

Providing Unique Perspectives on Petroleum Marketing

The past two decades have witnessed a significant change in the marketing of petroleum products. The traditional two-bay gas station has given way to a clean, multi-offering facility. Cardlock operations have largely replaced customer-owned storage in the trucking sector. Competition and environmental concerns have been the driving force behind these and other innovations in this industry.

In order to succeed in the new millennium, petroleum marketers will need to evaluate their business strengths and weaknesses. Regulators, consumers and those with a stake in this industry will need to clearly understand the issues, and the economics, facing this industry.

Our firm is uniquely qualified to help.



MJ Ervin & Associates Inc.

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MJ Ervin & Associates Inc.

**OUR
QUALIFICATIONS
AND
EXPERIENCE**

*Providing unique perspectives on
petroleum marketing*



Tel: 403-283-8704

One Focus: Petroleum Marketing

MJ Ervin & Associates Inc. has been providing specialized consulting services relating to the downstream petroleum sector since 1991. Our mission is to provide our clients with unique perspectives on the petroleum marketing industry.



While many consultants are known for their functional expertise, we have an industry focus; specializing in all aspects of petroleum marketing, including performance benchmarking, price/margin analysis, and industry economic research and analysis.

Bulk Plant Operations

We are probably best known as the definitive source of current and historical petroleum price data and analysis, through our web-based Canadian Petroleum Markets Data Service (CPMDS). Through our Essential Indicators annual survey, we also determine sales and financial performance benchmarks for Retail, Bulk Plant and Cardlock operations. Additionally, we provide a range of ongoing and project-based research, analysis and consulting services relating to this industry.

Our industry-specific focus and our extensive project experience in this sector have earned us an unmatched reputation for excellence in consulting services relating to this sector: our active clients include federal government, industry associations, and national petroleum refiners and marketers.

As lead consultants, or in collaboration with functional experts, we can vastly shorten the learning curve associated with your project needs. Also, with our extensive contacts and industry-specific research resources, we can deliver real value for your project dollar with short turn-around times.

OUR ASSOCIATES

Michael J. Ervin, BSc.

Mr. Ervin is President of MJ Ervin & Associates Inc. His experience with the downstream petroleum industry spans over 20 years, including several years in management with major integrated oil companies as well as regional refiner/marketers.

Prior to forming MJ Ervin & Associates in 1991, Mr. Ervin was a Senior Consultant with Peat Marwick Stevenson & Kellogg, an international consulting firm. His functional specialties include marketing economics, operations management and reviews, feasibility studies, and marketing strategy and planning.



Retail Operations

Mr. Ervin has an extensive background in petroleum marketing, and has supplemented his base of experience with undergraduate and graduate studies in Business Administration.

Catherine Hay, MBA

Ms. Hay is a Senior Associate, who brings 15 years of downstream petroleum experience. She has particular knowledge of retail petroleum markets, and is the manager of FuelFacts, a twice-monthly industry analysis newsletter published by MJ Ervin & Associates.

Ms. Hay also conducts a two-day seminar which was developed by MJ Ervin & Associates, entitled "Introduction to the Downstream Petroleum Industry".

Our Support Associates

Michelle Goulet and Arthur Olson are our Administrative Support Associates, providing research assistance on projects, and maintaining our mjervin.com web site, and the Canadian Petroleum Markets Data Service.

OUR EXPERIENCE

We have an extensive and growing portfolio of project experience in the downstream petroleum sector. See the enclosed insert for an overview of our project work. A full project resume is also available on request.

Our clients span the range of industry and government organizations with a stake in the petroleum marketing industry, and includes:

*Petro-Canada
Shell Canada
Imperial Oil Limited
Industry Canada
Natural Resources Canada
Petroleum Communication Foundation
Canadian Petroleum Products Institute
Husky Energy
Canadian Tire Petroleum
Ford Canada
KPMG
Propane Gas Association of Canada*

CONTACT US

We place a great deal of importance in understanding your project requirements, and providing you with a comprehensive proposal describing your needs, our proposed methodology and deliverables, and our staff, timing and costs.



MJ Ervin & Associates is uniquely qualified to assist you with your downstream petroleum project needs. Please contact Michael Ervin or Catherine Hay at the number below.

Cardlock Operations

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Our Project Experience

SECTOR BENCHMARKING

Since 1991, MJ Ervin & Associates has worked with Canada's top petroleum marketers to conduct a comprehensive annual performance benchmark analysis of their bulk plant, retail and commercial cardlock operations.

We take in detailed, confidential operating data on thousands of marketing facilities across Canada, and provide our clients with detailed analysis (over 50,000 data measurements) of their overall site performance relative to the industry in general.

Our clients have used this information to set strategic goals, and to identify "performance gaps" in their operations. Our reports have become an intrinsic part of strategic planning processes at companies like Shell Canada and Imperial Oil.

We have also conducted intra-organizational benchmarking for Shell UK and Shell Canada, using this exclusive benchmarking tool.

MARKET MONITORING AND ANALYSIS

Our firm operates the Canadian Petroleum Markets Data Service (CPMDS), a web-based market information and data resources service for subscribers (see www.mjervin.com).

CPMDS offers our clients up to date petroleum markets information and analysis of crude, wholesale, and retail pump prices and operating margins. Our clients include large industrial buyers, government regulators, market analysts, and petroleum marketers.

We also produce a regular industry newsletter entitled FuelFacts, in collaboration with Purvin & Gertz Inc., and funded by the Canadian Petroleum Products Institute. FuelFacts provides sub-

scribers with a twice-monthly overview and analysis of retail, wholesale and crude market activity, aimed at the non-industry observer.

COMPETITIVENESS STUDIES

In 1997 we released a major industry study of competitiveness in the Canadian Petroleum Retail industry, for a consortium of clients which included two federal government ministries and the Canadian Petroleum Products Institute.

Entitled the "Canadian Petroleum Markets Study", this 105-page document still serves as an oft-cited reference for understanding the petroleum marketing industry in general, and competitiveness issues in particular.

The study provided some unique insights into the state of competitiveness and price differentiation in the Canadian petroleum marketing industry, one of the most competitive markets in the industrialized world. A copy of this study can be downloaded at www.mjervin.com.

GOVERNMENT BRIEFINGS

We have conducted well over 20 comprehensive briefings to governmental organizations at ministerial and senior departmental levels, on the issue of petroleum marketing competitiveness. This has included briefings to Federal caucus committees, task forces, provincial governments, and several municipal governments.

EXPERT TESTIMONY

We have appeared and/or prepared submissions in support of a variety of civil litigation matters relating to petroleum marketing. In all cases, we have succeeded in bringing clarity to often-clouded issues.

REGULATORY ANALYSIS

We have been directly involved in examining and preparing analytical reports on a number of industry regulatory issues, including:

- Assisting a major Eastern Canada marketer with their submission to the Québec Régie de l'Énergie, concerning the setting of below-cost selling laws.

- Helping a national petroleum industry association make representations to several regional municipalities on the matter of regulating retail petroleum service offerings.

ENVIRONMENTAL RISK ASSESSMENT

We conducted a province-wide inventory and risk assessment of orphaned underground storage tanks for the Government of Alberta, which assisted this client in prioritizing their enforcement and remediation goals.

MARKET SEGMENTATION ANALYSIS

We have conducted in-depth field surveys of marketing infrastructure and business potential, in several regions of Canada, for our clients.

We have provided specific recommendations for marketing opportunities for these clients, enabling them to expand their market share in a rational way.

PUBLIC RELATIONS CONSULTING

We have assisted a variety of petroleum marketers and industry associations in meeting their public affairs needs in communicating the often volatile issue of gasoline prices, to the media and public. We have brought understanding to this issue through innovative graphical and text/speech based presentation material.

SEMINARS

We have provided a hundreds of individuals and dozens of organizations across North America with a comprehensive two-day familiarization workshop into the Canadian and US petroleum refining and marketing industry. Clients have included petroleum employees, lawyers, investment analysts, and third-party vendor organizations.