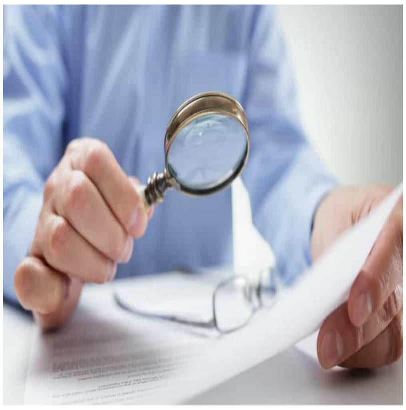

2 Undervalued Oil and Gas Stocks That Look Mighty Promising

Description

Let me start off by saying that most oil and gas stocks look fairly undervalued right now.

The industry is still rebounding from the slump after an oil glut caused a pause on shipment of crude oil and natural gas.

However, that doesn't mean every stock out there is an opportunity or that you have to spend a large amount to get in on some great discounts. For today, I would recommend **AltaGas** (TSX:ALA) and **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) as two great, inexpensive options for your portfolio.

AltaGas

In the past, AltaGas has had its fair share of worries. Yet in the last year, the company was forced to begin a turnaround and reduce its debt after the acquisition of WGL Holdings for $9 billion.

The move proved ideal for the company, and it isn't done yet. Recently, it announced the sale of its 30% interest in the Stonewall Gas Gathering System for $370 million, a further $2 billion in assets to sell, and the medium- and long-term contracts to support a solid 75% of its EBITDA. That net debt/EBITDA remains quite high at 6.3 times earnings, but management thinks it can reduce it by $3 billion by the end of this year.

AltaGas also has another unique factor going for it: access to the west coast. Its Ridley Island Propane Export Terminal means it can provide producers access to Asia. And this, of course, is on top of its facilities in the U.S. The growth should only become larger, with the company announcing it has $1 billion in capital growth projects on the books.

If you're looking for a buy-and-hold stock for your portfolio, it'll be hard to find one better. This stock is undervalued and is set to increase to around $25 per share by this time next year. But in the long term, investors see it expanding even further as the business becomes more efficient.

Crescent Point

What I like about Crescent Point is, the company has turned its focus on low-cost resource plays. Instead of looking for those huge producers, it has several projects that keep its balance sheet solid, even at lower oil prices. But the company hasn't stopped there.

Crescent Point is now working on production optimization techniques and waterflood technology to create even further free cash flows. In the meantime, the company is strengthening its resource base through acquisitions rather than increasing its reserve levels while it grows production.

As the company continues along this path of production for the lowest cost, investors should start seeing the stock soar once Crescent Point proves it knows what it's doing. This year alone, the company believes it will generate more than $600 million in excess cash flow.

Analysts see this company as doing all the right moves to get back to where it used to be, or at least partially. After all, turning a $5 share price into $47 won't happen overnight. But in the next 12 months, investors should still be very happy with their investment, as analysts predict this stock could hit $12.50 per share. And a 150% share increase is nothing to sneeze at.

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