



Oil to \$100? Buy These 3 Canadian Oil Stocks

Description

Oil prices could be heading higher, if not to US\$100 per barrel soon. Right now, demand far exceeds supply because countries are starting to ease restrictions, and some are ending nationwide lockdowns. Meanwhile, the United States might release strategic reserves to temper the rapidly rising fuel prices.

However, if OPEC+ does not pump more oil, nothing can cool down the market. On the stock market, investors should be scouting for oil stocks to buy. **Birchcliff Energy** ([TSX:BIR](#)), **Enerplus** ([TSX:ERF](#)) ([NYSE:ERF](#)), and **Whitecap Resources** ([TSX:WCP](#)) trades at relatively low prices despite year-to-date gains of up to 300%. Snag one or all before they skyrocket again.

Outsized gains

Birchcliff Energy has a spectacular run in 2021. At \$7.30 per share, the year-to-date gain is a whopping 313.89%. The \$1.94 billion intermediate oil and natural gas company delivered exceptional operational and [financial results](#) in Q3 2021. Its President and CEO, Jeff Tonken, highlight the record quarterly record adjusted funds flow (\$168.1 million and free funds flow (\$150.1 million).

Management also reported an 8% increase in quarterly average production versus Q3 2020. Likewise, the net income of \$138.4 million was a record. Birchcliff lost \$17.7 million in the same quarter in 2020. For its preliminary outlook for 2022, the company expects to generate around \$650 million and \$400 million in adjusted funds flow, and free funds flow, respectively.

Explosive returns

Enerplus isn't far behind Birchcliff in terms of [explosive returns](#). The share price is \$13.43, a 243.06% year-to-date gain. Also, the overall return to would-be investors should be higher if you include the modest 1.22% dividend. Because of the strong cash flows in Q3 2021, management announced an 8% increase in dividends.

Like most in the energy sector, this \$3.42 billion crude oil and natural gas company reported vastly

improved financial results in 2021. In the nine months ended September 30, 2021, Enerplus delivered US\$67 million in net income. The company's net loss in the same period last year was US\$719.2 million.

Furthermore, Enerplus commits to return a significant portion of free cash flow to shareholders and evaluate further cash returns in 2022. Any excess free cash flow not returned to shareholders will be for balance sheet reinforcement.

CPPIB stock

Whitecap Resources hasn't gained as much as Birchcliff Energy and Enerplus. However, at \$7.57 per share (+55.5% year-to-date), the energy stock pays a 3.68% dividend. Thus, you can earn two ways: price appreciation and dividend payouts. For this \$4.64 billion company, the financial and operational momentum continues.

After three quarters in 2021, petroleum and natural gas revenues increased 162.5% to \$1.74 billion versus the same period in 2020. Whitecap is back to profitability, too, with its net income of \$1.55 billion versus the \$2.17 billion net loss a year ago. In Q3 2021, production increased significantly by 74% versus Q3 2020.

Whitecap expects around 3% to 5% growth and growing capital return to shareholders through dividends and share buybacks regarding the business outlook. Finally, it might interest you to know that the Canada Pension Plan Investment Board (CPPIB) owns shares of this [growth stock](#).

Low spare oil capacity

According to published reports, the oil supply will not increase anytime soon. Even if OPEC+ and its allies want to bring down prices, spare oil capacity must increase first. Hence, the price could potentially reach US\$100.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. TSX:BIR (Birchcliff Energy Ltd.)
3. TSX:ERF (Enerplus)
4. TSX:WCP (Whitecap Resources Inc.)

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