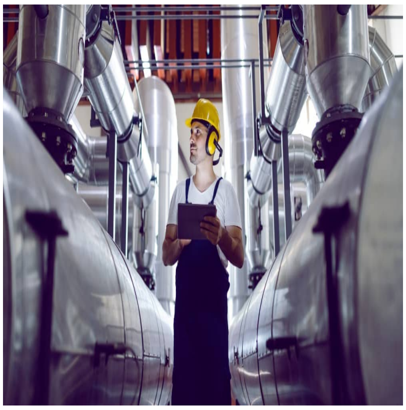

3 Energy Stocks to Buy if Oil Skyrockets More

Description

The oil price plunge that started in 2014 and continued well into 2016 was one of the most significant crashes in the last decade. Many energy stocks in Canada never fully recovered from that crash. What's happening to the oil prices and the energy sector as a whole now is a happy reversal of that plunge.

The current oil prices, which are higher than they have been for a very long time, have helped with the continuation of the momentum created by the supply crunch in 2021, which resulted in one of the most promising bull runs for the Canadian energy sector.

And if oil prices keep rising, there are some Canadian stocks that should be on your watchlist.

A light and medium oil production company

Cardinal Energy (TSX:CJ) has only been around for a little over a decade and has been in a state of permanent decline since its 2014 peak. At its worst, the stock fell over 97%. But a byproduct of this massive fall was the robust post-pandemic growth which has pushed the stock up 2,000% so far. The stock is slightly dipping, but it may simply be temporary, after similar dips earlier in the year.

This pattern of dips closely resembles the dips of the benchmark WTI oil price. So if the WTI price rises again and crude gets more traction, the stock might start growing again despite the robust growth it has already seen. At the current undervaluation and despite the epic growth, the stock is still trading at a price over 63% lower than its glory days price.

An oil exploration company

Another small-cap energy stock that has already shown strong post-pandemic growth is **Gear Energy** (TSX:GXE). The stock has risen over 1,500% from its market crash valuation, and it's also currently dipping alongside the price of crude. If WTI price goes up, the stock most likely will as well, and if it gains enough momentum, you may still see amazing growth.

Considering the price-to-earnings of 4.9, the stock is relatively undervalued despite the massive price hike. The company also prides itself on a very healthy debt to FFO ratio, so its financials are strong from within. But considering the stock pattern, it's highly likely that its movement, whether upward or downward, will mostly be driven by oil prices.

An energy giant

It's not just the small-cap stocks that saw unprecedented growth thanks to the post-pandemic oil rally. Giants like **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) also saw its stock price hiking at a remarkable pace. The heavyweight is currently trading at an 84% premium to its pre-pandemic peak and its highest price-point yet.

This is the result of massive 500% growth from its market crash valuation, which has pushed the market capitalization of the company up to $85.4 billion. And like most other large energy companies in Canada, CNQ is a decent dividend stock and an aristocrat, so that's another reason to consider buying it, in addition to another growth spell led by the oil prices.

Foolish takeaway

The energy bull market would have slowed down by now if the Ukraine crisis hadn't bumped oil prices up this much. But regardless of the catalyst, it seems that there is a high probability that oil prices may rise again to new heights, and the three stocks above could give you a great way to capitalize on that growth.

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