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Black Gold: 5 Oil Stocks To Watch For a Massive Rally

The oil industry has been in a great deal of flux over the last several decades, not only in the US, but throughout the world. Since the year 2000, we have seen prices fall to under one dollar per gallon of gas, only to see prices rise to four dollars a gallon. This situation has occurred not only from fundamental changes in the marketplace, but also as commodity investors have changed their expectations and investment reasoning. It could be argued that the price of oil has been moving so rapidly up and down because of circumstances beyond the simple supply and demand equation. Many times, the market has moved up on psychological fears, overexerted market expectations, natural disasters, or even global supply issues. However, while these may be problems for your pocketbook, for investors willing to do their research and position themselves properly, they can take advantage of both increases and decreases in the commodity field by properly positioning themselves to buy and sell oil exploration or oil stocks when appropriate.

One situation currently affecting the marketplace is that the Saudi government is now preparing to launch an initial public offering of a portion of their national oil company Saudi Aramco. Obviously, by offering this company to investors throughout the world, the Saudi government is looking to ensure that they maximize the value of this new IPO. As such, OPEC has sought to ensure that its production goals are set to maximize the price per barrel of oil in the world marketplace. This could be one of the main reasons oil prices have been continuing to increase over the last several months. With some market observers noting that is possible, the Saudi government would like to see prices surpass the $80 per barrel mark as the IPO hits the marketplace.

However, the marketplace itself has continued to change over the last several years as world oil production has continued to increase, especially for those outside of the OPEC realm. In fact, even though the US has seen the number of oil rigs decline from the peak a few years ago, the number of barrels that the US is currently producing per day is an all-time high of about 10 million barrels per day. In fact, this amount would put the US as one of the largest oil producers in the world if it was a member of OPEC. When oil prices peaked at over four dollars per gallon several years ago, one of the main drivers to push prices down was the fact that the US continued to find and build major oil production. Thus, while oil prices may continue to rise as the Saudi Aramco still gets closer to its IPO, there is a greater chance that the market will see lower oil prices as the fundamental circumstances of the economy and marketplace takeover. This does present the opportunity for investors to position themselves properly to make money with potential oil stocks, both as price rise, as well as falling prices by selling stocks once they might have peaked.

This report will look at five separate potential oil companies' investors may want to consider taking advantage of as they market dynamics currently look to keep oil prices higher. Although, you are always encouraged to seek out your own advice and to discuss any potential investments with your own stock investors or investment consultants.

1) Sandridge Energy

Sandridge Energy (SD) is one of the potential players that many investors may want to consider to get into the oil and gas market. This company has a few other items happening that are changing its investment thesis. It should be noted that in 2016 this company did file for chapter 11 bankruptcy, only to re-enter the marketplace as a new stock at the end of 2016 with a lighter balance sheet. The company currently has a market cap of $505 million with only 34 million shares outstanding. Indeed, the company has revenues of $343 million, which simply dwarfs its outstanding long-term debt, mainly due to the recent bankruptcy. Total debt stood at $37.5 million. The company currently has a book price of $24.31, which is actually significantly higher than the current trading price of the stock, which recently was at $14.86. With $99 million in cash on hand and a cash per share basis of $2.87, Sandridge is well-positioned to offer people, both fundamental advantages as well as the ability to compete with other oil and gas companies. Adding in that the company is sitting on 177 million barrels of proven oil reserves, the company has a strong asset base to move forward.

One important consideration for investing in Sandridge is that the legendary stock investor, Carl Icahn is attempting to gain control of the company. Carl Icahn is one of the best-known investors in the world and has been investing in the oil and gas field for a very long time. Currently, he is attempting to place five of his chosen advisors onto the Sandridge board. However, Sandridge is attempting to prevent Mr. Icahn from taking possession or controlling the company, even to the extent of selling the company to another buyer. Thus, part of the investment thesis for this company is not only that it has a well-known oil patch investor looking to control the board company, the company may look to sell itself which would likely mean higher stock price than where is currently trading.

Current price	$14.86
52-week range	$13.02 to $21.90
Market Cap	$505 million
Share outstanding	34 million
Cash	$99 million
Debt	$37.5 million
Book/share	$24.31
Cash/ share	$2.87
Revenues (ttm)	$343 million

2) W and T Offshore

W&T Offshore (WTI) is an oil exploration company that specializes in developing offshore locations in the Gulf of Mexico, close to the Texas, Louisiana, and Alabama coasts. The company has 135 offshore structures and access to 49 oil fields in the Gulf, with proven reserves of about 74 million barrels. The company currently has a market cap of $776 million, which is based on its 139 million shares outstanding. Additionally, the company does have a large cash base $99 million, which equals out to about $0.71 per share in cash. However, with a large debt load of close to $1 billion, coming in at $982 million, the company does find itself upside down when comparing cash to debt. Thus, the current book value per share for the company is a negative $4.13. Although, as has been mentioned many businesses in this industry will have high debt loads as the businesses are capital intensive. The company does have significant revenues of $485 million, which is likely the result of having so many assets in the Gulf producing oil. Thus, from a fundamental standpoint, this type of stock would be considered more of a speculative investment, rather than a pure fundamental situation. The 52-week range of $1.81 to $6.27, with the current price of approximately $5.76 might hamper the upside potential of the stock. However, the company will likely trade in lockstep with the commodity price of oil, which could push the stock towards new highs.

Current price	$5.76
52-week range	$1.81 to $6.27
Market Cap	$776 million
Share outstanding	139 million
Cash	$99 million
Debt	$992 million
Book/share	$- 4.13
Cash/share	$0.71
Revenues (ttm)	$485 million

3) Noble Corp

Noble Corp (NE) is one of the most well-known and well-recognized companies in the oil patch. This is because the company has been around for a significant time and been looked upon as a solid investment in the past. In fact, 5 years ago this stock was trading in the $30's and many investors actively following it as oil prices were higher than they currently are. Thus, one of the main reasons for considering an investment in Noble Corp is that it has a significant track history with many investors and might be a "go to" investment when investors see oil moving higher. The company has a significant fleet of drilling equipment with about 28 large offshore drilling rigs.

The 52-week range of Noble is from a low of $3.14 to a high of $5.80. Although, as mentioned the extended price range reveals that the stock has been much higher than its current price of $4.91. If oil prices stay in its current range or higher, for a significantly long time, then expect that Noble Corp could see its stock price rise to some of its old trading ranges of the past several years. The current market cap in Noble Corp is $1.17 billion, with 246 million shares outstanding. The company does have a significant debt load at $4 billion, which is supported by a cash on-hand value of $662 million. Again, normal for stocks in this industry. However, the book value of the stock, which is significantly higher than its current trading range, comes in at a very substantial $21.54. Revenues are very respectable at $1.21 billion and the company has over $2.69 cash per share on hand. Thus, some of the fundamentals of this company would indicate that it has some significant advantages should oil prices remain in their current trading range or higher.

Current price	$4.91
52-week range	$3.14 to $5.80
Market Cap	$1.17 billion
Share outstanding	246 million
Cash	$662 million
Debt	$4.05 billion
Book/share	$21.54
Cash/share	$2.69
Revenues (ttm)	$1.21 billion

4) Advantage oil

Advantage Oil (AAV) is another potential stock that could benefit from a resurgence into the oil market. The Company specializes in the development of oil from the province of Alberta in Canada. Their primary product from these areas is natural gas and natural gas liquid. The theme behind this stock is centered on its technical situation, rather than a pure fundamental play. The current price is on the lower side of the of the 52-week range, coming in at about $3.22. Only about fifty cents above the 52-week low point, which ranges from $2.70 to $7.35. The company has a market cap of $553 million and revenues of $176 million. The debt is like many in the oil patch high compared to cash on hand, with a total debt load of $163 million and $5.4 million in cash. Although, this is below the company's revenues, which with a rising oil price will only grow higher. With 185 million shares outstanding, the cash per share value is about 3 cents per share. However, the company does have a high book value of $5.51, which is about $2 higher than the current stock price and is one of the main themes to look at this company. In fact, should oil prices remain where they are or move higher, then this stock should only benefit as it moves with the price of oil.

Current price	$3.22
52-week range	$2.70 to $7.35
Market Cap	$553 million
Share outstanding	185 million
Cash	$5.9 million
Debt	$163 million
Book/share	$5.51
Cash/share	$0.03
Revenues (ttm)	$176 million

5) GeoPark limited

GeoPark (GPRK) is an interesting oil pick, as it allows one to play oil exploration industry in South America. The company has several different locations from Chile to Brazil to Argentina. In fact, the company has about 95 million barrels of proven reserves, which would be a total value of over $3 billion in reserves at a price per barrel of $35, twice what it is today. This value is one of the reasons the company is closer to their 52-week high, rather than low.

The 52-week range is from a low of $6.49 to a high of $15.39, with a current price of about $14.61. The market value is solid at $898 million with about 60 million shares outstanding. Their cash on hand is pretty good when compared to some competitors, especially in reference to the total debt. The debt load is a controllable amount at $426 million, while its cash on hand is comfortable at $156 million. This gives the company a comfortable cash per share position of about $2.58. Revenues are in good shape at $330 million and the book value is the only item that is a slight drag on the company as it is $1.40. However, this is normal and well within the realm of reason for companies that have high capital expenditures. For GeoPark, one of the main benefits of the company is that it is sitting on a large reserve pile of product, which could move the company moving forward as oil prices move higher.

Current price	$14.61
52-week range	$6.49 to $15.39
Market Cap	$898 million
Share outstanding	60 million
Cash	$156 million
Debt	$426 million
Book/share	$1.40
Cash/share	$2.58
Revenues (ttm)	$330 million

Conclusion: This report gives you 5 stocks to consider that could emerge as big winners as the field of U.S. based drilling companies narrows. It is still true that these companies' fortunes are dependent on oil prices, but the thinking presented here is that these stocks are the "best houses in a bad neighborhood" if oil prices were to pull back.

As you may have noticed, some are printing new highs, others are yet to recover. So if you like uptrending stocks, you have a couple to choose from, or if you like bottom feeders, there's some here too.

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