



1 Top TSX Energy Stock to Buy to Play the Transition to Renewables

Description

As the world transitions to renewables, investors will increasingly be looking to get on the right side of this trade. One top TSX energy stock I think could be part of this transition is **Tourmaline Oil** ([TSX:TOU](#)). Indeed, this is a stock I've liked for some time, for good reason.

As the energy sector continues to move toward renewable energy, cleaner forms of fuel will be in higher demand. As a key natural gas player, I like Tourmaline's positioning in the market right now.

Let's discuss this more.

Business model makes Tourmaline a top energy stock

When assessing energy players, the first thing I look at is the companies' respective business models. For Tourmaline, there's a lot to like when one looks under the covers.

Tourmaline has extremely efficient operations. The company's oil and natural gas production is centered on the Montney, Deep Basin, and Charlie Lake areas of British Columbia and Alberta. Moreover, although it predominantly deals with natural gas, Tourmaline has a growing liquids presence.

Indeed, the company owns what several analysts believe an unmatched producer and explorer's profile in British Columbia. Further, Tourmaline is in an excellent position to leverage a growing Canadian market for natural gas. After all, natural gas and LNG are considered to be the transitory fuels to get us to a renewables-oriented future.

This model, combined with a robust balance sheet and one of the best management teams in the business, makes Tourmaline a top pick for energy investors today.

Making the right moves

One of the things I like about Tourmaline is that this company doesn't stand still. Tourmaline's

management team is always on the lookout to create value for shareholders. That's not something investors should ignore.

Indeed, the company's acquisition of Black Swan provides the company with heating and power plant fuel operations from Canada's west coast. Besides providing operating leverage, the merger will provide Tourmaline with contiguous Montney acreage. It also offers the infrastructure that should generate synergies.

Additionally, Tourmaline has been quite aggressive in making acquisitions this past year. This has helped Tourmaline expand its scale, efficiency, and production reserves. Tourmaline produced approximately 410,340 barrels of oil equivalents — a massive [35% jump](#) year over year. Management expects this number to rise to 500,000 by the second half of 2022. By Q3, the company expects to be producing 450,000 boe.

Bottom line

Tourmaline is an energy player with the right mix of near-, medium-, and long-term prospects for investors. By giving investors exposure to the energy transition underway, Tourmaline is a safer bet than other pure-play energy stocks on the market right now.

Tourmaline's \$1.86 billion in cash from operations and [2% dividend yield](#) are just the icing on the cake. This is a great quality stock for long-term investors to consider today.

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