



## 3 Oil Stocks I'd Buy in April

### Description

2022 may go down as the year of the energy stock. In a year when the S&P 500 and NASDAQ Composite have fallen, energy stocks have rallied to highs not seen in years. Due to the war in Ukraine and the economic recovery from COVID-19, oil prices have soared.

Energy stocks that profit from higher oil prices have soared right along with oil itself. Some say that this bullish trend in oil prices has no legs, because it's a temporary tailwind brought on by the war. It may be that some of this year's price gains came from the war, but OPEC's [lack of spare capacity](#) suggests that prices will be high for a good while. In this article, I will share three oil and gas stocks that I would buy to play the surge in the price of oil.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is one oil and gas stock I bought this year. I picked up some shares in January and sold a few weeks later at a 10% gain. In retrospect, I should have held on longer. I was pretty bullish on oil, even before prices went wild this year. WTI was only at about \$80 when I bought Suncor. I thought the rally was getting unsustainable when prices started rising above \$100.

How wrong I was! Oil prices have consistently held above \$95 this year and were in a bullish trend as of last week. Suncor has predictably risen along with the price of oil, and with good reason. In the fourth quarter, Suncor's earnings came in at \$1.55 billion, up from a \$168 million loss the year before. It was a solid showing, and oil was only going for about \$75 when Suncor put out those results. Results are likely to be off the charts for the first quarter, in which oil was consistently above \$100.

### Cenovus Energy

**Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) is another integrated energy company like Suncor Energy. The basic thesis here is similar to that with Suncor — the company sells oil and gas, so when oil prices go up, it makes more money. What's worth pointing out is just how much growth CVE experienced last

year. In 2021, Cenovus delivered the following:

- \$5.9 billion in cash from operations — up 2,068%
- \$7.2 billion in adjusted funds flow — up 6,000%
- \$587 million in net income — up from a loss

That's truly stunning growth. It is made all the more impressive by the fact that oil prices weren't even that high in 2021. Prices were up from 2020 but were nowhere near \$100. Currently, WTI is sitting at about \$106. So, we should continue to see off-the-charts growth for 2022.

## Occidental Petroleum

**Occidental Petroleum** ([NYSE:OXY](#)) is a U.S. energy company I'm heavily considering investing in. I heard about it when Warren Buffett [took a position in it earlier this year](#).

OXY is an integrated energy firm, similar to Suncor and Cenovus. One interesting characteristic this company has is its sheer cheapness. Trading at 8.2 times adjusted earnings and 5.3 times free cash flow, it is a real value play. All of the energy stocks mentioned in this article are fairly cheap, but Occidental is truly a rock-bottom bargain when its price is compared to its operating performance. I haven't bought OXY yet, but I may do so later this year. It's a solid value play.

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2. Investing

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2. NYSE:OXY (Occidental Petroleum Corporation)
3. NYSE:SU (Suncor Energy Inc.)
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