



Top Picks: 2 Oil Stocks With 200% Upside

Description

Volatility has become a mainstay in global financial markets as the effects of Russia's invasion of Ukraine echo worldwide. The world's second-largest exporter of crude oil after Saudi Arabia invaded Ukraine on February 24, 2022, inciting heavy economic sanctions from NATO, the US, Europe, and several other countries.

Rising energy prices worldwide is one of the impacts of rising geopolitical tensions due to the conflict and subsequent sanctions. Higher crude oil prices mean a heftier bill at the gas station when you go to fill up your car. More expensive gasoline seeps into every aspect of our lives, leading to [more inflation](#).

However, seasoned investors might recognize the current situation as an opportunity, provided they make the right investments. Higher energy prices mean that oil producers in Canada can enjoy greater profit margins due to the disparity between demand and supply.

If you are looking for [growth stocks](#) in the current environment, Canada's energy sector boasts several assets you could consider adding to your portfolio.

Today, I will discuss two relatively smaller oil stocks you could consider investing in to enjoy massive upside in the current environment.

Whitecap Resources

Whitecap Resources, Inc. ([TSX:WCP](#)) is a \$6.53 billion market capitalization crude petroleum and natural gas extraction company headquartered in Calgary. Founded in 2001, Whitecap Resources is one of the newer entrants in Canada's energy industry. Despite the challenges faced by the broader energy industry, Whitecap Resources posted record production figures and funds flow in fiscal 2021.

The ban on Russian oil runs the risk of dwindling global energy supplies, and producers like Whitecap Resources might benefit from the situation. 2021 was a transformational year for the company after it completed and integrated around \$2 billion of strategic acquisitions.

The recent rise in commodity prices will likely improve its profit margins, resulting in significant shareholder returns. Whitecap Resources stock trades for \$10.43 per share at writing, and it boasts a juicy 3.45% dividend yield that you could lock in today.

Birchcliff Energy

Birchcliff Energy Ltd. ([TSX:BIR](#)) is a \$1.97 billion market capitalization intermediate oil and gas company with its operations focused on the Peace River Arch of Alberta. Headquartered in Calgary, Birchcliff Energy stock is not one of the biggest names in the Canadian energy industry but one that warrants some attention from growth-seeking investors.

Higher commodity prices have provided the company with superior cash flow growth that is slated to help the company become debt-free by 2023. Its management anticipates generating free cash flows of up to \$1.9 billion in the next five years. The company's strong balance sheet right now also bears positive signs for its outlook.

Birchcliff Energy stock trades for \$7.43 per share at writing, and it boasts a 0.54% dividend yield. The energy stock is up by 15.19% year-to-date and looks well-positioned to outpace the broader market in the coming weeks.

Foolish takeaway

WTI crude oil recently hit US\$121 before declining under the US\$100 mark. At writing, WTI crude oil is priced at US\$114.5 per barrel, and the uncertainty surrounding oil prices does not seem like it will budge anytime soon.

The situation is not ideal due to the loss of purchasing power and overall economic pressure it entails in the near to medium term. However, investors who can identify the lucrative investment opportunities available right now might benefit significantly through the uncertainty.

Whitecap Resources stock and Birchcliff Energy stock are two relatively unknown [oil stocks](#) that could set you up for significant upside in the coming weeks or months.

CATEGORY

1. Energy Stocks
2. Investing

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2. TSX:WCP (Whitecap Resources Inc.)

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