



Income Investors: 2 Dividend-Rich Oil Kings I'd Buy in March

Description

Most folks have thrown in the towel on the oil sands. It's been a dead zone for investors for nearly half a decade now, and with no reasons to believe that things could improve for Alberta's troubled oil patch over the near future, it certainly feels as if though things couldn't get any worse at this juncture.

That has contrarians like Warren Buffett licking his chops at the opportunity to obtain assets at a huge discount to their intrinsic value. You see, despite having little to no catalysts to propel the Albertan oil patch out of its funk, many quality oil sands operators have attracted Buffett, partly because of the low valuations, but mostly, I believe, because he's a long-term investor who couldn't care less about how things unfold over the near to medium term.

Many economists have a good outlook for Western Canadian Select (WCS) crude prices for the year ahead, and that's caused many investors to ditch their oil stocks to the curb. There's a Canadian oil glut, and with pipelines backed up and rail crude volumes slated to be overwhelmed beyond their carrying capacities, there is no magic, short-term solution that exists. It could be many years before Canadian crude stocks begin making up lost ground from oil's 2014 collapse.

Don't let this bleak near-term forecast deter you from the longer-term opportunities that exist, though! There is a way to win in the meantime, as Alberta continues to tread water over the next year or so, and that's with [high-dividend-paying stocks](#) like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), my favourite Albertan energy firms, primarily because their integrated operations allow for more stable cash flow streams in times of turmoil, and each firm is on sound financial footing relative to most other junior players in the industry.

Both Suncor and Canadian Natural have a tonne of upside potential should Alberta find any relief from potential future pipeline projects. Both companies have "black gold mines" of incredible heavy oil assets that could fuel production for decades to come. Despite the promising assets that are rich in oil, it makes no economic sense to turn on the spigot fully. That means Suncor and Canadian Natural are going to need to tread carefully in the meantime.

For investors, there's a fat dividend payment to be collected, as managers at Suncor and Canadian

Natural do everything in their power to protect shareholders from the harsh Albertan conditions. Suncor and Canadian Natural possess 3.7% and 3.6% yields, respectively. I've been [pounding the table](#) on both names when their yields swelled north of the 4% mark just a few months ago.

If you're looking for income and a potentially explosive upside rally at some unexpected point over the next decade and are not buying the "oil sands are dead" story, both Suncor and Canadian Natural are fantastic buys right now. Both names are ridiculously cheap, but they're also both untimely investments, and if I had to guess, both stocks will see the +4% yield mark again this year, likely due to a pullback in shares.

If you're a long-term contrarian like Buffett, it can't hurt to nibble shares of both companies today. But save some cash for seconds, as neither stocks are headed sustainably higher anytime soon.

Stay hungry. Stay Foolish.

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2. NYSE:SU (Suncor Energy Inc.)
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4. TSX:SU (Suncor Energy Inc.)

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