



## 2 Oil Stocks Under \$11 With 90-110% Gains So Far This Year

### Description

Oil prices are dropping and approaching multi-month lows. Industry experts are worried that recession fears could harm demand outlook. On August 8, 2022, Brent crude posted its biggest weekly drop (US\$94.18 per barrel) since April 2020. U.S. West Texas Intermediate crude fell to US\$88.34 per barrel.

See-saw sessions are common lately in that oil and gas prices might weaken further in the near term. However, Amrita Sen from [Energy Aspects](#) sees the market becoming extremely tight in winter. She predicts oil prices will bounce back and return to US\$120 per barrel.

Meanwhile, oil stock investors are benefitting from elevated commodity prices. On the **TSX**, the energy sector continues to hold the fort with a commanding 34.58% year-to-date gain. **Obsidian Energy** ([TSX:OBE](#))([NYSE:OBE](#)) and **Crew Energy** ([TSX:CR](#)) in particular have had fantastic gains so far in 2022. The pair has plenty of fuel left to soar higher.

### Mind-boggling windfall

The windfall from Obsidian Energy is mind-boggling. At \$10.98 per share, the year-to-date gain is 110.75%. Had you invested \$10,000 on year-end 2021, your money would be worth \$21,074.86 today. Also, the current share price is 192.8% higher from a year ago.

This \$902.02 million company owns oil and gas properties in the Western Canada Basin. While net income in the second quarter (Q2) 2022 declined 64.6% to \$113.9 million versus Q2 2021, funds flow from operations soared nearly 200% to \$208.9 million in the first half of the year.

Obsidian's funds flow from operations during the quarter increased 271.2% to \$157 million compared to the same quarter in 2021. Management said its development program in the first half 2022 resulted in significant production growth from the Willesden Green, Pembina, and Peace River assets.

Moreover, the strong financial results enable the company to focus on debt reduction. As of June 30, 2022, net debt is down 21% to \$343 million from \$435.7 million on June 30, 2021. Management will

use free cash flow (FCF) to reduce debt and leverage levels further in 2022.

## Standout performance

Crew Energy's bull run this year is short of spectacular. The oil stock trades at only \$5.55 per share, yet the gain is 94.06%. Also, the trailing one-year price return is 193.65%. This \$848.96 million growth-oriented natural gas-weighted producer impressed investors with strong operational and financial results in Q2 2022.

In the three months ended June 30, 2022, petroleum and natural gas sales increased 189.3% to \$198.33 million versus Q2 2021. The free adjusted funds flow (AFF) hit a record \$115.27 million. Net income for the quarter was \$88.7 million compared to the \$23.14 net loss a year ago.

Dale Shwed, president and CEO of Crew, said, "The success of our two-year asset development plan is clearly demonstrated by Crew's Q2 2022 performance." Management also reduced net debt by 89% from year-end 2021. Because of the standout performance in the first half of 2022, management increased its annual guidance for production, AFF, and free AFF.

## Far superior returns

Obsidian Energy and Crew Energy are non-dividend payers but have enormous gains. With crude prices projected to rise again, both oil stocks are likely to deliver far superior returns in 2022.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CR (Crew Energy)
2. TSX:OBE (Obsidian Energy)

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