



Looking to Bet on Energy? This TSX Stock Has Soared 300% Year Over Year

Description

It appears the oil market is set to run with the bulls right now.

Indeed, investors looking for intriguing plays on energy have come to the right place. In this article, I'm going to describe why I think [smaller producers](#) like **Tourmaline Oil** ([TSX:TOU](#)) are an intriguing option for investors to consider right now.

Tourmaline reports impressive earnings

In Q4 2020, Tourmaline recorded net income of \$629 million. That's remarkable for one reason alone: it's 10 times more than that of the previous year's figure during the same period.

If that doesn't tell you how smaller producers are impacted by the underlying price of oil, then I don't know what does.

Indeed, the company's cost-cutting measures appear to be playing into the story as well. The company divested of \$500 million of assets and saw increased profits from previous acquisitions, and that's combined with higher oil prices.

That's a winning combination there.

Additionally, the Calgary-based company disclosed that, on average, it produced 336,000 boe per day in Q4. That amounts to a 12% year-over-year increase. However, there's even better news for investors. The company has recently increased its production to more than 405,000 boe per day.

More barrels equal more profit, especially at these higher prices.

Indeed, investors bullish on oil have real reason to look closely at these higher-leverage, smaller producers today.

More acquisitions are on the horizon

Again, one of the key reasons Tourmaline has outperformed of late is the company's previous acquisitions.

In Q4, the company completed the acquisition of **Modern Resources** and **Jupiter Resources**. As a result of these two takeovers, the company's production increased by 76,000 barrels of oil equivalent per day. This certainly provided a huge boost to the company's top- and bottom-line growth.

Moreover, given the substantial surge in free cash flow, Tourmaline decided to increase its dividend to \$0.16 from \$0.14 starting Q1 of this year. However, according to the analysts at Tudor Pickering Holt & Co., there's sufficient room for this company to increase its dividend again by the latter half of 2021.

Tourmaline is still looking at the possibility of closing more deals after a year of increased earnings and production owing to four acquisitions. The company's CEO Michael Rose said that there are plenty of positives in the present environment in relation to oil and gas acquisitions. It appears that there are still various oil patch acquisition targets in Western Canada that Tourmaline can consider.

However, he also added that such opportunities might cease to exist if the oil prices continue to strengthen. Nevertheless, this company has a lot going right for it right now. Investors bullish on oil would do well to consider this name today.

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