



3 High-Growth Energy Stocks to Buy Now

Description

As oil rallies again, energy shares are soaring.

It seems that a renewed optimism is taking hold, as global demand continues to exceed expectations and OPEC announces that they will be extending the production cut agreement to the end of 2018.

From **Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE) to **Canadian Natural Resources Limited** to **Precision Drilling Corp.**, energy shares are surging. These companies will see a very strong fourth quarter and year-end 2017.

This reversal of fortunes will drive shares up even further as we head into 2018 and beyond.

In previous articles, I have written a lot about some of the [larger energy names that I believe will outperform](#) this year and next. But what about the smaller, higher-growth producers, who, by their very nature are less diversified, and with less financial flexibility, are riskier?

Well, this is the time to bulk up on these stocks, because as oil rises, these stocks will have more upside potential on average than the bigger names.

Here are three high-quality, small energy producers to consider:

With 50% production growth expected in 2017, **Seven Generations Energy Ltd.** (TSX:VII) has benefitted from its success in bringing down costs and its strong balance sheet. With net debt of \$1.8 billion and a debt-to-cash flow ratio of 1.6 times, the company is in great financial shape.

With production in the liquids-rich Kawkwa 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 a definite plus.

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

Lastly, **Kelt Exploration Ltd.** ([TSX:KEL](#)), whose management owns 20% of shares outstanding, is also poised for good times ahead.

With 30% production growth expected in 2018 and a strong balance sheet, with a debt-to-cash flow ratio of 2.1 times, the company is in a good position to benefit from this bullish environment.

In fact, the company recently increased its capital-spending plans for 2017 to \$226 million, and it has a good inventory of low-risk drilling assets in the prolific Montney area.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PDS (Precision Drilling Corporation)
2. TSX:KEL (Kelt Exploration Ltd.)
3. TSX:PD (Precision Drilling Corporation)

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