



3 Top Oil Stocks to Buy Right Now

Description

Oil prices are in the midst of the greatest collapse in history. Even the top oil stocks to buy have sunk to new lows. Getting a decent bid on even the most well run and operationally sound oil stocks can be difficult. But while buying oil stocks today may not be the first thing on your to do list, here is why I think it should be.

[Think about how many bankruptcies are headed our way in the oil and gas sector.](#) Think about how much production will be lost in the wake of this. U.S. shale production is the first area that comes to mind. This is because the break-even oil price for this production is in the \$50 range, and [today we are sitting with an oil price of below \\$20.](#) If this continues, we will see a staggering loss of production. This may even be the beginnings of the making of the next oil bull market.

Here are three top oil stocks to buy right now.

Canadian Natural Resources is a top oil stock to buy for its long-life reserves

Canadian Natural Resources Ltd. ([TSX:CNQ](#))([NYSE:CNQ](#)) benefits from being a low-risk producer with long-life reserves and a low decline rate. We know that even the highest-quality oil stocks are suffering in this downturn. But those like Canadian Natural Resources stock will ultimately prove why they are top oil stocks to own.

Yes, the macro environment is in disarray. Yes, Canadian Natural has had to cut capital spending. But at the end of the day, Canadian Natural has an enviable resource of long-life, low decline assets. The company is making long-term plans to cut emissions dramatically over time, and with new technologies available, we have to believe this is possible.

At this point, the world still needs oil and gas. Canadian Natural Resources is armed with a strong balance sheet, making it a top oil stock to buy. It is also armed with a resilient business model. This model has both staying power and the ability to bounce back when macro conditions improve.

Suncor Energy benefits from its integrated business

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) is unique for its integrated business model, which proves very useful in difficult times like these. Being an integrated oil company, Suncor has exposure not only to the production side of the business, but also to the refining and marketing business. What this means is that Suncor's diversified exposure shelters it from the volatility of the more focused oil and gas producers. This makes Suncor a top oil stock to buy.

Suncor's dividend yield is a stellar 8.4%. This dividend is supported by the company's quality balance sheet, low debt levels, and strong profitability. Today, Suncor's liquidity position stands at over \$9 billion, with no debt maturities in 2020. This, along with moves to lower costs and production, will ensure that Suncor comes out of these difficult times intact.

Cenovus Energy is a top oil stock to buy for its low-cost production

Before the oil price crash, **Cenovus Energy Inc.** was in a great position. Free cash flow in 2019 was \$1.35 billion and the company was reducing its debt levels dramatically. Today, things are obviously quite different. Cenovus has suspended its dividend to preserve liquidity. But some things are also the same. The company's oil sands operations are still low cost and top quartile. And Cenovus still has exposure to its non-operated refining operations in the U.S., which help to mitigate weakness in the upstream business.

Cenovus' liquidity position is strong, with \$4.5 billion in undrawn facilities. We can therefore expect this oil stock to also make it through to the other side.

Foolish bottom line

Top oil stocks to buy today are those with staying power and resilience. These are the stocks that will survive this dramatic market downturn and come out on the other side. Investors have the chance today to buy these stocks at lows that reflect a short-term disruption in the market. This is a recipe for strong long-term gains.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
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