



2 High-Yield Energy Stocks to Earn \$500 Per Month in Passive Income

Description

The energy sector is a prime target for income-oriented investors, and with good reason. Energy companies tend to offer higher dividend yields than most other sectors. Moreover, the energy sector is capital intensive and presents strong barriers to entry, which means that energy companies are unlikely to lose a significant portion of their market share to newcomers. Let's look at two energy companies that offer high-dividend yields: **Vermillion Energy** ([TSX:VET](#))([NYSE:VET](#)) and **Keyera Corp** ([TSX:KEY](#)).

Vermillion Energy

The only thing better than strong quarterly dividend payouts are strong monthly dividend payouts. And that's exactly what Vermillion offers investors, which makes it an excellent option for those looking to supplement — or eventually replace — their monthly income. The company currently offers a juicy 8.07% dividend yield. With strong growth in its funds from operations recently, which is projected to continue its upward trend this year, the firm is set to continue rewarding investors.

Vermillion also seems capable of keeping its earnings afloat. Though the firm is based in Alberta, a region famous for its rich reserves of oil and natural gas, Vermillion operates a number of energy assets throughout North America, Europe, and Australia. A little less than two-thirds of Vermillion's free cash flow is generated outside Canada. The firm's diversification has historically helped benefit from pricing compared to its Canadian peers.

Keyera Corp

As a midstream company, Keyera focuses on storing, processing and transporting Natural Gas Liquids (NGLs). The firm operates primarily in Canada, a country in which there is no shortage of oil companies with which to do business. Keyera is committed to growing its revenue base, and the company has various ongoing growth [projects](#).

Last year, the firm completed the construction of the South Grand Rapids Pipeline, a 50-50 joint venture it has with Grand Rapids Pipeline Limited Partnership. The pipeline, whose capacity is in excess of 900,000 barrels a day, is just one of Keyera's growth projects, all of which are worth at least

a couple billion dollar for the firm, but which will generate earnings growth for Keyera in the future.

Much like Vermillion Energy, Keyera offers investors monthly dividend payouts. With a current yield of 5.81%. The company's dividends seems sustainable with a payout ratio just above 90%, which isn't bad by industry standard.

How to earn \$500 in passive income

Naturally, there are many different ways to earn \$500 in passive income from these two energy stocks. The cheapest option would be to put all your money in Vermillion Energy, which is currently cheaper and provides a higher dividend yield and monthly payout. Investing about \$65,155 in Vermillion would get you 2174 shares of the company for a yearly dividend payout of a few cents above \$6,000 (or \$500 per month).

For those willing to spend more money for diversification purposes, investing \$44,955 in Vermillion would allow you to purchase 1500 shares of the company for a yearly dividend income of about \$4,140. An additional investment of \$36,982 in Keyera would help you acquire 1100 shares of the energy firm and receive a yearly payout of \$1,980. In total, you would spend \$82,937 and receive \$6,120 per year (or \$510 per month).

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:KEY (Keyera Corp.)
3. TSX:VET (Vermilion Energy Inc.)

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