



## Insiders Bought 1 Million Shares of This Small-Cap Oil Stock

### Description

**Tamarack Valley Energy Ltd** ([TSX:TVE](#)) is your opportunity to follow company insiders into what could be this year's best value stock.

Since 2017, the company's executives have bought around one million shares for their personal accounts. The company itself has also bought back more than 1 million shares.

With these purchases, Tamarack Valley's management team seems to be betting big on a rising share price. Should you follow suit?

### Rough roads ahead

Tamarack Valley stock is incredibly volatile. Shares have seen 50% swings or more throughout every year since 2005. With shares nearing five-year lows, it appears as if insiders are betting the next surge will be positive.

### Why all the volatility?

On the surface, the business seems fairly stable. Since 2011, the company has increased production by 1,544%. Whereas the company was primarily a natural gas producer in the past—a commodity with much weaker profitability—today, two-thirds of Tamarack Valley's output is oil.

More recently, the company has also been decreasing its cost basis. In 2014, the cost of producing oil was around \$18 per barrel. That metric has fallen each year since to just \$13 per barrel today, positioning the company well to survive commodity bear markets.

The biggest cause of this stock's volatility has nothing to do with the company itself; it stems from industry-wide difficulties operating in Alberta.

As I [wrote](#) in February, the Alberta government was forced to declare a mandatory cut of 325,000

barrels per day across nearly every operator in the province. At the time, producers were generating 10-15% more oil than the existing transportation infrastructure could handle. When local prices plummeted 50%, a broad supply cut was the only move that made sense.

While the [saga](#) is far from over, the government has been ramping up crude-by-rail shipments quickly. By the end of 2019, they hope to erase the market's oversupply. If that happens, Tamarack Valley stock could rebound, as the story will revert to its individual merits rather than industry-wide issues.

## A reasonable bet for oil bulls

As an energy producer, the prevailing prices for oil and natural gas will have a bigger impact on Tamarack Valley's stock price than any other factor. With reasonable debt levels, growing production, and falling costs, Tamarack Valley is well positioned to take advantage of a bull market. If selling prices don't improve, expect the company's stock to languish just like every other energy company.

Fortunately, we have a few clues that suggest energy prices could improve in 2019 and beyond.

Company insiders will only buy stock with their own money for one reason: to make money. If insiders are buying—and leveraging their bet by having the company also repurchase shares—they clearly believe that energy markets will improve.

If you agree, Tamarack Valley shares look like a great bet.

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1. Energy Stocks
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1. TSX:TVE (Tamarack Valley Energy Ltd)

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