3 Fast-Growing Energy Stocks to Buy Now

Description

With WTI oil prices fast approaching $60 per barrel, most of us are very much aware of the Canadian oil giants that are gearing up for better times ahead.

Canadian Natural Resources Limited (TSX:CNQ)(NYSE:CNQ) and **Cenovus Energy Inc.** (TSX:CVE)(NYSE:CVE), for example, just reported very strong results that are fueling optimism and an increase in expectations and estimates across the board.

But what about the smaller companies, whose shares are admittedly more volatile? Their downside can be steeper, but their upside is, by the same token, higher.

For investors who are very bullish on oil prices, here is a list of small energy companies to own. While they're risky because they are less diversified and have less financial strength and clout, these companies can offer growth that is far beyond what the bigger names are achieving.

With 50% production growth expected in 2017, **Seven Generations Energy Ltd**. (TSX:VII) has benefited from its success in bringing down costs, a strong balance sheet with net debt of $1.8 billion, and a debt-to-cash flow ratio of 1.6 times, which is below its peer group.

With production in the liquids-rich Kakwa area of the Montney region, the company's production is almost 60% weighted to oil and liquids.

In the third quarter, funds from operations per share increased 22% off the strength in commodity prices, production increases, and lower costs.

With more than 90% of its production weighted towards oil, **Raging River Exploration Inc.** (TSX:RRX) is another such company. The company's management team is experienced with a good track record and owns roughly 10% of shares outstanding. So, management is aligned with the results of the firm, which is definitely a good thing.

Production increased 38% in the second quarter of 2017 and the first six months of the year, withfunds from operations increasing 47% and 82%, respectively.

With a net debt to cash flow of approximately one times, the company's strong balance sheet is more than ready to support growth in production going forward. As such, the company is well on track to meet its 2017 production guidance of 22,750 boe per day, an increase of 27% compared to 2016.

Gran Tierra Energy Inc. (TSX:GTE)(NYSE:GTE) just reported its third-quarter results last week and is also showing strong growth. Production, which is 99% weighted toward oil, came in at 32,570 boe per day, was 26% higher than the same quarter last year and was accompanied by a more than doubling of funds from operations to $55,128.

Gran Tierra operates in South America, so we have another layer of risk with this one — namely, country risk. The company operates primarily in Columbia, but it also has rights to various oil and gas properties in Brazil and Peru.

In summary, with oil prices rising quickly, the smaller oil and gas names can provide big upside to investors' portfolios and are a good place to turn for more torque.

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2. NYSE:CVE (Cenovus Energy Inc.)
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