
seventy
SIX

Winter
1987



seventy SIX

a 66-year publishing history

With the Winter 1987 edition of *Seventy Six*, the magazine becomes a quarterly rather than a bimonthly publication. As a quarterly, we will maintain our high production standards and continue to provide you with a varied mix of informative features about your company. This is only the latest of many changes the magazine has undergone since it was first published as the *Union Oil Bulletin* in 1921.

Through good times and bad, the publication has chronicled the growth of a remarkable company in a fascinating industry. The magazine was conceived during the high-spirited twenties. Times were good. World War I was over. The automobile had come of age, creating growing markets for gasoline, lubricants and asphalt.

In its first issue, the *Bulletin* set its enthusiastic tone in a piece called the "Romance of Oil": "No business has ever been so spectacular as that of oil. It is one of the greatest gambles that has ever delighted the hearts of the adventurous.... The obstacles to be overcome have been many and difficult, but neither heat nor cold, disease, danger from savages, not even almost certain death has kept men from penetrating unknown parts of the earth in search of this precious substance."

The *Bulletin* appeared in March as a publication for the accounting department. By November, it was so popular that its distribution was widened to include all employees. That number totaled something less than 5,000 in 1921, compared to almost 20,000 employees today. The *Bulletin* was published regularly for the next 20 years.

In October 1929, the crash of the stock market heralded the Great Depression. As car sales dropped off, so did gasoline sales. Union's management continued to pay dividends to stockholders, but every division took steps to reduce operating budgets. The *Bulletin* was cut from 12 to 6 issues a year from 1933 through 1936.

In 1939, the company began an ambitious expansion program to make up for the ground it had lost during the austere years of the Depression. By the company's 50th anniversary in 1940, the effects of the program were apparent in all areas of operations—and the improved efficiency would soon prove invaluable. The entry of the United States into World War II in 1941 added a new urgency to demands for petroleum products.

By 1946, the company publication would be able to report that Union Oil had increased its production of aviation fuel by 3,000 percent to support the war effort. But that publication was no longer called the *Bulletin*. *On Tour*, a monthly employee newspaper, had appeared in February 1939.

As the company undertook its expansion program, the new publication reflected the changed and charged atmosphere. The idea was to provide more news in shorter articles. Things were happening fast, and the editors wanted to get the news out. (The *Bulletin* continued to be issued quarterly for shareholders until it ceased publication in 1941.)

The first issue of the new newspaper carried this note: "*On Tour* is a term that is very commonly used in the oil industry.... The oil man's working shift is a tour, derived from the French word meaning 'turn or round,' and although it should properly be pronounced 'toor,' the petroleum industry has adopted it as just plain 'tower.'"

After its first year, *On Tour* adopted a magazine format in response to readers, who wanted a publication they could save. During the war, the magazine offered praise and encouragement to employees—both those at home and those 330 men and women who were serving in the armed forces. One front-cover story reproduced a telegram from "Ike," thanking the men and women of the petroleum industry who had provided the fuels necessary to assure victory in the North Africa campaign.

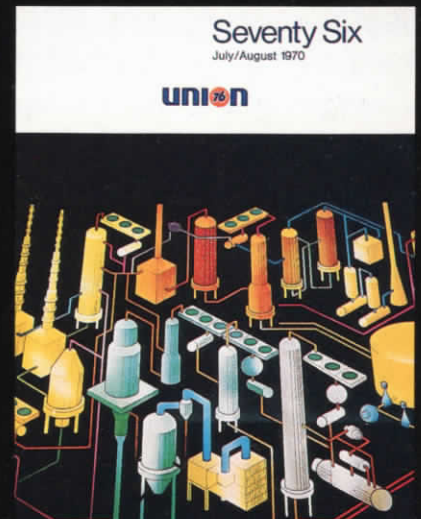
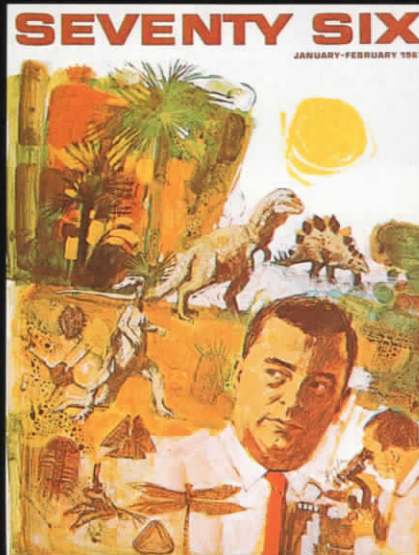
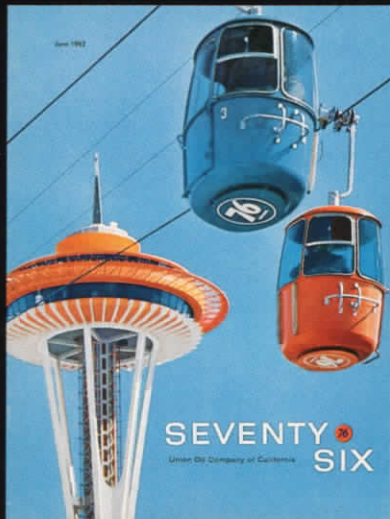
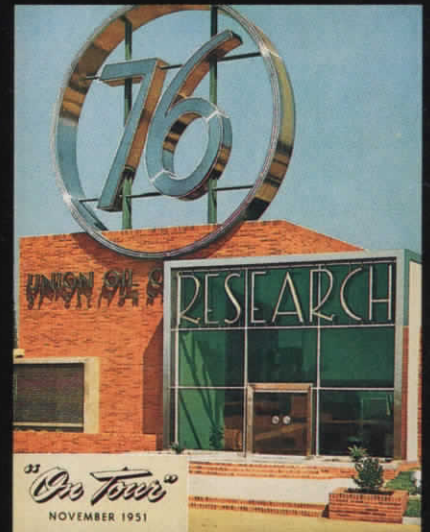
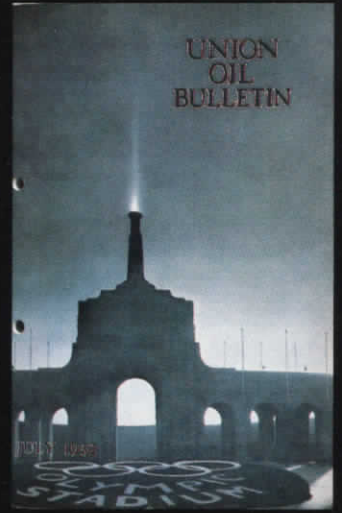
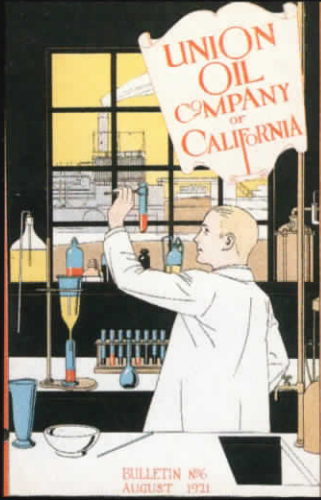
After the war, Americans were ready for happier times. In January 1946, *On Tour's* cover story was about the return to peacetime duty of the company's five oil tankers, which had been drafted just like many employees. Life was getting back to normal. By mid-1948, the magazine was experimenting with extensive color, which hadn't been used since 1931. Features were getting longer, the magazines were getting thicker, and the number issued per year dropped gradually—from 12, to 10, to 8 by 1968. The bimonthly schedule was adopted in 1970.

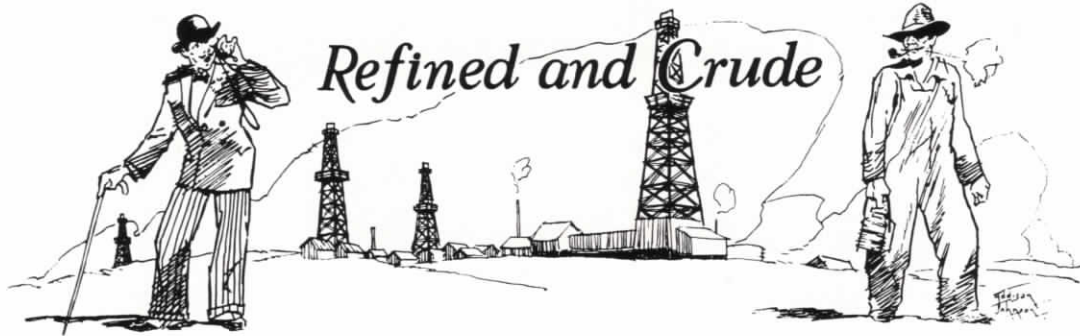
In June 1957, *On Tour* was renamed *Seventy Six*, which had become one of the world's most recognized and successful marketing symbols since its introduction in 1932. The magazine incorporated *The Minute Man*, a dealer publication that dated back to 1929. (Today's dealer publication is the newspaper *Spirit of 76*.) In December 1965, *Seventy Six* incorporated yet another magazine—the *Pure Oil News*—following the merger of Union and Pure earlier that year.

Today's *Seventy Six*, circulation 40,000, is published for employees, retirees, shareholders and friends of Unocal. In the coming months, we will continue to build on our proud editorial traditions which stretch back some 66 years. As always, we will appreciate receiving our readers' comments and reactions.



Barbara Pederson, editor





Refined and Crude

The *Bulletin* carried a humor column from 1921 through 1940, which was continued until 1942 in *On Tour*. From September 1930 on, it appeared under the byline of Richard Sneddon, who was manager of publications from 1935 to 1941. The column, "Refined and Crude," contained tidbits of humor and commentary, as follows:



Scientists say that the mountains in California are moving slowly to the north. This undoubtedly is the latest move to make room for Eastern tourists. *March 1921*

A fool is born every minute, but the auto accidents even things up. April 1921

In the old days, a ford was a place where you crossed the river. Now it's every place where you try to cross the street. *March 1923*

It may be a little farther around the corner of a square deal, but the road is better. June 1924

Exercise and temperance in all things may preserve some portion of our youthful strength, even in old age. *October 1925*

Punch (a British magazine) remarks that while pedestrians in America who are reckless in crossing busy streets are known as "jaywalkers," those who do the same silly thing in London are more often described as "the deceased." *June 1926*

Digging wells is the only business where you don't have to start from the bottom. *August 1926*

The bigger the summer vacation, the harder the fall. September 1926

They're pickin' up the pieces/ With a dustpan and a rake/ Because he used his horn/ When he oughta used his brake. *September 1927*

All choking aside, the starting qualities of the new "Super" Union Gasoline give us an extra ten minutes in bed every morning. November 1929

The old-fashioned father who still believes the finest education is acquired in the school of hard knocks should buy his boy a high compression car and forbid him to use Ethyl Gasoline. *October 1931*



A tourist is a guy who travels 2,000 miles in order to have his photo taken standing by his car. November 1932

You will find it comforting to reflect that the price of soap has been dropping tremendously, so that if some genius will only provide financial relief for the other six nights of the week, the depression will definitely be over. *January 1934*

A man recently crossed Broadway, New York, by walking a rope stretched from the top of one tall building to another—the coward. January 1934



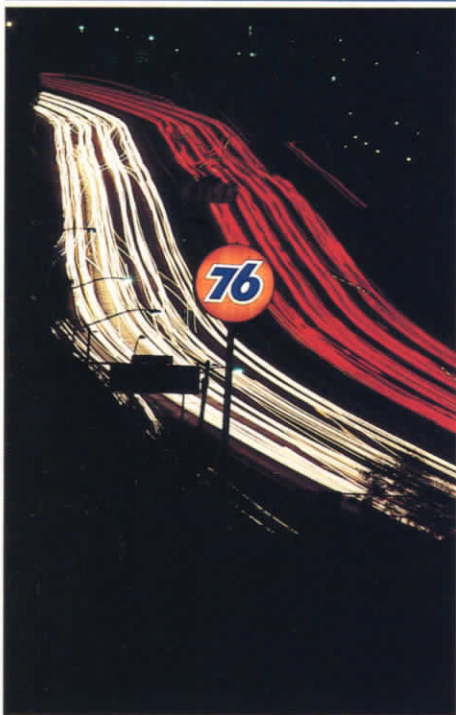
The only Triton (motor oil) complaint developed to date is that the empty cans are piling up so fast, the dealers don't know what to do with them. Any small boy will tell you such things are bound to a cur. *January 1935*

The motorist who started using "76" at our suggestion declares himself everlastingly tankful. March-April 1936

There is really a lot to be said for our prevailing tax system, but it's better not to say it when the children are around. *Fourth Quarter, 1942*

We have just learned that the redwood trees of California are the oldest living things in the world. If it weren't for that word "living" we would challenge the claim in behalf of the gags that appear in this column.... A gag being a joke that has been ruined by a columnist. March 1942

Marketing: East and West



The last issue of *Seventy Six* focused on Unocal's refining system, which transforms crude oil into a full slate of petroleum products. This issue features the company's marketing arm, whose role is to distribute and sell those products.

Petroleum marketing has many facets, of course—from the retailing of gasoline and automotive products to the selling of lubricants and bulk fuels to large commercial accounts. But these varied operations do have one common denominator: all are characterized by vigorous competition. Increasingly in recent years, petroleum marketing has also been marked by radical changes in methodology among competing companies.

"The past five years have been truly explosive in terms of change," says Clay Warnock, Unocal's vice president of western marketing. "I've been in this business for 30 years, and I've never seen so much change come so quickly."

Although Unocal is a national marketer, the company's east and west marketing groups follow differing strategies. The how and why of these distinctive marketing approaches is just one issue addressed in the following interviews with Warnock and Tom Matthews, the company's vice president of eastern marketing.

Both men were pleased to share their thoughts and insights on petroleum marketing with *Seventy Six* readers. The interviews are followed by articles focusing on the different segments of Unocal's overall marketing effort.



The West:

a talk with Clay Warnock

How does Unocal's marketing effort in the west differ from that in the east?

For one thing, we market our products directly to the dealer rather than through marketers. We do this because the population here in the west is concentrated in large urban centers. Since we don't have to haul a lot of product to smaller cities and rural areas, our distribution lines are shorter than in our eastern marketing areas. So it's very efficient for us to market directly.

Our marketing strategies also differ. We both highlight the quality of Unocal products, of course. But in the west we have chosen to emphasize full service. By doing so, we feel we can differentiate ourselves in the marketplace. What I mean by "differentiate" is to set ourselves apart from the competition.

Why is differentiation important?

Because the marketplace has changed dramatically in recent years, and competition has greatly increased. The changes really began in the early '80s, when gasoline supply first began to outstrip demand. Prices at the pump began to fall, and oil companies reacted by trying to reduce costs and go after larger market shares.

Some companies began to close down service bays and convert their stations into self-serve-only outlets. Some eliminated credit cards. Others began to charge their dealers a fee on credit card sales, which resulted in the "cash discount" policy. These moves were not necessarily wrong or bad. But they were all radical departures from traditional petroleum marketing.

Unocal had a long history of being a service-oriented marketer here in the west, and we found that this new environment provided an opportunity for us. As our competitors were closing service bays, eliminating credit and plunging into c-stores, *service* was suddenly becoming a dying commodity. There was a void being created in the marketplace, so we decided to try to fill it by bucking the trends—by staying committed to full service and moving to enhance our position.

How was this strategy implemented?

The first step was to concentrate on projecting an image of quality. We already had a solid foundation: a slate of high-quality products that we offered to the customer. We had an 89 octane unleaded regular versus the 87 offered by our competitors. We also, by 1981, were the only major oil company offering leaded premium on the west coast. Even though this particular market segment was shrinking, we were the only ones who could service it. So our products themselves began our differentiation.

The second step was to concentrate on service. We did this by inaugurating our VIP program, which spelled out to customers exactly what full service meant at Unocal. At our competitors' outlets, full service might mean only that someone would pump your gas. But at Unocal stations, the attendant would also wash your windows, check your tires and check under the hood.

The next thing we did was work to make our image as professional as possible, in order to enhance our service-oriented position.

Is this where PROTECH came in?

Exactly. With all these service bays closing, we felt there was a growing need for highly trained technicians to perform automotive service. So we developed PROTECH, a program that set standards of competence that were substantially higher than those required to earn a mechanic's license.

Because PROTECH has such a high level of training, we decided to include a guarantee—backed by the dealers and the company—on all automotive work performed at PROTECH stations. And it has worked out extremely well. We're now in our sixth year with PROTECH, and customer satisfaction has been outstanding.

Our original objective was to have 40 percent of our dealers in the west as certified PROTECH outlets. That was a difficult goal, because the standards we set are very high. But we've exceeded it, and we have now set the goal of having *all* of our full service dealers certified in PROTECH.

As you've mentioned, many oil companies have abandoned credit cards, or are in effect charging extra for their use. Why have we resisted this trend?

It's another part of the effort to highlight our service orientation and differentiate ourselves. As others abandoned credit, we started enhancing our own credit card program. We began an aggressive solicitation effort throughout our marketing area to expand our credit card base. And we've succeeded. The growth has helped increase our gasoline sales in the west, and the percentage of our sales on credit have risen from 46 percent to over 50 percent. That's very favorable, because a credit card customer tends to be loyal while a cash customer can be very fickle.

How and why did our two-product marketing strategy evolve in the west?

It goes back to the early 1970s, when the EPA began limiting the lead content in gasoline. At the time, we and most other petroleum marketers in the west were set up to sell two products—a leaded regular and a leaded premium. Rather than put a third product in the stations—which would have required installing extra tankage and additional pumps—Mr. Hartley made the decision to stick with two products while upgrading our refineries to give them a higher octane capability.

At our retail outlets, the first step was offering a low-lead regular and leaded premium. Then we went to an unleaded regular and leaded premium. Our unleaded regular was formulated at a higher octane to differentiate it from competing brands. So we provided ourselves with a unique product that did not require us to put in new tankage and facilities.

That's basically how we marketed in the west until early 1986, when leaded premium sales started falling off dramatically in some areas. We went to an unleaded premium in these markets—our new Super 76 Unleaded.



How have sales of Super 76 Unleaded been performing?

This has been the most successful introduction of an unleaded premium ever. Proof of that is the level of sales we've attained in a very short period of time. Over 30 percent of our gasoline sales in California, for example, are now Super Unleaded. In Oregon and Washington, Super Unleaded sales are at the 25 percent level. This is a much higher percentage than that of other companies, some of which have been selling unleaded premium for quite a while. Our total gasoline sales have also gone up since the introduction.



A lot of gasoline retailers seem to be abandoning the field of automotive products. Is this still an important part of our business?

Definitely. Maintaining a branded line of quality automotive products is a key part of our marketing strategy. By doing so, we accomplish two things. We provide our dealers with a quality line of TBA (tires, batteries and accessories). And we enhance our image and our differentiation by offering this merchandise under the Unocal brand.

How important is advertising to our marketing effort?

Our advertising and merchandising efforts are very important, because we've got to communicate to the customer that our offering is unique. That isn't always easy, but it does make our advertising more effective than that of our competitors. They don't have anything "different" to talk about.

The number of service stations operating in the U.S. has diminished greatly in recent years. Have we reduced the number of Unocal stations in the west?

Yes. Because the costs of operation are increasing, we want to achieve higher levels of productivity from fewer stations. So we have pruned some stations out of the system in recent years, and rebuilt and enlarged others.

As communities grow and change, we reevaluate existing locations and identify potential sites for new ones. Do changing property values make it uneconomic to keep a service station site? Does a specific location meet the requirements of a full-serve facility, or is it located in a transient area that's more suited to self-serve? To determine these things, we utilize demographic statistics and marketing studies. We also use computer models to aid us in evaluating a location's sales potential.

Many of our prime locations have been transformed into "super facilities." Each of these has from four to six service bays, more equipment and merchandise than a regular station, and high-volume gasoline dispensing capacity. The super facility concept goes back again to the image of professionalism we try to project. We want our customers to feel that a Unocal station is a good place to have automotive work done, to buy top-quality automotive products, and to purchase high-quality gasoline.

The super facility concept has proven very successful thus far. Outlets that have been converted are showing increased gasoline volume as well as increased service work.

How do our service stations in the west break down in terms of type?

We currently have over 1,800 "controlled units"—outlets we either own or have on long-term lease—in the west. All but a handful of these are leased to independent dealers. In addition, we sell a very small amount of product to non-controlled stations in rural and outlying areas.

Over three-fourths of our controlled units are full-serve stations, with the rest being high-volume self-serve outlets. We have 32 super facilities, with nine more currently under construction.



How does our relationship with the dealers work?

All of our dealers are independent businessmen who lease the facilities, purchase Unocal products from us and resell them. They determine what to charge for gasoline at the pump. Unocal provides them with counseling, training and merchandising support. We also maintain certain standards through our leases to ensure that each outlet projects a professional image and a uniform look. But we don't attempt to stifle innovation.

In choosing our dealers, we try to attract high-caliber businessmen. There's a lot more to running a service station than just pumping gasoline. You have to be a merchandiser, usually a mechanic, and a manager as well. A super facility might require a staff of 25 people, for example. So we look for dealer candidates very carefully, and they come from all segments of the business community.

I might add that we have a very low turnover rate among our dealers. Many have over 30 years of service with Unocal. That speaks very well for the company and for the dealers.

Is the dealer network a close-knit organization?

Very much so. Good communication is especially important to us. Unocal marketing representatives stay in close touch with every dealer. Each year we also hold large dealer conferences that feature seminars, equipment displays, discussion groups and motivational speakers. At these events, we outline our objectives for the dealers—what we're doing and why we're doing it—and we listen to their concerns and answer questions.

These meetings are very valuable for everyone. I think it's important for us to maintain a close, family-style organization. I try to talk to as many of our dealers as I can personally.

Are commercial accounts an important segment of our marketing effort in the west?

Most definitely. We sell gasoline, diesel, turbine fuel, residual oils, lubricants and gear oils to a large cross section of commercial accounts.

Our sales activity is based on what we call "target account" planning. We research companies whose business we desire, and develop customer profiles which detail how our products can help them improve their operations and reduce costs.

Our commercial sales force is supported by nineteen industrial lubrication engineers. These individuals have undergone extensive training in the technical aspects of our products. They understand the requirements of different types of machinery, which enables them to pinpoint the customers' needs while helping improve the efficiency of their operations.

To further enhance our image as a commercial marketer, we like to bring customers out to our terminals. By doing so, we can show them firsthand the emphasis we place on efficiency and cleanliness in our blending and packaging operations. This approach emphasizes the importance of service. Our goal is to demonstrate that we're a professional, caring organization that wants to help our customers succeed.

Outside the major metropolitan areas, we rely heavily on our distributor organization to maintain strong ties with our commercial accounts. Many of our distributors have more than 40 years experience in the petroleum industry. This level of expertise has contributed significantly to Unocal's exceptionally strong commercial marketing position.



Is the fact that companies are pursuing differing strategies invigorating petroleum marketing today?

Yes, it has certainly made the business more exciting. I think petroleum marketing is the most challenging business you can be in today. And we're in the center of the storm right now. But it's becoming very clear that Unocal's strategy here in the west has been the right one for us.

While our competition has eliminated service in favor of self-serve, and has diversified into convenience stores and fast food, we have chosen to stay in the service business, concentrating on the consumers' automotive needs. This approach has enhanced our image of professionalism, and has allowed us to increase our market share in the west. That increase is reflected in our gasoline sales, which have shown greater growth than the industry average over the past five years.

Do you see any new trends in petroleum marketing on the horizon?

I think competition will continue to be very intense, because oil companies will want to protect and build upon their market shares. Unocal's task in the years ahead will be to maintain our differentiation in the marketplace. I think we can do a very effective job of that by continuing to concentrate on providing quality products and services.

Because of the dynamics of the market in the west, it's difficult to identify what the trends are going to be in the future. I think in the near-term you'll see a continued fall-off in the full-service segment of the business. Further down the road I think that will turn around, because the demand for service has not disappeared. People want places where they can have their cars looked after by professionals. Some of the companies that have abandoned full service are going to recognize this and readjust their business strategies.

Unocal is well-positioned to meet the demand for full service, and we will continue to do so. Our job may become more difficult in the future, because we may face more competition. But meeting the competition is the ongoing challenge of this business. And it's better to be on the topside of a challenge than the bottom. 76



The East: a talk with Tom Matthews

How does Unocal's marketing effort in the east differ from that in the west?

Here in the east we sell the major portion of our gasoline through marketers— independent petroleum firms that purchase Unocal products and resell them through their own dealer and convenience store locations.

We do this because of the differing nature of the marketplace. The west has a lot of wide-open space and a concentration of large metropolitan markets such as Los Angeles and San Francisco. But east of the Rockies, the population is more evenly spread. We have an abundance of small towns and communities to serve, and utilizing marketers is the most efficient way for us to distribute our products.

Does Unocal have an overall marketing philosophy?

Yes, and it's very simple: to offer our customers the highest quality products and services available in the marketplace, at a competitive price. Unocal has earned that reputation over the years. It's one we value and continually strive to maintain.

Has the reorganization of the Refining & Marketing Division affected marketing operations in the east?

Not greatly. I would say we are more streamlined overall, but that's been an ongoing effort here in the east for a number of years. We have reduced our work force from about 2,400 employees in the early '70s to less than 750 today, without any reduction in the geographical market area we cover. Over that time we've consolidated nine operating divisions into just two—Southern and Midwest—plus the Auto/TruckStop division. We have also greatly reduced the layers of management, with the goal of forging a tighter, more simplified structure. This has allowed us to increase our efficiency and responsiveness to the marketplace.

In what differing ways do we sell Unocal products in the east?

In all, we service about 7,900 retail outlets, of which we own and operate 124 self-serve marts and convenience stores. We have about 120 lessee dealers, and we service roughly 500 owner-operator dealers—plus our 148 Auto/TruckStops. The balance of the outlets are serviced by our network of 440 marketers.

About half of our lubricants are sold by a salaried sales force, and about half through marketers. Our marketers also service most of our commercial accounts—everything from small bicycle repair shops to some of the largest industries in the country.

What are the advantages of selling through marketers?

Covering such a wide and varied geographic area, we're able to deploy our assets more efficiently and grow much more rapidly through marketers than we could on a direct-sale basis. Selling the same amount of products directly that our marketers sell for us in the east would require a huge investment and hundreds more people on the payroll. In addition, marketers have the flexibility to adapt and react to regional market trends. These vary quite a bit in different parts of the country.

Finally, the typical marketer we use does not only supply our products to resellers (dealers). Most sell at least half of their product directly through retail outlets that they own and operate—and this gives us a close link to the consumer.

By selling through marketers, do we sacrifice control over how our products are presented at retail outlets?

No, not really. There is a lot of variety in the types of retail outlets, because each of our marketers adapts to his individual markets. We have some that specialize very successfully with car washes, for example. Others may operate convenience stores, or "quick lubes"—whatever is most profitable for a particular location.

But as to the quality of representation, we maintain a measure of control because we have standards for appearance, graphics and the like. We also work very closely with our marketers, providing them support in merchandising, advertising, training and other areas through a series of company-developed programs.

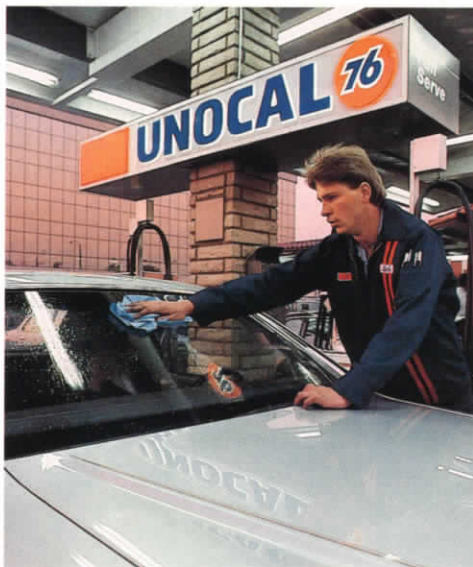
Does Unocal actively seek to enlist new marketers as a way of expanding our operations?

Always. And our efforts have been very successful. We typically convince three out of four marketers we solicit, who eventually change brands, to come to us. Last year, for example, 51 marketers changed over to Unocal from competing suppliers. Between what they brought us and growth through our existing marketers, we added 1,000 new retail outlets for the Unocal brand in the east last year.

Most of this growth has been concentrated in our existing market area, although we did add Iowa, Arkansas and Louisiana over the last three years. Eastern Marketing now operates in 22 states; 44 if you include our Auto/TruckStop system, which is nationwide.

What do we look for in a marketer?

Financial strength, direct control of outlets, and the ability to grow are all part of the equation. The reputation of the marketer is also very important, as is the character and continuity of its management. As in any business relationship, it inevitably boils down to the quality of the people you're dealing with. And we pride ourselves on being associated with the best marketer network in the business.





How do we attract top marketers? What are they looking for in a supplier?

Marketers look for the very things we emphasize as Unocal's strong points: a complete line of quality products, a national credit card system, national brand awareness, advertising and merchandising support, and long-term supply security.

It's also very important to be responsive to the needs of your marketers. One way we do this is by providing a series of training programs that help them accomplish their goals. Another way is through maintaining open lines of communication. All of these things are important, because there is intense competition among suppliers to expand by attracting new marketers.

What about retailing competition? Is there more competition for the motorist than in the past?

Definitely. East of the Rockies there is still quite a surplus of marketing capacity, and that intensifies competition. As a result, the aggressive, innovative marketers are the ones who survive and grow, knocking out of business the least capable. It's an exciting marketplace that's continually in transition.

The number of service stations operating in the U.S. has diminished greatly in recent years. What are the reasons behind this trend?

One factor has been a leveling off in the growth of demand for gasoline. The shakeout has also resulted from an ongoing evolution of gasoline retailing: the move to sell through larger, high-volume outlets, many of which are self-serve. In the east today, almost 80 percent of all gasoline is now sold on a self-serve basis.

These retailing trends, which began to accelerate in the middle '70s, have meant that many smaller outlets no longer can compete. Like many other businesses—such as grocery and hardware—that have gone through similar transitions, gasoline retailing has consolidated. And the trend is continuing: roughly 40,000 service stations have been closed since 1980.



How has the steep drop in crude oil prices affected petroleum marketing?

Lower petroleum prices have contributed to an increased demand for gasoline in recent months. Profit margins for marketing have also improved. But I wouldn't say the current price situation has changed the way we market.

The situation has certainly focused more attention on downstream performance. In times like these, a successful marketing operation is crucial to integrated oil companies like Unocal.

What do you think the outlook is for gasoline demand in the future?

There are a lot of factors working in both directions as far as demand is concerned. The mandated average increase in gasoline mileage of new autos, and the conservation ethic ingrained in this country due to the shortages and high costs of products in the '70s combine to offset the natural upswing in demand that accompanies population growth.

Demand is also a function of price. The level at which crude oil prices stabilize—if and when they do—will also determine what future gasoline demand will be. I would guess that the next decade will see very slow growth in demand each year.

How have Unocal's retail sales performed in the east recently relative to that of other companies?

In 1986 our gasoline sales were up over 14 percent, versus an industry-wide average of roughly 2 percent east of the Rockies. Primarily this was due to our attracting and being represented by a group of quality, aggressive marketers who continue to grow.

Does the fact that Unocal has retained its credit system help us attract customers?

Very much so. Our number one sales tool to our marketers and to the consumer is having the best credit card offering in the industry. Some major oil companies have eliminated credit altogether, while others in effect charge their credit card customers a fee under the misnomer "cash discount." But we continue to charge our customers the same price for cash or credit purchases. This policy both strengthens our customer loyalty and attracts a lot of new customers.

Is brand loyalty as important to consumers now as in the past?

Brand loyalty lessened in the decade of the '70s, as gasoline prices rose and the whole "generic" trend took root. But I think today it's rebounding. Consumers are beginning to realize that there are real differences in the quality of gasolines and other petroleum products. That has worked in our favor, because Unocal has always focused on product quality.

How are sales of our new Super 76 Unleaded gasoline going in the east?

We are seeing very satisfying results so far, and we anticipate continued improvement over the next couple of years. I regard Super Unleaded as our high-growth product for the future.



The convenience store is a form of marketing that Unocal and other companies have pursued in the east with great success. What accounts for the tremendous growth of this marketing segment?

The explosion of two-wage-earner families, and their increased disposable income, are primary factors. Today's life styles also place a premium on convenience for many consumers, and we and others are trying to fill this growing marketing niche.

Our approach to c-store operations varies by location. Some of our outlets sell fast food, while others may offer everything from cut flowers to video cassette rentals. What we try to do is maximize the total return of each unit through the sale of both fuel and c-store items.

I think that now we've reached the second generation of convenience stores. Those which are most successful tend to be larger, have a variety of offerings, and a higher-quality atmosphere than c-stores of just a few years ago. But the c-store industry is still very new and is continuing to evolve.

How do you envision the future of petroleum marketing?

If one stays in this industry long enough, he'll see everything come full cycle twice—so that becomes a very difficult question to answer. I think it's even tougher to answer these days. Unlike the period 20 years ago, when all petroleum retailing seemed to follow similar trends, today each company is determining its own distinct direction. The result is that marketing approaches vary greatly throughout the industry, and in different regions. I don't think you'll see any one "best way" to market in the foreseeable future. But that's what makes this line of work so invigorating.

As for Unocal's marketing effort here in the east, we will continue to build upon our strengths: a line of top-quality products, a leadership position with our nationwide Auto/TruckStop system, and a network of aggressive and highly innovative marketers.

Together with our marketers, we have prospered through a difficult period in this business—a period marked by consolidation and change. Our close partnership will enable us to remain on the leading edge of petroleum marketing in the years ahead. I'd say that Unocal's future in the east is the clearest and brightest it has ever been. 76

A Professional Touch



In a single day, Rick Cosmer may stop at more Unocal 76 service stations than most customers visit in a month. But that's not unusual for Cosmer, who works as a retail area manager for Western Marketing's Los Angeles Division. His first meeting this morning, one of several before noon, is with a 76 dealer in Seal Beach, about 35 minutes south of downtown Los Angeles.

After arriving at the station, Cosmer briefly surveys its appearance. Everything looks fine—the grounds are clean, promotional signs sit atop the pumps, and the employees, in full uniform, busily tend to customers. The dealer is inside one of the service bays talking to a service technician. He and Cosmer exchange pleasantries, then sit down to discuss the station's business.

The dealer asks Cosmer for advice on ways of boosting his station's revenue. Although 76 dealers are independent business people and not Unocal employees, they work closely with Western Marketing managers like Cosmer to make their service stations more profitable.

"I talk with dealers about different marketing techniques, which might involve everything from the way they offer products to customers to the benefits of our PROTECH program," explains Cosmer. "It's important to

communicate these Western Marketing strategies to our dealers. They play significant roles in keeping Unocal stations a healthy and profitable network."

That network consists of more than 1,800 dealer-leased 76 service stations, which come under direction of the western branch of Unocal's Refining & Marketing Division. The stations are grouped into five western divisions: Northern California, Los Angeles, Northwest (Washington and Oregon), Continental (San Diego and parts of Arizona and Nevada) and Hawaii.

The sales manager of each division oversees 300 to 600 Unocal 76 service stations (except in Hawaii, where the market is smaller and more specialized). Retail area managers like Cosmer lend marketing direction to smaller numbers of stations in each division. The managers also work with dealers who want to add extra service bays, convert to computerized pumps or make other substantial improvements to their facilities.

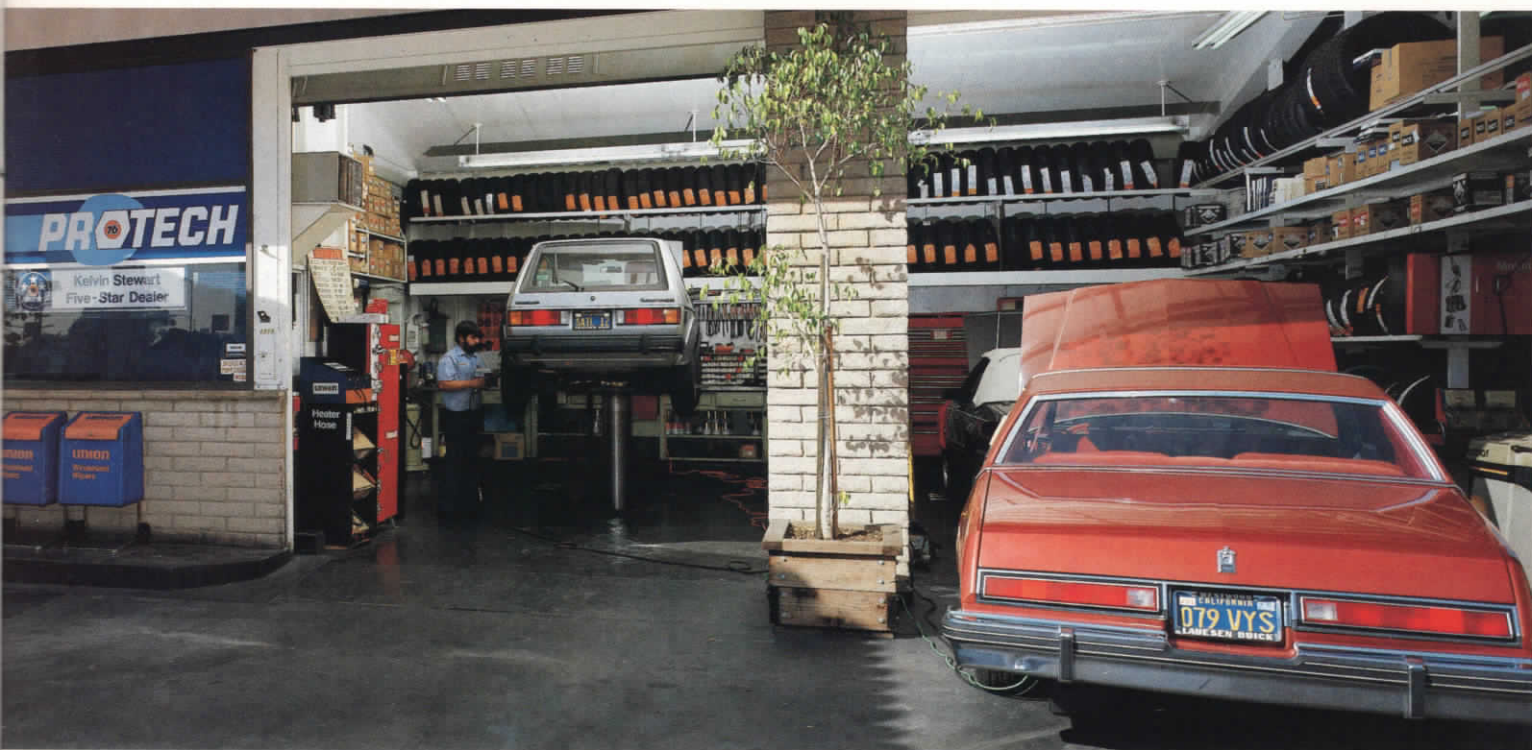
Another group of Unocal professionals, the retail representatives, interact with dealers on routine daily matters such as product deliveries or merchandising strategies. There are five retail reps working under the direction of an area manager in each division. As members of Western Marketing's retail force,

managers and reps work with the dealers to create a first-class, professional image for Unocal 76 service stations.

"In times like these, it is critically important that we market our products as efficiently and effectively as possible," says Clay Warnock, vice president of western marketing. "Our goals are to cut costs, increase our profitability and increase our market share. Despite heightened competition, we've been able to achieve these ends. We've done this by offering quality products and services at a competitive price, and by successfully differentiating ourselves from the competition."

In implementing this differentiation strategy, Western Marketing has targeted five key areas that set Unocal stations apart from the competition: credit convenience, quality products, private brand automotive merchandise, professional automotive service programs, and an emphasis on full service.

Unocal 76 customers can pay for their purchases by credit card without paying a premium—an advantage that most other companies in the west don't provide. The company's product offering is also unique: Unocal's unleaded regular carries a higher octane rating than competing brands in most parts of the west, and both grades of Unocal gasolines are formulated to provide



exceptional automotive performance. These superior fuels are complemented by the company's line of high-quality automotive products under the Unocal brand.

The fourth area of differentiation concerns professional car care. A growing number of Unocal stations in the west now have PROTECH-certified technicians who can provide motorists with professional automotive repair work that is guaranteed by Unocal. Currently, over 40 percent of Unocal outlets in the west are PROTECH stations.

Finally, there is Western Marketing's emphasis on service. Unocal dealers and their employees make every effort to give each full-service customer the VIP (Very Important Person) treatment, which includes checking beneath the vehicle's hood, measuring tire pressure and washing car windows.

There are three types of Unocal service stations that help make these differentiation strategies effective: the "super facility," the high-volume self-service outlet, and the traditional full-service station.

Super facilities, the newest type of 76 station, offer customers a full range of options: both full and self-service pump islands, expert automotive care, and Unocal's branded line of high-

quality automotive products. Each outlet has four or more pump islands, and four to six service bays staffed by PROTECH-certified technicians.

Western Marketing built the first super facility five years ago. Today there are 32 stations in the west, with nine more scheduled to open soon. The super facility locations—some new, others conversions of existing 76 stations—are carefully chosen for their potential both as high-volume gasoline outlets and high-traffic automotive service centers.

"Our super facilities are one-stop service centers—ideal places to purchase gasoline *and* get professional automotive service," says Don Kollmansberger, Los Angeles division sales manager.

The stations, all of which are PROTECH outlets, also generate healthy revenues from auto maintenance and repair work in the service bays. Sales of automotive accessories, which feature Unocal tires, batteries and other items, add to profitability.

The company's self-service stations are also a continuing success. Situated in high-traffic areas such as busy intersections or freeway interchanges, they make up one-fifth of Western Marketing's retail outlets. Although they don't provide automotive servicing, the self-service facilities are a vital part of the

Unocal's marketing effort in the west. They offer customers an added plus: while some competing self-service outlets operate on a cash-only basis, and others charge a premium for credit, Unocal customers retain the convenient option of paying for purchases with their Unocal 76 credit cards at no additional fee.

Despite the advent of super facilities and the growth of self-service, traditional full-service stations still make up nearly 80 percent of Unocal's Western Marketing sites. These types of stations date back to the 1920s, when Union Oil full-service outlets began sprouting up on street corners to serve the rapidly increasing numbers of cars.

While smaller in size and scope than the new super facilities, the traditional full-service stations are well-tailored to the needs of the motorists and the communities they serve. Most have three service bays and two to three pump islands. Sales of automotive products and service bay work augment the outlets' fuel sales.

"In terms of sheer numbers, traditional full-service stations are the back-

Top of page, dealer Kelvin Stewart checks under a customer's hood at the busy full-service Unocal 76 station he operates in West Los Angeles.



bone of our system," Kollmansberger says. "They fill a very large marketing niche that's being abandoned by other companies in the west."

But it takes more than excellent products, superior service, and filling a marketing niche to make a Unocal station successful. It also takes a skilled dealer.

"We look for high-caliber business people to operate our service stations," says Clay Warnock. "After all, there's a lot more to running a service station than just pumping gasoline."

Many men and women interested in becoming Unocal dealers have previous business or automotive experience. The company also requires these independent managers to successfully complete the 76 Dealer Development Training program. Held at Unocal's Automotive Training Center in Pasadena, California, the intensive two-week course prepares trainees to meet the rigorous demands involved in operating a Western Marketing service station.

Once they are accepted by Unocal, dealers sign lease contracts with the company, usually for a term of three years. To promote consistent standards for 76 stations, dealers are required to keep their facilities clean, ensure that employees wear full uniforms, and display promotional signs for Unocal

products. Beyond this, dealers operate 76 stations based on their personal perspectives and business acumen. They hire their own employees, select and regulate product inventory, and most important, they—not Unocal—set the station's prices for gasoline.

While recognizing the dealers' independence, Clay Warnock stresses the importance of building a family-like foundation within Western Marketing. One successful way to bring Unocal employees together with dealers and distributors has been through annual Western Marketing Conferences. Events at these well-attended gatherings include social dinners, motivational speeches, seminars, panel discussions, and displays of new equipment.

"The conferences allow us to project our marketing organization as a family operation," says Warnock. "That creates a closer-knit organization, which helps to strengthen our service station network." Just ask Russ Conkle, Ka Kim and Kelvin Stewart. These Unocal dealers attribute part of their impressive performance records to the support they have received from Unocal's Western Marketing management.

Russ Conkle started working for Unocal in 1964 as an employee at the Unocal Center service station. In 1969

he became a dealer, moving to his present location in Seal Beach, California. The outlet originally had two service bays and two pump islands. Since then, Conkle's station has been transformed into a super facility. The result: a dramatic increase in employees and business.

As one of Western Marketing's top dealers, Conkle has earned the Five-Star designation—the highest honor given to a service station and its dealer. A Five-Star dealership does not come easily. There are only about 200 Five-Star dealers in the Western Marketing area.

"Professionalism is the key," says Don Kollmansberger. "Five-Star dealers are dedicated to customer service. They go the extra mile to make their stations attractive, well-merchandise and competitive."

To qualify for Five-Star recognition, dealers must have operated their 76 stations longer than a year. The station's facilities have to be especially clean, with current promotional signs prominently displayed. Employees at Five-Star stations must always wear full uniforms, and at least one employee must be a PROTECH-certified technician. In addition, most Five-Star dealers use DABS (Dealer Automated Business Systems), a computer program designed especially for 76 dealers.



Conkle and other dealers use DABS to forecast sales, analyze marketing trends, maintain comprehensive customer files and perform other tasks. DABS gives dealers a big edge over the competition by helping them obtain accurate information more quickly. Western Marketing hosts training courses for dealers who have purchased the computer system.

Conkle's station has both full and self-service pumps, and offers PRO-TECH services—tune-up, air-conditioning, brake and wheel alignment work—in five service bays. It's not surprising that "Conkle's 76" generates nearly \$3 million in annual revenue.

"Before Western Marketing chose to convert this site into a super facility, I worked around here like everyone else," he recalls. "But when we expanded in 1983, I learned to become a better manager. I helped my employees to work as more of a team, since team effort gets the best results."

To Ka Kim, who operates four Unocal self-service stations, good management is the most important part of a successful business. Kim became a full-service Unocal dealer in 1973, shortly after he earned a business degree in his native Korea and moved to Los Angeles. He boosted gasoline sales at his first station from 12,000 to

90,000 gallons per month in just one year. Kim's formula for success is simple: "I keep the station neat, have consistent hours, display promotional signs and stay competitive."

In 1978, Kim decided to concentrate on self-service stations located in high-traffic areas. Today, gasoline sales at his four self-service outlets total an above-average 800,000 gallons each month.

Kelvin Stewart's traditional full-service 76 station, based at a busy West Los Angeles intersection, also produces higher-than-average gasoline sales. Before Stewart took over the station in early October 1986, typical sales were 140,000 gallons each month. By November, the volume of customers had greatly increased, and fuel sales had risen to 190,000 gallons. Stewart attributes the success to providing good, conscientious service.

"Customers like getting full service with a personal touch," says Stewart, "and that's what we try to give them. People appreciate it when you know their names—and they'll bring their business back again."

Stewart's Five-Star, PROTECH station has three bays and four pump islands, which provide gasoline 24 hours a day. A full array of tires complete a plentiful assortment of automo-

tive accessories. Like Conkle, Stewart also uses the DABS system for accounts receivable, payroll, rebates and financial planning.

Although warm customer relations, consistent hours and top-notch employees helped increase the station's sales, Stewart says the support that he received from Western Marketing also made a difference.

"I'm in contact with a lot of people at Unocal, which makes me feel like part of the family," Stewart says. "They promote our products and services, and give advice on dealing with tough situations. It makes you want to do a good job when you're getting that kind of support. This is really a great team."

Clay Warnock agrees. "Our dealers play a crucial role in maintaining a highly efficient and profitable marketing operation for Unocal in the west," he says. "Together we can do a very effective job of meeting our basic marketing goal: providing motorists with quality products and services they may have difficulty obtaining elsewhere." 76

Russ Conkle (checking tire) ensures that his 76 super facility offers expert automotive repairs, quality products and convenience (opposite). Top right, one of four high-volume 76 self-service stations operated by Ka Kim.

Partners for Success



Left to right: Don Kallil, Roger Albertie and Mike Stefaniak of Leemon Oil Company. A highly diversified petroleum marketer located in eastern Michigan, Leemon has been associated with Unocal for more than 20 years.

Marketers—also known as “jobbers”—are independent petroleum firms that purchase products from major oil companies and refiners. The marketers then resell the products through their own dealer networks or directly operated outlets.

Although they are not prevalent in the western U.S., marketers deliver more than two-thirds of the gasoline and petroleum products sold east of the Rockies. This is largely because communities in the east are more spread out, and tend to be more diverse than in the west.

“Using marketers enables us to operate with a high degree of efficiency and flexibility in different regions of the east,” says Tom Matthews, Unocal’s vice president of eastern marketing. “Our marketers also provide capital for building and upgrading retail facilities, and they supply the manpower to help us market our products more effectively.”

Unocal’s marketer network, which accounts for over 60 percent of the company’s product sales in 22 eastern states, presently numbers 440. While some of these marketers are exclusively wholesalers, most own and operate retail outlets as well.

“Our marketers usually work under three-year contracts,” says Matthews, “but we always anticipate a long-term relationship. Because of that, we place a very high value on a marketer’s reputation, its growth potential, and especially the character of its management. After all, their performance is directly linked to our own. It’s a relationship that must benefit both parties to be successful.”

A good example of this is provided by Leemon Oil Company, a Unocal marketer located just outside Detroit in Novi, Michigan. Founded 35 years ago as a small home-heating oil company, Leemon Oil has steadily grown and diversified to become a full-line petroleum marketer, branching out into lubricant sales, farm and commercial accounts, and gasoline supply and retailing.

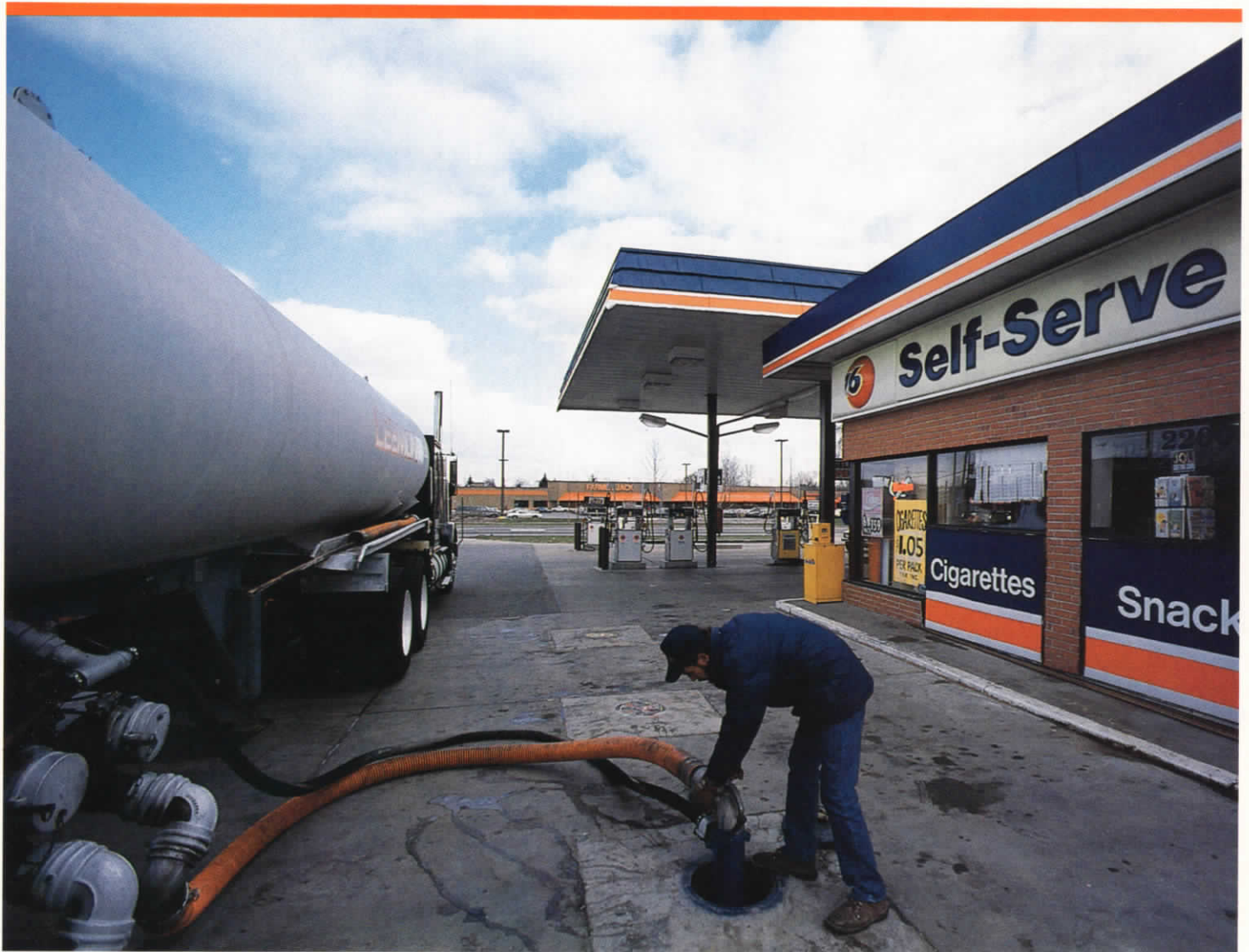
Today, Leemon is the largest marketer in Michigan of fuel oil to homeowners, delivering millions of gallons a year to over 10,000 customers. The company owns eight lube-oil bulk plants, and directly operates more than 20 service stations and convenience stores. Leemon also has a large truck fleet which supplies gasoline and automotive products to an additional 150 dealer-operated stations.

Leemon Oil’s association with Unocal dates back to 1965, when the merger with Pure Oil took place. (Leemon began distributing Pure Oil products in 1960.) Today Unocal is Leemon’s biggest supplier, and more than 90 percent of the marketer’s directly operated retail outlets are Unocal branded. Leemon also distributes a full line of Unocal lubes and automotive products.

“Every month the volume of our deliveries seems to increase,” says Leemon Oil’s president and chief executive officer Roger Albertie. “We are extremely happy with Unocal products and their acceptance by our customers.”

Albertie, who joined Leemon Oil in 1973, drove tank wagons and later served as a cashier, warehouseman and office manager. He knows through firsthand experience that focusing on customer service yields positive results.

“We strive to give our customers two things: quality products at competitive prices, and superior service,” Albertie says. “These are the keys to maintaining a strong, dynamic marketer operation.”



Unocal is Leemon Oil's largest supplier of gasoline and petroleum products. More than 90 percent of the marketer's directly operated retail outlets are Unocal-branded.



“Every month the volume of our deliveries seems to increase,” says Leemon’s Roger Albertie. “We are extremely happy with Unocal products and their acceptance by our customers.”



Unocal's eastern marketing organization provides support to Leemon through its network of technical sales representatives. "They visit our new lube customers, for example, to evaluate the lubricant needs of various types of machinery and equipment," Albertie says. "That kind of attention is very valuable to us and to our customers."

Another growth area for Leemon Oil is directly operated service stations. Three-fourths of the company's outlets, most of which are in the Detroit metropolitan area, are convenience store operations. They average a healthy 100,000 gallons per month in gasoline sales.

"There is a lot of competition among c-store outlets in this part of the country," says Don Kallil, Leemon's vice president of operations. "One of the keys to our success lies in making our facilities bright and attractive. Unocal works closely with us on upgrading our outlets, on designing merchandising displays, and in evaluating the potential of new c-store locations."

Unocal also aids marketers in the training of c-store staff. "We use videos and other materials supplied by Unocal in training our c-store managers and employees," says Albertie. "The videos are an excellent supplement to on-site training, and they provide a lot of helpful tips. Each manager can take the information and apply it to his own operation."

Hands-on involvement on the part of Leemon's management also spurs success at the retail outlets. Kallil visits each location frequently to discuss specific needs and offer suggestions. Regular meetings of station managers are also held. "Keeping in close contact is beneficial to everyone in our organization," Albertie says. "There is no such thing as 'too much' communication."

Unocal's eastern marketing organization mirrors that philosophy, maintaining close contact with marketers through a network of sales representatives based at seven area offices throughout the east. The company also holds annual marketer/management conferences. At these events, marketer representatives meet with Matthews and other top Unocal marketing executives to discuss current issues and strategies. Notes from the sessions are sent to all of the company's marketers.

"The conferences are informal, give-and-take affairs where we discuss all pertinent issues and try to answer all questions," Matthews says. "Our marketers appreciate the interaction, and the meetings help us get a handle on grass roots trends and common concerns."

"The sessions are conducted like huge roundtables, and they're extremely valuable," adds Roger Albertie, who has attended several of them. "The marketers not only learn from Unocal; we also learn from each other by sharing ideas."

Albertie's hopes for the future of Leemon Oil parallel Unocal's goals in the east: continued growth through the aggressive marketing of quality products and services. It's a success formula that requires quality *people* above all else.

"Any corporation is only as good as the people who comprise it," Albertie says. "I'd have to give most of the credit for Leemon Oil's success to our employees. They are a very dedicated and hard-working group."

"By the same token, Unocal is a top-notch supplier largely because it has quality people who care about their marketers. We regard Unocal as a partner, not just a supplier."

That's a sentiment echoed by Tom Matthews in describing Unocal's marketer network. "Our marketers are a crucial element of our success here in the east," he says. "Without them we simply wouldn't be able to market our products effectively. Together with them, we hope to grow in an increasingly competitive marketplace." T.S. 76



"Our marketers are a crucial element of our success in the east," says Tom Matthews. "Together with them, we hope to grow in an increasingly competitive marketplace."

The C-Store Story

“The success of our new SSMs has been extraordinary.”

It's just before dawn on a cold and wintry December morning in Elgin, Illinois, a suburban town located 30 miles west of Chicago. As hundreds of drivers rise and prepare for their daily commute to the city, manager Sandy Loar is already hard at work inside her store: brewing coffee, arranging newspapers, filling a display case with fresh-baked pastries.

Nearby, an assistant polishes one of the large plate glass windows, while outside a stream of cars is beginning to arrive. At exactly 6 a.m., Sandy unlocks the front door and lets the morning rush pile in. The Unocal 76 Self-Serve Mart in Elgin is open for business.

Taking her place at the counter, Loar rings up purchases and greets the customers warmly, many of whom she has come to know personally. “Early morning is always a hectic time around here,” says Loar. “We have a lot of regular customers, and the same is true in the afternoon. Some people even stop in the morning and afternoon.”

Customers like Loar's are being attracted to Unocal's newest self-serve marketing effort in the east. Called SSM/84 (for Self Serve Mart/1984), the stores are high-volume, self-serve fuel outlets that are also full-sized convenience stores. The outlets, 15 of which are now open in the east, offer customers everything from fast food and beverages to grocery items and health care products. And, of course, each dispenses Unocal's high-quality gasolines and motor oils.

“The success of our new SSMs has been extraordinary,” says Midwest Division Area Retail Sales Manager Jeff Hansen. “Hundreds of customers stop at these outlets each day to make their fuel purchases. And by having a full-size convenience store with a complete line of products, we have an opportunity to meet our customers' needs for other items besides fuel.”

The National Association of Convenience Stores (NACS), the trade association representing convenience store retailers, reports that there were only 3,500 convenience stores—called “c-stores”—in the country in the early 1960s. Today, NACS estimates there are over 51,150 c-stores nationwide. The growth has come about because the public's buying habits have changed dramatically.

“The continued growth of two wage-earner families is placing more consumer demand on time-saving conveniences,” explains Stuart Cannes, supervisor of Unocal's Eastern Marketing Diversified Outlets. “Consumers want the quick access and the convenience of purchasing a loaf of bread and a gallon of milk at the same time they are fueling their automobiles. Convenience has become a key marketing strategy for the 1980s—and it's one that Unocal has been responding to.”

Unocal first began to experiment with convenience store items in the early 1970s. The growth of self-serve gasoline sales was the primary reason. In the early '70s, self-service accounted for only a small percentage of total gasoline sales across the United States. Today, over 80 percent of the gasoline sold nationally is through self-serve outlets.

“As the company began opening self-serve locations, we decided to sell a few other items such as cigarettes, soft drinks and snacks,” Cannes explains. “We found that almost every item we added to our product line began to sell very well. The locations where we sold these items were by far our most profitable outlets, so the number expanded from there.”

Today, Eastern Marketing directly operates 124 retail outlets—almost all of them either small self-serve marts or full-sized convenience stores. “Our company-operated network is not that large,” says Cannes, who is based at Unocal's Schaumburg office and is responsible for coordinating the company-owned retail outlets in the east. “But the network's importance to the company can't be measured in terms of numbers. The training and merchandising programs developed for our company-owned operations — as well as the expertise we've gained—are offered to the east's most important customers, our marketers.”

“Convenience has become a key marketing strategy for the 1980s...”



Eastern Marketing's network of 124 directly operated retail locations consists largely of convenience store outlets. Among them are the new high-volume units known as SSM-84s. Above, Sandy Loar helps a customer in her Elgin, Illinois store.



“In 1980, there were less than 500 c-stores operated by Unocal marketers. Today, there are over 3,000.”

Over 80 percent of gasoline products in the east are sold through marketers—independent petroleum firms that purchase petroleum products and resell them through their own dealer or convenience store locations (see accompanying story). And Unocal’s marketers have been getting into convenience stores in a big way.

“The conversion of our marketer customers from retailing fuel products through traditional service stations to retailing through self-serve convenience stores has been a remarkable transition to witness,” says Tom Matthews, Eastern Marketing’s Vice President. “In 1980, there were less than 500 c-stores operated by Unocal marketers. Today, there are over 3,000.”

This transition has been beneficial to all parties, Matthews feels. “Unocal has benefitted by the increase in fuel sales through these locations. Our marketers have benefitted by the added revenue and profits generated by their store sales. And the customers have benefitted through lower fuel prices and added convenience.”

But a dramatic change is never easy or without problems. “As Unocal and our marketers plunged into convenience store facilities, we realized that we needed to learn a whole new set of marketing and management principles,” Matthews explains. “To meet that need, Unocal Marketing’s training department implemented a full range of training courses for c-store personnel.”

The training program is designed to acquaint new employees with the basics of the business as well as help experienced employees respond to the rapidly changing dynamics of the c-store industry. Utilizing a series of video tapes and workbooks, the courses cover subjects that include general business principles, convenience store management, operations and merchandising strategies, decision-making skills and employee teamwork. Unocal’s newest training program, called the Convenience Store Operation/Management Simulation Program, uses computers for part of the instruction.

“The heart of this program is a computer game that simulates the c-store environment,” Cannes explains. “Students make strategic business decisions in teams that compete for market share. Results come in the form of operating statements, with the focus being net profit performance.”

All of these seminars have been very popular with Unocal marketers. “Most of the training programs we put on here or in the field are filled,” says Cannes. “If marketers can get just one or two concepts from these sessions that they can implement, we’ve done our job. And they learn not only from the instructors; they also learn from each other.”

The success of the company’s training programs has been nationally recognized: in each of the past two years, Unocal has won the Petroleum Marketers Association of America’s “Best Educational Programs” award.

Another element in the success of Unocal’s c-store network has been the company’s national credit card program. The stores’ acceptance of Unocal credit cards for gasoline and convenience item purchases has helped build a stronger and more dependable customer base. It has also led to a higher-than-average sales transaction amount, because most competing c-stores do not accept credit cards.

“We’re very proud of the leadership position that we have obtained in the c-store industry,” says Cannes. “While our company-operated facilities are a small portion of the overall total, we are constantly using them as a testing ground for new ideas and products which our marketers may adopt later for their own facilities. That enables us to remain on the cutting edge of this form of gasoline marketing.”

In 1984, Unocal introduced a new generation of c-store—the SSM/84. Developed completely in-house, the design drew on the experience gained from over a dozen years of operating smaller convenience marts.

“The SSMs are a step ahead of previous c-stores in appearance and customer conveniences,” says Cannes. “Each has approximately 2,000 square feet of retail selling space and carries more than 3,000 items. They are completely new facilities from the ground up.”

The larger size of the new SSM/84 stores—which are all Unocal-owned and operated—allowed for the addition of higher-profit convenience items. Product lines such as health and beauty aids, frozen foods, paper products, grocery items and fast food all command very good margins in the convenience store environment.

“Fast food is the fastest growing and one of the most profitable product categories in the c-store industry today,” says Paul Kohler, area sales manager in Unocal’s Atlanta market. Kohler oversees marketing’s most radical departure from the past: an SSM/84 that sports a full kitchen run by a separate food facility manager.

“We have a deli operation with meats and cheeses plus sandwiches, salads and fresh pastries. We’re also offering fried chicken and barbecued ribs that are cooked on site,” Kohler says. Situated in the heart of Atlanta, this location is one of the most successful of the new SSM outlets.

Eastern Marketing is planning to convert more of its company-operated locations into SSMs in the future. “In the meantime, we’re continuing to learn and gain experience in c-store operations,” says Cannes. “And of course, we’re always striving to improve.”

Unocal’s Diversified Outlets network has never been healthier, according to Cannes. The company’s Eastern Marketing arm is committed to enhancing the success of its c-store outlets by building on the strengths it has developed over the years: dedicated personnel, marketing expertise, prime locations, a national credit card system, a strong marketer system, and most important, the quality image of the Unocal brand. 76



“We’re very proud of the leadership position that we have obtained in the c-store industry.”

Unocal c-stores offer customers everything from fast food and beverages to grocery items and health care products. And, of course, each dispenses Unocal’s high-quality gasolines and motor oils.

Pumping Gas and Giving Service—Since 1913

In the mid-1890s, horseless carriages were a novelty and the service station nonexistent. Motorists bought gasoline, a by-product of kerosene refining, at hardware stores, bulk-products marketing terminals, or refineries.

As the number of cars and trucks on the road began to multiply, a few enterprising individuals saw the need to serve the motorist. In 1913, the same year Henry Ford introduced the moving assembly line and began producing a thousand Model T's a day, Union Oil Company of California opened its first service station—or "gas stand"—on the corner of Sixth and Mateo streets in downtown Los Angeles.

Sales were excellent. Gas was dispensed with a hand pump—one slow turn of the handle pulled a gallon of gas from a drum and pushed it into the tank under the car seat. Customers could also

purchase kerosene, lubricants and fuel oil, as long as they brought their own containers.

In 1917 Union bought the Pinal-Dome Oil Company, which operated 20 service stations in California. Sales soared, and the company's marketing department opened new service stations as fast as they could be built or leased.

By 1923, 304 Union Oil service stations were in operation in the western U.S., British Columbia and Mexico. The company magazine reported:

"The service station of today is, in many cases, a study in architectural beauty.... We have stations ranging from the small wooden building with pump in front to what is known as the 'Super Service Station,' [where] requirements other than re-fueling are taken care of, such as battery charging, tire repairing, washing, pol-

ishing, greasing, etc."

The article also emphasized the competition in the industry, and the importance of service:

"The [best] approach may be summed up in politeness, thoughtfulness, or in any and all of the ramifications of the Golden Rule.... In the eyes of the public the operator is the company, and impressions are formed from the treatment received."

In 1928 a contest was held for new company service station designs. The object was to build stations that would harmonize in style with their neighborhoods. Winning designs ranged from modernistic to modified Spanish.

The concerns for efficient service station design, neighborhood compatibility and customer service continued to shape improvements and design changes over the years—as is reflected in the following pages.



1913: The company's first service station, located in downtown Los Angeles, reported brisk sales during its 21 years of existence. In 1934, it was replaced with a modern station—and sales at the location jumped 300 percent.



The station above, built in Honolulu in the 1920s, was photographed in 1933 when it gained a famous manager: Duke Kahanamoku, world swimming champ and star of three Olympics beginning in Stockholm in 1912.



1920s: "The evolution of the service station has come about within a comparatively short period, but attained its greatest speed of development during the past two years.... This has resulted in the keenest competition and the installation of numerous improvements."—from the *Union Oil Bulletin*, September 1923



1930s: While older stations remained (top of page), new and remodeled Union Oil stations showed continuing improvements in design and service. In 1932, the company introduced “the finest antiknock gasoline ever offered”—and named it “76,” soon to become the highly visible trademark guiding motorists to Union Oil service stations.

In 1934, the *Union Oil Bulletin*, reporting the construction of a new station in Los Angeles, stated:

“The station is representative of the modern brick and steel structures which Union Service Stations, Inc., is building. It has three wings branching off a spacious sales room enclosed in plate glass. Two wings form canopies for the pump islands. The other houses the hoist and car wash rooms where super service facilities are installed.

“Automatic recording and computing pumps, disappearing air and water hoses...are features of the equipment.”





1940s: During the early 1940s, the country and the company focused on production to support our troops in World War II. Women took what were then non-traditional jobs as service station attendants.

When the war ended in 1945, Americans were exultant and ready for the return of good times. New automobile designs were accompanied by new products, such as 7600 high-octane aviation fuel. New station designs featured a lengthening canopy—and the 76 logo in a circle, introduced in 1946.

In 1949, the firm of famed industrial designer Raymond Loewy designed a Union 76 station. Located at Lake and San Pasqual in Pasadena, the station (bottom left) lived up to the Loewy philosophy that “industrialization can come well-groomed.” Features included higher canopies, slanted glass in the display room to reduce glare, and a customer waiting area.





1950s: By the beginning of this decade, the number of Union Oil service stations had grown to 2,500. Emphasis on “Minute Man” service and the introduction of improved fuels and lubricants continued as the service station network steadily expanded.

A new station design (right) introduced in 1953 featured a sweeping canopy and was the basic unit in the west for the next decade. A variation featured two canopies. There was increasing use of 76 spheres, which had first appeared in the late '40s.





1960s: The station in Parker, Arizona (center), built in 1961, typified the sleeker and larger design that would accommodate more customers at a time. During the decade, the large signs over the canopies were abandoned in favor of the 76 sphere at the corner (below right).

The merger with Pure Oil in 1965 gave Union a total of 18,000 retail outlets in 37 states. Below left, a 76 sphere replaces the Pure emblem on a service station corner pole.

Since the '40s, the 76 logo had appeared with a small Union identification below it. In 1963, this logo was redesigned to enlarge and emphasize the Union identification. In 1967, under a corporate redesign program, the Union was removed from the sphere—and the 76 sphere as we know it today was introduced.

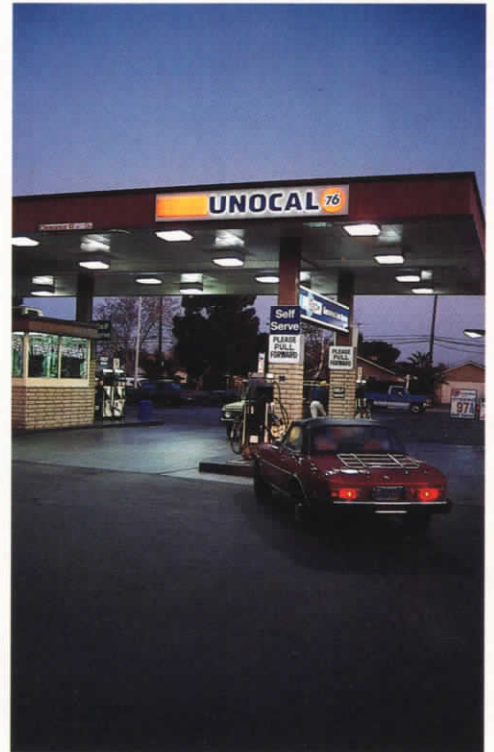
Later in the decade, station designs became more variable — with detached canopies and a wider variety of building materials. The station in Thousand Oaks, California, (below) was designed to preserve the spreading oak tree on the site. Siding and roofing materials were selected to suit the architectural styles of the neighborhood. This station was featured in ads emphasizing the company's commitment to maintaining a beautiful environment.





1970s: The concepts developed in the '60s were expanded in the '70s. Service stations were designed to blend with their communities while maintaining a strong Union 76 identification. While sales volume continued to increase, by 1979 the total number of Union Oil stations had been pruned to 12,150. The reduction was part of a movement toward higher productivity and efficiency in retailing that has continued in the '80s.





1980s: In 1981, the company introduced a new high-volume, full-service marketing concept—the super facility. It is larger than a traditional station, offering more pump islands and service bays. At the same time, more Unocal-branded self-service facilities were opened.

In 1985, the Union 76 logo was replaced with Unocal 76, but as one company commercial said—that's all we're changing. Consumers continue to come to the Sign of the 76 for a full range of products and services designed to meet their changing needs. Today, the network of Unocal-branded retail outlets totals about 10,600. 76



From Paint to Potato Chips

Polymers are all around us. They are essential to life. Organic polymers form the proteins and nucleic acids vital to all living things. Our sight, metabolism and other functions of the body depend on polymer-based enzymes. Polymers also play an important role in nature. They constitute a major part of rock, wood, resin and other substances.

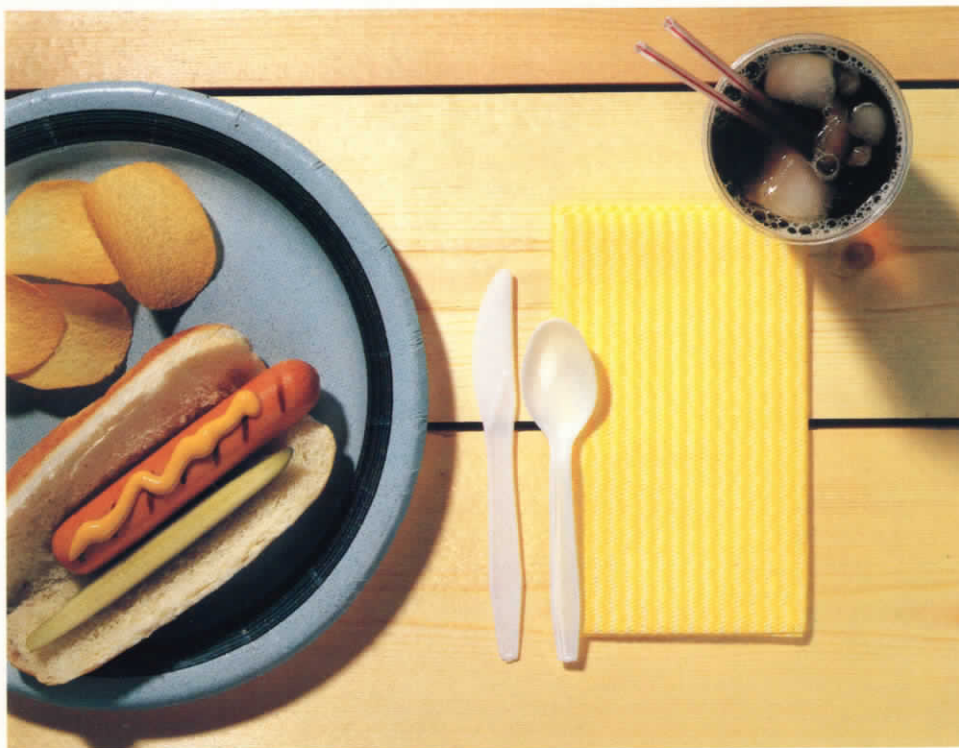
Man-made, or synthetic, polymers create a world of products we'd find it difficult to live without. These polymers are the basis of plastics and other essential materials. For example, polymers make this paper glossy. The words you're reading right now are sharp and the pictures are bright because they are printed on a clay coating. The coating locks the ink into place, which creates clearer images and protects the page from turning yellow and brittle.

The coating is bonded to the paper by latex, which is a polymer emulsion.

Latex and other polymer emulsions are made and manufactured by Unocal Chemicals Division's Petrochemical Group, headquartered in Schaumburg, Illinois. There are 20 major producers of polymer emulsions in the United States. Unocal, the seventh largest, has the most complete line of polymer emulsion products in the country.

Polymers gloss these mammoth rolls of paper (left) with a protective coating, and are also used in latex paints.





A polymer is a chemical compound that derives its name from the Greek *polys meros*, meaning “many parts.” Polymers are formed by a chemical reaction of several small molecules, or monomers. Many of the polymer-based products that we’re familiar with, such as plastic and synthetic rubber, are made by combining small and large molecules in an emulsion, or liquid. The resulting polymer can be used as a latex or hardened and molded through further processing.

Despite the modern-day importance of the polymer industry, its age is surprising. Some 3,000 years ago, inhabitants of East Asia were using a resinous polymer from the lacquer tree to preserve and decorate household articles. And the polymer secreted by the female lac insect has long been a source of shellac, used for similar purposes.

In 1869, two American brothers, John and Isaiah Hyatt, patented a technique for the manufacture of celluloid, a new product made from cotton-like plant tissue. As the first synthetic polymer, celluloid was initially used to replace isinglass carriage curtains. (The carriage trade was delighted because celluloid was more transparent and durable than isinglass, which was made from the air bladders of fish.)

But the invention of celluloid meant more than a better window view. It prompted George Eastman (of Eastman-Kodak) to develop celluloid roll film. And that, of course, heralded “Fred Ott’s Sneeze”—the country’s first motion picture. The “movie” was shot in 1889 by William Dickson, an inventor who worked under Thomas Edison.

In 1909, Leo Baekeland, a U.S. chemist born in Belgium, made another significant discovery. He found that many useful polymer-based plastics could be produced by reacting phenol with formaldehyde. This led to the development of certain resins which still occupy an important role in the plastics industry.

In the 1920s, when scientists learned how natural polymers such as cellulose, proteins and rubber were formed, they began to study polymeric structure. This research led to the synthesis of many more polymers, which enabled industrial production of fibers, plastics, synthetic rubbers, coatings and adhesives.

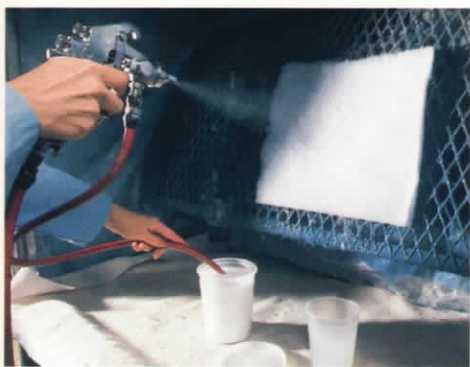
Above, many products we frequently use are polymer-based, such as non-woven towel-ettes, adhesives and textile goods.

Synthetic polymers, which can range from rubber elastics to tough fibers, lend themselves to a variety of commercial uses. Industrial societies depend on polymers. Scientists, like those at Unocal’s Science & Technology Division in Brea, California, can synthesize them to meet new needs while continuing to improve our quality of life.

Unocal has been a leading manufacturer and marketer of various kinds of polymer emulsions since 1965. The company now manufactures polymers in its six plants in Charlotte, North Carolina and suburbs of Chicago, Los Angeles and San Francisco.

“The key to success in this business is staying ahead,” says Mike Brennan, manager of polymer market development for Unocal Chemicals. “The polymer emulsion business is market focused. To keep up with technological improvements, our marketing department must identify changing technologies with enough lead time to allow our research division to develop the products.”

Unocal has five major markets for its polymer emulsions: paint, paper coating, pressure-sensitive adhesives, flexible packaging and textile/non-wovens. (Non-wovens include disposable diapers, paper towels and similar products.)



Paint represents an important use for Unocal polymers. Most paint used by homeowners today has a latex base, and Unocal supplies much of the latex. When the company merged with Pure Oil in 1965, it acquired American Mineral Spirits Company (AMSCO), a Pure Oil subsidiary. AMSCO made solvents for a number of industrial applications, many involving paints.

"Solvent-based paints emitted air-polluting vapors," says Brennan. "We saw an opportunity to substitute a water-based latex emulsion for solvent-based materials to avoid this problem."

"We felt there would be fewer environmental problems with this type of latex paint," adds Dr. Kenneth Olivier, supervisor of coating and non-woven polymers research at the Science & Technology Division. "Also, we figured that a homeowner would rather clean paintbrushes and drop-cloths with soap and water rather than solvents."

Paper coatings, another of Unocal's polymer emulsion marketing areas, is rapidly expanding. "We've had a shift in customer demands," explains Brennan. "More consumers want to see a glossier sheet of magazine paper—and Unocal had to develop new technology to accomplish that. We came out with two new products last year alone to meet this demand."

In addition, the company manufactures adhesives that are used on decals, envelopes, labels, auto pinstripes and other items. Unocal polymers also find their way into building materials such as caulks and sealants. Concrete, when combined with polymers, becomes stronger and less likely to crack under pressure.

Unocal Chemicals also manufactures and sells polymers for carpet backing, in which the latex is used to bond the fiber in place. This is a less expensive method than weaving fiber into the backing.

Polymers play an important role in food packaging as the coatings that line potato chip bags, cereal boxes, candy bar wrappers and other containers. The coating provides a barrier—and the basis for advertising claims that packages "lock in freshness, lock out moisture."

"Food packages may look simple, but they're not," notes Frank Booth, supervisor of S&T's adhesive and barrier polymers research. "They're highly engineered."

Just as polymers can improve the quality of food, they can also affect the texture of fabrics. Disposable diaper manufacturers, for instance, seek a latex that will endow their product with baby-pleasing softness. Unocal scientists have developed such a latex—one that will soften even a stiff fabric like corduroy.

Other polymers are used to help fabrics retain firmness. For example, they reinforce the material used in paper hospital gowns and surgical drapes, and make for nice, firm handkerchiefs.

Unocal polymers also go into quilts, ski jackets and other items insulated with polyester fibers. Latex bonds the fibers together. "If the fibers were loose," says Kenneth Olivier, "they would come out through the shell. You'd have to shave your jacket every day to keep it from looking fuzzy."

So the next time you paint a wall, read a magazine, seal an envelope, unwrap crisp crackers or cuddle up in a fluffy quilt, remember that polymers deserve some of the credit. That's why Unocal will continue to manufacture quality polymer products, and stay on the technological cutting edge of new developments in the field. 76

Above, food packaging employs a combination of polymer materials. Paints are tested for adhesion, scrub resistance and other qualities before being placed on the market.

HOLM CAPS CAREER WITH HIGHEST HONORS

L. Wally Holm has capped his 40-year Unocal career in grand style—by receiving the highest professional distinction the United States can offer an engineer. Holm, who retired from the Science & Technology Division in June, flew to Washington, D.C. in October to accept his membership in the National Academy of Engineering (NAE).

This makes Holm only the second Unocal engineer to be so honored since the NAE was established in 1964. The other is Fred L. Hartley, the company's chairman and chief executive officer, who was elected to the academy in 1980. "That puts me in pretty good company," says Holm.

Members of the academy have been judged—by their peers—to have made "important contributions to engineering theory and practice," or to have demonstrated "unusual accomplishments in new and developing fields of technology."

Every year, potential members are nominated, reviewed and voted on by the NAE membership. In 1986, 79 engineers, including six foreign associates, passed muster to bring the organization's membership to about 1,400. More than half of the members are from industry, with the balance from universities and other institutions.

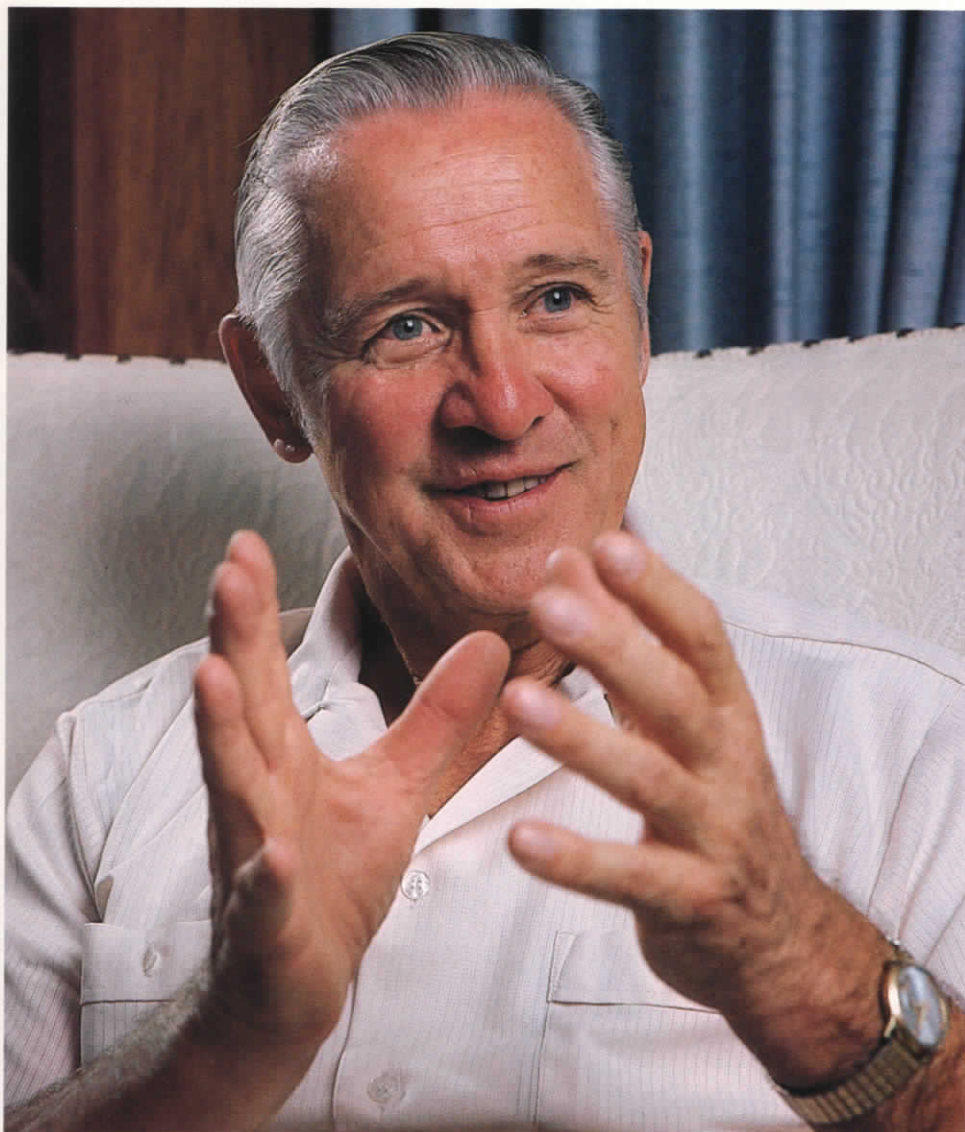
The honor of being elected to the NAE comes with responsibilities. In an age when the pace of technological development is often breathtaking, it is important that such development be approached wisely. NAE members are called upon to assist in the preparation of policy studies and assessments of technology for Congress and the executive branch of government.

Holm was elected to the NAE on the basis of his lifetime work in enhanced oil recovery (EOR). Over the years, he has held 52 patents on various EOR processes. He is particularly known for his pioneering efforts in the use of carbon dioxide to recover oil from known reservoirs and for his development of the Uniflood process.

After receiving a bachelor's degree in chemical engineering from Northwestern and a discharge from the U.S. Navy, Holm signed up with Pure Oil Company in Illinois in 1946. (Unocal and Pure merged in 1965.) For the first 10 years, he worked primarily on solvent refining. Solvents such as carbon dioxide were investigated for use in separating crude oil into its various hydrocarbon components: gasoline, diesel fuel, lube oil, etc. "We were pretty successful," Holm recalls. "It was the beginning of what we called the 'modern refining' of lube oils."

In the '50s, and even earlier, ideas about enhanced oil recovery were forming. Even though the country would not hit its peak domestic oil production for another 15 or so years, researchers and producers couldn't help but think about the two-thirds of the oil left in the ground by conventional production methods. They knew exactly where it was, so it wouldn't cost anything to find—if only they could get it out.

Holm was transferred to production research in 1956 and began to work on the idea of applying solvent refining discoveries to enhanced oil recovery.



“Our first field tests were conducted in the early ’60s,” he recalls. “I wouldn’t say that the first shot was a smashing success, but it showed that there was potential.” By the late ’60s, the potential had been realized. The process would work and would probably be economic, even though oil was then selling for \$3 a barrel. Carbon dioxide was, after all, plentiful and cheap.

In fact, the injection of carbon dioxide into an oil reservoir is today one of the few enhanced oil recovery techniques that remains economic despite low oil prices. Many millions of barrels of oil have been recovered from U.S. fields, particularly in West Texas, thanks to carbon dioxide injection. Unocal operates one such project in the Dol-larhide field in West Texas.

When carbon dioxide is pumped into an oil reservoir, it thins the crude oil so it flows more easily. Holm was one of the first to notice that the carbon dioxide also extracts lighter hydrocarbons in the crude, and these help to displace the oil. In fact, this ‘miscible displacement’ has proved to be the most important action of the carbon dioxide in recovering oil. Once this action was identified, projected recovery rates rose dramatically.

Holm has also made important contributions to various other enhanced oil recovery techniques— notably the Uniflood process, which he describes as a surfactant process. (A surfactant, which is soluble in both crude oil and water, is injected into a reservoir to “scrub” the oil off the reservoir rock — much as detergent lifts grease stains from clothing.)

All of Unocal’s EOR processes were developed to be economic at some stable oil price, Holm emphasizes. “If you’ve got something that looks good but won’t pay off because it’s too expensive, you ask yourself how to make it less expensive. Then you stay at it until things fall into place.”

Of course, things don’t always fall into place. But there’s a lot to be learned from failures in the lab or in field experiments, and people like Holm keep searching for the solutions that will work.

“While research in this field isn’t an easy task, I’ve always enjoyed it,” he says. “I like to picture enhanced oil recovery as dumping water on top of a mountain and then predicting how it will flow. You know it will end up at the bottom, but you can’t predict the exact route it will take. There’s something new all the time.”

Holm’s expertise is in demand, and not only by the NAE. He recently served as a consultant to the Norwegian Petroleum Institute. He also has a full schedule as a lecturer emeritus for the Society of Petroleum Engineers, which sends him all over the country and the world to talk to various SPE groups. He received SPE’s highest technical award in 1984 for his work.

But since retirement, Holm has also had lots of time to play tennis and softball, square dance, sail his boat—and give a lot of thought to compiling his papers and other resource materials about EOR into a book.

“I think there’s a need for such a book,” he says. “I’ve studied just about everything everybody else has done in the field, and I’d like to put it all down in one place. Then people could see what has been accomplished—and have a clearer vision of what can be done in the future.” 76

THE SPLENDOR OF THAILAND

Unocal saluted the 98th Tournament of Roses Parade theme, "A World of Wonders," with an exotic float that highlighted the beauty and charm of Thailand. The theme of the company's 45th entry in the annual parade, "The Splendor of Thailand" was chosen to commemorate Unocal's 25th year of operations in that country and provide the unofficial kickoff for 1987's "Visit Thailand Year" campaign. Each month Thailand is hosting pageants and other celebrations to honor the 60th birthday of His Majesty King Bhumibol Adulyadej in December.

In 1962, Unocal Thailand, Ltd. became the first oil company to be awarded exploration rights in Thailand. Since then, the company has played an increasing role in that nation's economic and energy scene.

Unocal's Erawan gas field in the Gulf of Thailand marked the country's first commercial discovery of oil or gas. Eight more gas fields were subsequently discovered. Currently, the company is developing four fields, and will begin development of the other five in accordance with Thailand's energy needs.

Before Erawan gas began flowing in 1981, Thailand had been importing 88 percent of its commercial energy. Today, despite a rising demand for energy, the nation has reduced its dependence on imported energy by some 32 percent.

Unocal's Rose Parade float symbolized Thailand's bright economic and energy future. The 65-foot float featured two colorful barges, similar to Thai Royal barges, which glided back and forth as if moving through water. The barges were manned by oarsmen outfitted in bright red traditional garments. Dancers, clad in authentic Thai costumes, greeted parade spectators from a revolving stage in the center of the float. The stage was set beneath an ornate centerpiece styled after the Thai Royal Palace.

Designed by Raul Rodriguez, the float was built by Fiesta Floats and decorated by members of the Charter Oak High School Band of Glendora. Chrysanthemums, marigolds, orchids, roses, carnations, China mums and other flowers cascaded over the structure, which stood nearly two stories tall.

More than a million spectators lined the streets of Pasadena, California on New Year's morning to watch the five-and-one-half-mile-long parade. An additional 125 million Americans and an estimated 250 million people in 30 foreign countries watched the event on television. 76





UNOCAL 76

CORPORATE

- 35 YEARS Blanche L. Acquisto, Unocal Center
Richard J. Stegemeier, Unocal Center
- 30 YEARS William G. Dickson, Unocal Center
Joseph W. Normandeau, Unocal Center
Russell A. Wahl, Unocal Center
- 25 YEARS Jean F. Spendlove, Unocal Center
- 20 YEARS Bruce Y. Shinohara, Unocal Center
- 15 YEARS Marian K. Allen, Unocal Center
Elisabeth L. Comploi, Unocal Center
Donald L. Huebsch, Unocal Center
Augustin Muro Jr., Unocal Center
Bonnie K. Schroeder, Unocal Center
- 10 YEARS Jeffery F. Clarke, Unocal Center
John L. Rafuse, Unocal Center

ENERGY MINING

- 10 YEARS Christopher Z. Hill, Rawlins, Wyo.

SCIENCE & TECHNOLOGY

- 25 YEARS Donald J. Christoffersen, Brea, Ca.
- 20 YEARS Kathryn M. Harkins, Brea, Ca.
- 15 YEARS Dennis K. Klimowicz, Brea, Ca.
Richard W. Redoutey, Brea, Ca.
- 10 YEARS David R. Bishop, Brea, Ca.
Steven J. Haluska, Brea, Ca.
Robert S. Henderson, Brea, Ca.

ENERGY RESOURCES

OIL & GAS

- 40 YEARS Donald R. Greeson, Orcutt, Ca.
Hilton A. Smith, Houston, Tx.
- 35 YEARS Bette R. Jensen, Unocal Center
- 25 YEARS Guion H. Kleinpeter, Houma, La.
Bobby R. Nutt, Houma, La.
- 20 YEARS Daniel D. Cooper, Orcutt, Ca.
Daniel E. Kubiak, Houston, Tx.
Harold W. Martin, Orcutt, Ca.
- 15 YEARS Eduardo Bodden, Houma, La.
Gerald F. Bonin, Houma, La.
John R. Davis, Carpenteria, Ca.
James C. Edwards, Santa Paula, Ca.
Clinton J. Erickson, Ventura, Ca.
Richard B. Gomendi, Worland, Wyo.
Joseph Guerrero, Santa Fe Springs, Ca.
Daniel L. Hadden, Anchorage, Ak.
Joseph S. Leblanc, Lafayette, La.
William J. Marks, Carpenteria, Ca.
Larry D. Nigh, Taft, Ca.
Ronnie P. Rhodes, Houma, La.
Ronald E. Shaw, Levelland, Tx.
Donald J. Stevens, Houma, La.
Geedy M. Stokes, Lafayette, La.
Steven E. Urfer, West Liberty, Il.
David L. Watkins, Midland, Tx.
Henry Williams, Santa Fe Springs, Ca.

- 10 YEARS Timothy E. Amundsen, Anchorage, Ak.
Jude A. Choate, Lafayette, La.
Claude D. Deharte, Houma, La.
Richard K. Frederiksen, Casper, Wyo.
Deanna D. Furrh, Van, Tx.
John D. Fusilier, Lafayette, La.
Ricky L. Gibbs, Cisne, Il.
Eric K. LaFortune, Pasadena, Ca.
G. Richard Landry, Lafayette, La.
Mark A. Landry, Lafayette, La.
Kenneth O. Morgan, Orcutt, Ca.
Paul B. Mumme, Houma, La.
Arthur E. Omand, Unocal Center
Richard K. Pond, Cisne, Il.
Conrad A. St. Julien, Houston, Tx.
Peter J. Stokes, Santa Maria, Ca.
Michael W. Touchet, Lafayette, La.
David R. Vork, Ventura, Ca.
Eldon M. Young, West Liberty, Il.

INTERNATIONAL OIL & GAS

- 10 YEARS Nowell A. Briedis, Sandnes, Norway
Gregor Dixon, Balikpapan, Indonesia

Unocal Indonesia, Ltd.

- 15 YEARS Paimin
N. Ketaren
Sukanda Muchsin

- 10 YEARS Aminudin
Asnawing
Basrie
T. Amir Faisal
Edward Loeis
Pande Ketut Nika
Achmad Sofyan
Sareh Suyitno
Ardibel Tampubolon

Unocal UK Limited

- 10 YEARS Sandra Will, Aberdeen, Scotland

UNOCAL CANADA, LTD.

- 15 YEARS Linda A. King, Calgary, Alta.
10 YEARS Russell M. Briggs, Calgary, Alta.

GEOTHERMAL

- 35 YEARS Henry T. Snow, Jakarta, Indonesia

Philippine Geothermal, Inc.

- 10 YEARS Crisostomo C. Ciocson
Martina C. Cleofe
Jesus C. Competente
Leovigeldo C. Credo
Eulogio C. Cuya
Carlos B. Dacullo
Claro M. Lopez
Roberto E. Monserrat
Alfredo M. Nofuente
Antonio B. Papa Jr.
Isagani C. Santiago
Benerando G. Veterana

REFINING & MARKETING

- 40 YEARS Albert Breaux Jr., Beaumont Refinery
- 35 YEARS Donald L. Barnes, Columbus, Oh.
Donny S. Dick, Edmonds, Wa.
Thomas M. Early, Norfolk, Va.
Donald L. Pierce, Los Angeles Refinery
Richard E. Vandusen, Atlanta, Ga.
Keith D. Wall, Houston, Tx.
- 30 YEARS Joseph Csiszer, Torrance, Ca.
Leslie Linebarger, Los Angeles Refinery
D. L. Maser, Richmond, Ca.
Calvin J. Maurer, Los Angeles Refinery
A. R. Partington, Los Angeles Refinery
John A. Richards, Los Angeles Refinery
- 25 YEARS Charles T. Rhodes, Dallas, Tx.
Robert L. Ruettiger, Chicago Refinery
Patricia D. Rumchak, Chicago Refinery
Alvin C. Tate, Atlanta, Ga.
John D. Anderson, San Luis Obispo, Ca.
Robert C. Blum, Schuamburg, Il.
John W. Braddock, Los Angeles Refinery
David M. Burson, Los Angeles Refinery
Pauline H. Carpenter, Atlanta, Ga.
Philip J. Crosby, Schaumburg, Il.
Joan A. Donahue, San Francisco, Ca.
Elery Fleming, Schaumburg, Il.
Lawrence T. Foster, Chicago Refinery
William C. Fox, Chicago Refinery
Ronald E. Glass, Beaumont Refinery
Richard J. Hobbs, Los Angeles Refinery
Anna Hoffman, Schaumburg, Il.
Dennis K. Kocielko, Chicago Refinery
Dolores A. Kretch, Schaumburg, Il.
Paul V. Montano, Avila, Ca.
Jacqueline M. Okerstrom, Schaumburg, Il.
Linda L. Olsen, Schaumburg, Il.
Richard C. Quinney, Avila, Ca.
Terry A. Robbins, San Francisco Refinery
Eugene J. Thompson, Chicago Refinery
Walter C. Thompson, San Francisco Refinery
Jan A. Tomlin, Beaumont Refinery
Sheldon H. Weil, Los Angeles, Ca.
- 15 YEARS Vance C. Bennett, Pasadena, Ca.
Alfred L. Berger, Los Angeles Refinery
Rebecca A. Brandt, San Francisco, Ca.
Larry E. Clark, Los Angeles, Ca.
Darlene F. Comeaux, Beaumont Refinery
Nancy J. Emerson, Schaumburg, Il.
Marion J. Forsythe, Beaumont Refinery
Dennis A. Gilmore, Eureka, Ca.
Sandra Lee Hamer, Phoenix, Az.
Dorothy J. Harrington, Schaumburg, Il.
Steven G. Hertel, Los Angeles Refinery
Martin L. Hrpcha, Chicago Refinery
Victor E. Joll, Schaumburg, Il.
Tong S. Liu, Schaumburg, Il.
Cruz Maciel, Andrews, Tx.
Arun V. Mandlekar, San Francisco, Ca.
Suzanne M. Nelson, San Francisco, Ca.
Donald R. Ramsey, Chicago Refinery
Jeanne V. Rodriguez, Los Angeles, Ca.
James L. Sandberg, St. Paul, Mn.
Ted D. Szlauderbach, Chicago Refinery
Stanley L. Taylor, Chicago Refinery
Theodore P. Tempinski, Chicago Refinery
Linda M. Thorsen, Los Angeles, Ca.
Carmen M. Torres, Los Angeles, Ca.
Francis W. Troyano, Richmond, Ca.
T. A. Whalen, Chicago Refinery
- 10 YEARS David B. Albertson, Phoenix, Az.
Robert K. Bauer, Pasadena, Ca.
Darrell R. Carder, Olney, Il.
Beverly Kay Elms, Beaumont Refinery
Fernando Garcia, Los Angeles, Ca.
Lee R. Hill Jr., Beaumont Refinery
Marjorie A. Johnson, Schaumburg, Il.
Louis D. Keevert, Eugene, Or.
Richard D. Larson, Los Angeles Refinery
Craig J. Leaf, Olney, Il.
Judith A. Mayslak, Schaumburg, Il.
Wayne B. McIntosh, San Francisco Refinery
Gerald L. McPherson, Olney, Il.
Dan W. Mealer, Santa Paula, Ca.
Benny L. Tyre, Wildwood, Fl.
Ann M. Weber, Schaumburg, Il.

UNOCAL 76



SERVICE AWARDS

MARKETERS & DISTRIBUTORS

- 30 YEARS Bankson Oil Company, Summerville, Ga.
25 YEARS Les Lindeman & Son, Morenci, Mi.
Newberry Oil Company, Newberry, S.C.
20 YEARS Ronald G. Mostrom, Stanwood, Wa.
15 YEARS Allen Oil Co. of Sylacauga, Inc., Sylacauga, Al.
Gallahan Oil Co., Peru, In.
Gold Enterprises, Inc., Motley, Mn.
McGinnis Oil Company, Collierville, Tn.
Molo Oil Company, Dubuque, Ia.
Swenson Oil Company, Litchfield, Mn.

CHEMICALS

- 35 YEARS L. M. Lundquist Jr., Brea, Ca.
30 YEARS Robert W. Vasquez, Atlanta, Ga.
25 YEARS John W. Detlefsen, Conshohocken, Pa.
Doris Geiersbach, Schaumburg, Il.
20 YEARS Joe E. Smith, Arroyo Grande, Ca.
Manuel Souza, Providence, R.I.
15 YEARS Harold E. Lewis, Miami, Fl.
Patricia S. Ross, Wichita, Ks.
10 YEARS Gary M. Cox, West Sacramento, Ca.
David M. Edwards, Portland, Or.
L. David Frankland, Unocal Center
Ronald G. Goodlin, La Mirada, Ca.
Andrew C. Keith, Wilmington, N.C.
Donald E. Lowe, Kenai, Ak.
Mark A. Stynsberg, Kenai, Ak.
Robert G. Windsor, Kenai, Ak.

MOLYCORP, INC.

- 20 YEARS Gerald R. Anderson, Louviers, Co.
John R. Christensen, Louviers, Co.
John L. Demarie, White Plains, N.Y.
Jose L. Pacheco, Questa, N.M.
Raymond H. Witmer, York, Pa.
10 YEARS Dennis E. Cunningham, Mountain Pass, Ca.
Wayne M. Faire, Mountain Pass, Ca.
Kurt H. Henkel, Questa, N.M.

RETIREMENTS

Corporate

- Jeanne E. Brady, July 24, 1956
Beren V. Harris, May 12, 1969
Patricia J. Hohnsbeen, December 16, 1948
Byron K. Ljung, January 4, 1944
N. Malte Molin, July 18, 1950
Henry K. Pfirrmann, July 18, 1945

Energy Mining

- Downs McCloskey, March 20, 1955

Oil & Gas

- William L. Bradford, September 2, 1952
Daniel J. Mitchell, January 18, 1950
John H. Ojala, December 14, 1953
Charles M. Schwartz, May 16, 1949
William E. Sullivan, February 13, 1953
Roy West, June 14, 1947

Geothermal

- Clois H. Dunham, February 1, 1972

Refining & Marketing

- Orval V. Arganbright, September 29, 1953
Albert Breaux Jr., October 29, 1946
James E. Barrow, September 20, 1976
Raymond R. Carre, June 28, 1949
Newell D. Carter, February 1, 1968
Paul M. Crossman, August 9, 1971
Glynn Delahoussaye, November 9, 1949
Homer L. Freeman, August 5, 1947
Raymond H. Herkenhoff, February 10, 1949
Donald J. Hess, February 5, 1963
John K. Huffman, August 9, 1948
Edwin G. Hyder, April 20, 1956
James A. Laney, February 12, 1947
Earl L. Lash, August 14, 1950
Donald R. Laughlin, March 25, 1948
Albert D. Littlejohn Jr., May 25, 1950
Daniel V. Noriega, August 11, 1955
George A. Perolio, September 9, 1947
Thomas E. Record, May 19, 1952
Harold L. Reynolds, March 15, 1954
Myron D. Robey, October 6, 1946
Kenneth J. Schassberger, March 15, 1948
Charles C. Sheehan, September 12, 1946
George K. Streeter, July 1, 1950
Leroy W. Vyenielo, June 1, 1957
Theodore Westmoreland, February 23, 1953

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- Leroy A. Dunham Sr., October 1, 1947
Frank Walter, February 12, 1968
Arnold G. Wilbur, November 28, 1955
Frank E. Leatherman, January 9, 1968

Molycorp

- Joseph F. McAleer, June 16, 1976
Jose A. Montoya, January 7, 1969
James D. Throckmorton, May 1, 1953
Warren N. Warhol, January 4, 1964

IN MEMORIAM

EMPLOYEES

Refining & Marketing

- Raymond A. Askew, September 26, 1986
James M. Bengel, October 12, 1986

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Energy Mining

- Vera L. Bernth, October 14, 1986

Oil & Gas

- Maurice A. Finney, October 8, 1986
Eleanor L. Murphy, October 22, 1986
William M. Peck, October 12, 1986
Gale L. Piper, October 15, 1986
Merl E. Powers, October 19, 1986

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- John L. Bakke, October 1, 1986
Ennis D. Barwick, October 18, 1986
John W. Bates, October 17, 1986
Helen C. Billups, June 21, 1986
Cecil V. Boyce, October 13, 1986
William E. Clements, October 11, 1986
John P. Crawford, October 19, 1986
Joseph Fenton, September 27, 1986
Joseph W. Finnegan, October 18, 1986
Harry G. Fulton, October 2, 1986
Benjamin F. Harris, October 5, 1986
Morris F. Hoover, October 11, 1986
Loretta Kranish, September 8, 1986
Robert G. McLane, September 26, 1986
Walter R. Nihart, September 29, 1986
Lloyd W. Nott, September 27, 1986
Orville L. Onken, October 12, 1986
Albert M. Watson, October 1, 1986

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- Elmer A. Minnich, September 26, 1986

GARY L FOY
16823 LIGGETT STREET
SEPULVEDA CA 91343

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From its birth as the *Union Oil Bulletin* back in 1921, Unocal's company magazine has undergone many changes. To lead off this first issue of *Seventy Six* in 1987—and inaugurate our new quarterly publication schedule—we take a look back at the magazine's history.

Marketing: East and West Page 3
For integrated oil companies like Unocal, the marketing of petroleum products is a crucial element of doing business. It's also a field that has become increasingly competitive in recent years. In a pair of wide-ranging interviews, Unocal's Tom Matthews and Clay Warnock discuss the company's marketing strategies in the east and west.

A Professional Touch Page 12
At Western Marketing's service stations, Unocal 76 dealers build success through hard work and attention to customer needs.

Partners For Success Page 16
In the east, Unocal distributes and sells most of its products through a network of independent companies known as "marketers." Leemon Oil Company, located in the Detroit area, is just one of these. Their successful operation demonstrates how Unocal's partnership with a marketer benefits both parties.

The C-Store Story Page 20
Convenience stores have been popping up everywhere during the 1980s, particularly in communities east of the Rockies. Unocal's eastern marketing arm has entered this highly competitive field with great success.

Pumping Gas And Giving Service—Since 1913 Page 24
Unocal service stations have changed greatly over the last 74 years, always with the consumer in mind.

From Paint To Potato Chips Page 32
Polymers—natural compounds that are essential to living things—are important to the industrial world, too. Unocal's Petrochemical Group in Schaumburg, Illinois puts polymers to use by manufacturing polymer emulsions for products such as latex paint and food packaging.

Holm Caps Career With Highest Honors Page 36
A Unocal researcher is honored for a lifetime's work in enhanced oil recovery by membership in the prestigious National Academy of Engineering.

The Splendor of Thailand Page 38
In this year's Tournament of Roses Parade, Unocal saluted the nation of Thailand with a colorful float depicting a pair of Thai royal barges. The float commemorated the company's 25th year of operations in Thailand and helped kick off 1987 as "Visit Thailand Year."

Service Awards Page 40

Cover: At a Los Angeles service station, a worker installs a new 76 sphere—one of the most widely recognized marketing symbols in the nation. This issue focuses on Unocal's marketing effort. **Photo by Larry Lee.**

Published by the CORPORATE COMMUNICATIONS DEPARTMENT, Unocal Corporation, Box 7600, Los Angeles, California 90051. **Karen Sikkema**, Director, Corporate Communications; **Barbara Pederson**, Editor; **Tim Smight**, Associate Editor; **Adrienne Byers**, Editorial Assistant; **Ray Engle and Associates**, Art Directors.

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