



These 10 Quotes Will Make You Doubt Oil's Recovery

Description

Most energy insiders will tell you that oil is poised to recover sooner or later. As the thinking goes, low prices will spur companies to cut production until the market comes into balance once again.

But these 10 quotes, obtained from energy companies and their executives, seem to indicate otherwise:

"Our disciplined approach has led to operating costs per barrel equivalent reductions in 2015 equating to approximately \$945 million. At the same time our average production has increased 11% despite a very significant drop in capital program spending." —**Canadian Natural Resources Ltd.** ([TSX:CNQ](#))([NYSE:CNQ](#)) press release.

"Upstream production up 26 percent, highest quarterly total in more than a decade ... Cost management activities deliver year-to-date savings of \$1.1 billion ... Cash generation exceeds capital requirements and dividends by more than \$300 million" —**Imperial Oil Limited** ([TSX:IMO](#))(NYSE:IMO) press release.

"Oil Sands operations cash operating costs per barrel decreased to \$27.00 for the third quarter of 2015, which was the lowest achieved since 2007." —**Suncor Energy Inc.** ([TSX:SU](#))(NYSE:SU) press release.

"Even if Brent crude prices remain in the US\$40 per barrel range through 2016, we believe we can continue to fund our sustaining capital program, growth projects that are nearing completion and our current dividend level." —**Cenovus Energy Inc.** ([TSX:CVE](#))(NYSE:CVE) CEO Brian Ferguson.

"...average production increase of approximately one to five percent compared to 2015 guidance..." —**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) 2016 capital expenditure plan.

"We can cover operating and capital costs and pay the dividend in a low oil price environment." —**Canadian Oil Sands Ltd.** (TSX:COS) press release.

"Our 2016 investment program, with its low level of sustaining and maintenance capital and low non-energy costs, illustrates how well MEG is positioned in the current low-price environment" —**MEG Energy Corp.**

([TSX:MEG](#)) CEO William McCaffrey.

“Based on continued strong well performance through the third quarter, the company is increasing its production growth guidance to a range of 24% to 26% for 2015...” – **Continental Resources Inc.** ([NYSE:CLR](#)) press release.

“We are executing on our 2015 plan to reset the company to be successful in a low commodity price environment.” —**EOG Resources Inc.** ([NYSE:EOG](#)) CEO Bill Thomas.

“Our third-quarter daily production increased to 689,000 BOE from last year’s 595,000 BOE, an increase of 16 percent.” —**Occidental Petroleum Corp.** ([NYSE:OXY](#)) CEO Stephen Chazen.

Do you sense a pattern here? Every company says they can weather the downturn, and often has the numbers to back it up. Meanwhile, they claim that oil prices will recover, effectively pointing their fingers at each other as if to say “We won’t cave, but they will.”

Maybe some companies will go under. Maybe some production will be turned off. But at the same time, the whole industry has adjusted faster than practically everyone predicted. So perhaps we’ve entered a new normal, one in which both costs and prices will stay low for a long time. It’s a thought to consider before you buy an oil stock.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CLR (Continental Resources)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:CVE (Cenovus Energy Inc.)
4. NYSE:EOG (EOG Resources)
5. NYSE:OXY (Occidental Petroleum Corporation)
6. NYSE:SU (Suncor Energy Inc.)
7. NYSE:VRN (Veren)
8. NYSEMKT:IMO (Imperial Oil Limited)
9. TSX:CNQ (Canadian Natural Resources Limited)
10. TSX:CVE (Cenovus Energy Inc.)
11. TSX:IMO (Imperial Oil Limited)
12. TSX:SU (Suncor Energy Inc.)
13. TSX:VRN (Veren Inc.)

Category

1. Energy Stocks
2. Investing

Date

2025/07/20

Date Created

2016/01/12
Author
bensinclair

default watermark

default watermark