



## Forget the Oil Sands! Play a Rising Oil Price With This Canadian Company

### Description

With news of US\$70 Brent crude making headlines of late, many investors have begun to get interested in where opportunities may present themselves in Canada's resource- and commodities-heavy stock market. A range of options are available, many at steep discounts to historical levels; however, I would advise caution for investors considering picking up shares of Canadian companies operating in the country's oil sands due to the steep discount Western Canadian Select has continued to demand in the marketplace — a risk factor I have covered time and again.

In a previous [article](#), I highlighted the difference between oil companies such as **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and oil sands operations like **MEG Energy Corp.** ([TSX:MEG](#)); indeed, the respective two-year graphs of these outfits provides a very compelling picture of just how badly oil sands producers have been hit of late.

With the discount between Western Canadian Select and Brent remaining very wide, the outlook for global producers may be much brighter in the mid-term (and perhaps the long term, given the structural sector-specific changes we're seeing in the divergence in price of oil grades). Regardless, at this point in time, investors seeking to profit from US\$70 Brent prices will have to focus outside Alberta and look for Canadian companies with global operations receiving Brent or WTI prices currently.

One such company I would recommend Foolish readers pay attention to is **Parex Resources Inc.** ([TSX:PXT](#)). Parex is a Canadian producer of high-quality light crude with operations focused in Latin America and, more specifically, Colombia. Parex has historically been an excellent exploration company and has parlayed its success into drilling oil, which receives Brent pricing, making the company's operations much more profitable at current oil prices. The increase in profitability Parex has experienced can be seen in the company's year-over-year quarterly earnings-growth rate, which has jumped more than 700% due in large part to the upswing in Brent prices of late.

### Bottom line

I'd originally [recommended](#) Parex around the \$15 level approximately one year ago, and the company's share price has rebounded nicely in this time frame, up nearly 23% over this past year. As

a long-term play, Parex has excellent fundamentals, which are only amplified by the improving global commodities environment. For investors looking for a Canadian company with the ability to profit from higher crude prices, Parex is one way to go; for investors looking to stay closer to home, consider Suncor.

Stay Foolish, my friends.

## **CATEGORY**

1. Energy Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:PXT (PAREX RESOURCES INC)
3. TSX:SU (Suncor Energy Inc.)

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