



## Why Obsidian Energy Soared 34% This Week

### Description

**Obsidian Energy** ([TSX:OBE](#))([NYSE:OBE](#)) shares climbed 34% this last week, starting out at \$5 and moving up to \$6.70 as of writing. This came as the company announced its full-year 2021 guidance.

### What happened?

Shares of Obsidian reached 52-week highs after announcing the average full-year 2021 [production](#) should reach the low end of its guidance. That would be between 24,600 and 24,800 barrels of oil equivalent per day (boe/d). Part of this comes from a “minor delay in the closing of our previously announced [acquisition](#) of the remaining 45% interest in the Peace River Oil Partnership,” Obsidian management said in a statement.

However, its December numbers proved to be much better. This was the first full month after the acquisition, where it saw 27,260 boe/d. This also included six new wells for that came online mid-December. Further, seven additional wells should come online in the first quarter of 2022.

### So what?

The operational update showed that Obsidian ended the year on a very strong note. While we’re still waiting for analyst updates, it’s very likely that a few will be upping their target price for Obsidian. As of writing, that target price remains at \$6.17. That would mean today is trading at a premium.

Still, the future looks bright for Obsidian. The company now has new wells online, new ones coming the first quarter, and an acquisition up and running.

“We are pleased with the execution of our 2021 development program, allowing us to exit the year in a very strong position,” said Stephen Loukas, Obsidian Energy’s interim president and CEO. “Our technical and operating teams have continued to deliver top tier drilling results and solid production from our substantial asset base. We are also excited to have resumed drilling our Pembina and Peace River assets in the second half of 2021 to further unlock the potential of these areas.”

## Now what?

Honestly, I’d say Obsidian is a strong buy in this oil and gas environment. The commodity price continues to climb, and more wells coming online means that production will only continue to climb. While shares remained stable, as the company saw guidance reach the low end, that’s now expected to turn around.

And that means today Obsidian is an absolute steal. It currently trades at just 1.29 times earnings, with an EV/EBITDA of 1.86. With all this growth coming, Obsidian could, in fact, be one of the energy stocks that [doubles](#) in 2022.

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