



Want High Growth? 2 Obscure Energy Stocks Could Rise 200%

Description

The **S&P/TSX Composite Index** lost 332.34 points on January 19, 2022, to finish lower at 21,205.16 on mid-week. Canada's primary stock market is back in the red (-0.08%), with only three of the 11 primary sectors in positive territory. The index could have sunk deeper if not for [surging energy stocks](#).

Energy was last year's top-performing sector, with many constituents recording excessive gains. Thus far, the year-to-date gain is 16.99%, and share prices will probably soar through the roof again in 2022. Consider **Obsidian Energy** ([TSX:OBE](#))([NYSE:OBE](#)) and **Inplay Oil** (TSX:IPO) if you seek [high growth](#).

Both [growth stocks](#) were obscure before 2021 but have risen to prominence due to the improving pricing environment. Obsidian's total return last year was 471.26%, while Inplay rewarded investors with an 817.39% gain. The pair could potentially rise by another 200% in 2022.

Remarkable turnaround

Obsidian Energy boasts a well-balanced portfolio of high-quality assets that produce around 25,000 barrels of oil equivalent per day (BOE/D). The \$373.82 million intermediate-sized oil and gas producer had a remarkable turnaround in 2021.

The company incurred a staggering net loss of \$771.9 million in the nine months ended September 30, 2020. However, net income for the same period in 2021 reached \$392.3 million. Apart from the 41.4% year-over-year revenue growth, Obsidian's cash flow from operating activities increased 98.83% to \$135.8 million.

According to management, its development program and the constructive pricing environment positions Obsidian to deliver additional production growth in 2022. It expects free cash flow to be significantly higher too. At the current share price of \$7.99, the year-to-date gain is already 53.36%.

On January 13, 2022, Obsidian Energy's interim president and CEO Stephen Loukas announced the application for listing on the NYSE American. He said, "We are happy that the market has started to recognize our track record of operational success and future prospects, allowing our share price to

reach a sustainable level to support this listing.” The cross-listing should expand the shareholder base and improve liquidity.

Long-life reserves

InPlay Oil’s operations focus on large oil in place pools with low recovery factors, low declines, and long-life reserves. The primary target of this \$280.19 million growth-oriented light oil development and production company is the Cardium Formation in Alberta. If you invest today, the share price is \$3.25 (+49.08% year to date).

Because of its strong balance sheet, management says InPlay can endure commodity volatility while developing its extensive inventory of horizontal drilling locations. In Q3 2021 (quarter ended September 30, 2021), total sales and operating income increased 188.87% and 327.08% versus Q3 2020.

Notably, Inplay Oil’s adjusted funds flow during the quarter reached a record \$15.55 million, a whopping 674.65% increase from the same quarter in 2020. Production-wise, the record 6,011 boe/d in Q3 2021 was 61% higher than in Q3 2020. The company recently acquired Prairie Storm Resources to solidify its position, as a premier Cardium operator. It should also give the additional scale of operations and be a growth catalyst.

Eye-popping returns

Now is the best time to take a position in Canada’s energy stocks. With global demand outpacing supply, expect obscure names like Obsidian Energy and Inplay Oil to deliver eye-popping returns like last year.

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