept its balance sheet in tip-top shape. In fact, Crescent Point is now using the current doldrums to scoop up rivals on the cheap.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TRP (Tc Energy)
3. NYSE:VRN (Veren)
4. TSX:SU (Suncor Energy Inc.)
5. TSX:TRP (TC Energy Corporation)
6. TSX:VRN (Veren Inc.)

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