This Is Still the Safest Oil Dividend Stock

Description

Oil investors have had a lot to mull over these last few weeks, and the latest development adds another element of doubt to the mix. Without an immediately apparent reason, **Enbridge** (TSX:ENB)(NYSE:ENB) has put off calling open season for bid solicitation for its Mainline system. Open season is a window of time in which shippers can bid for space in Enbridge's oil pipeline network. The contracted spaces would last from now until mid-September.

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Another pipeline delay, but not the usual kind

While there are plans to switch the network from monthly bidding system to a common network offering multi-year contracts, the reason for the delay in open season has not yet been made public. Whatever the reason, the news may leave investors scratching their heads after a summer that has seen various legal challenges to Enbridge's pipeline projects.

According to *Reuters*, the initial start of open season was to be Monday, July 15, but has been pushed back, possibly by one week. Enbridge's Tracie Kenyon said, "We have been in discussions with interested shippers and are working to accommodate their needs. We anticipate on holding the open season soon."

So, just how safe is an oil investment right now? The answer is, it depends. While the clock is ticking for oil in a political landscape broadly defined by climate science and shifting market forces leaning towards cheaper, cleaner sources of fuel, the fact is that the black gold still has some way left to run. Finding a company with a canny, maneuverable management style and years' worth of reserves may therefore give long-term investors a source of worry-free dividends.

Enbridge remains the midstream king

But what about a midstream company like Enbridge? The argument could be made that the company's sheer size and unassailable, defensive economic moat may override any number of doubting headlines. After all, its pipeline network is vast and holds the key to both draining the oil patch and boosting the Canadian economy in one fell sweep.

The focus this week on the Mainline system brings up an interesting point: by getting oil producers to commit to longer-term contracts, Enbridge can be competitive in several ways that make its stock not only more palatable but potentially essential to an energy investor's portfolio. First, the company can ensure future income right when nervousness in the oil market is at peak volume. Second, it can capitalize on pipeline dillydallying and pip competitors to the post.

A big yield of 6.26% can be locked down by new investor, and with Enbridge's vast network and assured business, a rally in oil could see the stock back in favour. Indeed, breakthroughs in Enbridge's pipeline projects could see the share price soar, so anyone eyeing the stock for a dividend portfolio should take advantage of the current volatility in the oil sector and get invested ahead of the rush.

The bottom line

Investors looking for a stable investment for the long haul that will provide years of passive income should consider stacking shares in Enbridge. With the slew of geopolitical stressors weighing on the sector, a range of beaten-up stocks is up for grabs with good value and attractive yields, and Enbridge has to be one of the best of the bunch.

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