



A Premier Oil Stock I'd Buy Right Now

Description

What [a confusing week](#) it's been for oil prices and their stocks. They fell into negative territory for the first time in history on Monday, plunging to -US\$40 before jumping above and below the \$0 mark before stabilizing in the single digits and eventually recovering to the teens.

What was the deal with negative oil prices?

[Negative oil prices](#) may have made it seem as though oil was rubbish.

It's one thing for an asset to be worthless — it's quite another for oil to be worth negative value! In a prior piece, I noted that negative oil prices weren't nearing as shocking as the headlines made it to be, also noting that negative oil prices were unsustainable for anything more than a few days.

If oil were to stay in the negatives for the long haul, there's no doubt that oil stocks would have imploded on Monday, but they didn't. They held their ground quite well despite the unprecedented collapse fuelled primarily by the coronavirus-induced demand shock.

Oil firms just keep producing and growing supply at a time of shrinking demand. The result? An unprecedented glut. There's so much oil on the market that storage has become harder to come by than toilet paper amid this pandemic. While that doesn't bode well for oil futures at all, amid these unprecedented times, oil will remain positive, possibly in the teens for a longer duration.

With the "new normal" being lowered again for the oil patch, many illiquid small energy players in the Albertan oil patch will be wiped out. As such, it's vital for investors to stick with the bluest of blue-chip stocks if they're looking to be a hero amid one of the worst oil routs in history.

An oil stock well-positioned to ride out the turmoil in the oil sands

While oil prices are unlikely to recover overnight, it makes sense to look to some of the premier oil

sands players like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) for those seeking outsized dividend income through these dark times.

As you may be aware, Suncor has stable operating cash flows from its integrated operations. And while cuts are being made across the board to better adapt to the new lows for the industry, the dividend (currently yielding 8.5%) is more than enough of an incentive to remain patient with the name as it waits for a better time to turn on the spigot to its promising growth projects.

Suncor has a solid balance sheet and a well-covered dividend, making the Canadian oil sands player a top candidate as the industry looks to hit the pause button a majority of operations. Oil prices make it uneconomical to turn on the taps, and while growth will be sidelined for an indefinite time period, many oil firms will rise again once the tides come back in again.

Stay hungry. Stay Foolish.

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