



MEDIA CONTACTS

Richie Escovedo, richie@balcomagency.com, 817-877-9933, cell 817-991-2749

Kim Speairs, kim@balcomagency.com, 817-877-9933, cell 817-729-5064

SINCLAIR OIL CELEBRATING 100TH YEAR IN BUSINESS, HISTORY OF DYNAMIC LEADERSHIP

Think “Sinclair Oil” and the image of a green dinosaur probably pops into your head.

You likely have taken photos with a fiberglass Dino at a local station. Those who collect gas station memorabilia – called petroliana – covet anything with the familiar green silhouette. And millions watched the famous Dino balloon return to The Macy’s Thanksgiving Day Parade in 2015 after a nearly 40-year absence.

But those a little closer to Sinclair – distributors and station owners, truck drivers and pipeline mechanics, refinery workers and countless others – know Sinclair for something else: two men who started with nothing and became giants in the industry.

Harry Ford Sinclair started by failing.

He was just 25 in 1901 when a speculative investment went bad and he lost his father’s drugstore. But maybe that wasn’t such a bad thing for the brash and brilliant young man. He never was cut out for the calm, meticulous life of a druggist.

Still, the loss of the family business meant Harry had to scramble to make a living. He found work selling lumber for oil derricks, but soon was buying and selling oil leases on the side. His side business profits weren’t great, but they were big enough to attract investors like Chicago meatpacker J.M. Cudahy, Pittsburgh capitalist Theodore Barnsdall, and Prairie Oil Company president James F. O’Neill. Sinclair never had a lot of cash in those days, so he had only a small personal stake in each lease deal, but he insisted on maintaining absolute control over each investment. That gave him the ability to buy and sell quickly amid the embryonic and constantly shifting industry.

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One investor – who on paper was a director in one of Sinclair’s single-lease companies, and therefore ostensibly involved in the decision-making process – joked about Sinclair’s freewheeling management style in those days: “He calls us together occasionally to tell us what he’s done,” the director said.

But Sinclair’s ways worked. And as his successes snowballed, he rolled small profits from those deals into bigger ventures, eventually leading to a big payout in Glenn Pool, Oklahoma, that made him a millionaire – and the largest independent oilman operating in the midcontinent region.

Based on that success, Sinclair borrowed \$20 million from New York bankers, and on May 1, 1916, assembled the Sinclair Oil & Refining Corporation out of bits and pieces of depressed properties, including five small refineries and some untested production leases. He was three months shy of his 40th birthday.

Sinclair’s timing couldn’t have been better. Europe was at war, and vehicles were converting from coal to oil. Henry Ford had rolled out the \$350 Model T, putting automobile ownership within the reach of every middle class American family. And overproduction of oil was forcing many independent producers to sell their interests at a fraction of their former value. A number of marginal operators were motivated to join Sinclair in defying the established industry giants.

In less than eight months, before the end of 1916, Sinclair Oil’s Sinco trademark adorned service stations from Oklahoma to New York. Less than three years later, in September 1919, Sinclair Oil had grown to four times its original size.

The Oil City Derrick reported in 1918, “Probably no other company in all the history of oil has grown as rapidly in all the branches of the business as the Sinclair Oil & Refining Corporation has since it was organized less than two years ago.”

Sinclair Owed Its Success to Forward Thinking

When the company hit it big in oil fields already producing more oil than could be sold at a profit, Sinclair tried something unheard of in those days: He stored the oil the company pumped out of the ground and waited until the oversupply problem – which drove prices as low as 10 cents a barrel – resolved itself and prices began to rise. Only then did he release his oil into the market – at significantly higher prices.

Sinclair continued to be an innovator in the 1920s. His company introduced America to the first modern service station, offering oil changes, minor mechanical repairs and, for the first time, restrooms to serve the new staple of American highways: road-trippers. Then there was H-C (Houston Concentrate), the industry’s first high-octane premium gasoline for motorcars.

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Sinclair also was the first to put branded coveralls on champions and other top drivers in the new sport of racing. Not only were Americans enthralled by auto racing, they were attracted to races involving just about anything that could be motorized. Motorboat racer Gar Wood, motorcyclist Floyd Clymer, and road and track auto winners Tommy Milton, Ralph DePalma, Gaston Chevrolet, Cannonball Baker and Art Kline all wore Sinclair racing coveralls, which were the forerunners to today's sophisticated fire-retardant racing suits that also serve as walking billboards for drivers' many sponsors.

The Great Depression Hit, and Sinclair Made the Boldest Gamble of His Life

Harry Sinclair had his eye on a rival, Prairie Oil & Gas. It was a Rockefeller-owned company and was about as big as Sinclair Consolidated. But Sinclair recognized that he was in an interesting strategic position. At the time, Sinclair held a half-interest in the Ajax pipeline, preventing Prairie Oil & Gas from reaching its full potential.

But instead of leveraging his company's control of the Ajax pipeline to force John D. Rockefeller to sell Prairie Oil to him, Sinclair sold his half of the Ajax pipeline to Rockefeller's principal oil investment, Standard Oil. The year was 1930 and the Great Depression was just getting underway.

Many in the industry called Sinclair's sale of his half of the Ajax pipeline a case of business suicide. In truth, that sale is what allowed Sinclair, to not only survive the Great Depression, but to grow during it.

The cash from the sale enabled Sinclair to buy up distressed companies – including Rio Grande Oil Company, Richfield Oil Company and the Producers & Refiners Corporation (Parco). Doing that also saved hundreds of jobs during the darkest time in America's economic history.

And the *coup de grace* came in 1932, when Sinclair was able to buy up the assets of Prairie Oil & Gas, too. That gave Sinclair ownership of what he'd wanted all along – the largest pipeline system in America – on top of all the assets he'd already bought with the money he got for selling half of the Ajax pipeline to Prairie Oil just two years earlier. That's how Sinclair Oil doubled in size during the Depression. By 1933, it was the eighth largest oil company in America.

It was also during the Depression that Dino was born – or hatched – from the minds of Sinclair's advertising writers. They wanted to promote Wellsville-refined lubricants, which were derived from Pennsylvania crudes that had been laid down during the Mesozoic Era 66 to 250 million years ago, when dinosaurs roamed Earth.

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The original campaign featured a dozen different dinosaurs, but the gentle giant Apatosaurus – then called a Brontosaurus – was the one that stole American’s hearts. Sinclair registered him as a trademark in 1932. And the company featured the Apatosaurus at the 1933-1934 “Century of Progress” Chicago World’s Fair in an exhibit designed by P. G. Alen, who was renowned for creating lifelike papier-mâché animals for motion pictures.

Then Came World War II

Mr. Sinclair and his team set several programs into motion by 1941 that indicated they foresaw what lay ahead as a result of Adolf Hitler’s rise to power in Germany. They sold Sinclair’s European marketing subsidiaries before Hitler and the Nazis could steal those assets the way they eventually stole many other foreign companies’ assets through German economic nationalization programs. Sinclair Oil scientists also intensified research and experiments to create higher-octane gasoline, a commodity that proved to be invaluable once the United States entered World War II.

During the war, Sinclair supplied fuel, oils and greases to the military, and was one of the largest producers of 100-octane gasoline. That powerful blend proved to be critical to high-performance combat planes like the P-51 Mustang, the B-17 Flying Fortress and many others. In total, about 24 percent of Sinclair Oil’s production went to the war effort during those years.

The end of World War II brought peace, but it also brought an end to Harry Sinclair’s active role in the industry. In 1948 he retired after 33 years of almost total control. The company he left had more than \$700 million in assets (worth nearly \$6.9 billion in 2016 dollars). The company also had 99,500 stockholders and 21,000 employees. Sinclair Oil was the most extensive petroleum empire ever to bear its founder’s name.

The Company Adjusts to New Leadership

For a while after the war, the industry enjoyed a seller’s market. But as oil from other parts of the world – particularly the Middle East – began flooding the global market in the 1950s and 1960s that changed. Pump prices tumbled and stayed low despite fast-growing demand as new highways and new consumer wealth prompted millions of Americans to travel by car. The construction of thousands of new gas stations representing many different brands of fuel led to oversupply and intense price competition in many local markets.

A series of capable executives led Sinclair Oil after Harry Sinclair’s retirement: Percy C. Spencer, Marvin L. Gosney, Edward L. Steiniger and Orlando P. Thomas. They increased the company’s efficiency by introducing computer systems, upgrading products and cutting loose unprofitable assets.

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The company made a big public relations splash at the 1964-65 New York World's Fair with Dinoland, featuring nine new life-size animatronic dinosaurs designed by world-renowned wildlife sculptor Louis Paul Jonas. It took the entire team of paleontologists, engineers and robotics experts three years to build the beasts.

Sinclair Oil in those days was hurting for access to more crude oil, and ARCO, the Atlantic Richfield Company, had lots of it, but its network of gas stations was not as good as Sinclair's. So in 1969, the two came together in what was, at the time, the largest merger in oil industry history. The U.S. Department of Justice allowed the merger on the condition that ARCO sold Sinclair's retail locations across the Northeast and Southeast United States to British Petroleum, Ltd. So although Sinclair Oil became a significantly smaller company, and a subsidiary of ARCO, it lived on.

Soon, Another Self-Made Legend Scooped Up the Company

Earl Holding was just 3 when his parents lost everything in the Black Tuesday stock market crash of 1929. But they managed to stay afloat by running a small apartment complex in Salt Lake City. At age 9, Earl started doing yard work for the apartment complex, making 15 cents an hour. He worked through high school, and by the time he returned from the Army Air Corps in 1944, he'd saved up a decent-sized nest egg. He earned a degree in civil engineering from the University of Utah and married his college sweetheart, Carol.

Earl and Carol proved to be a very good business team. They bought an initial 10-percent stake in a hotel and gas station in Little America, Wyoming (the station is called Little America – Wyoming by the corporation). The Holdings soon acquired full ownership and that one rest stop grew into several. The Little America – Wyoming station became the highest-volume service station in the nation – and Sinclair's biggest customer.

In a rare example of the retailer buying its principal supplier and business partner, Earl Holding purchased the Sinclair Oil Company in 1976. He proved to be every bit the shrewd businessman that Harry Sinclair had been: he just had a different way of going about it. Rather than controlling every aspect of the business himself, he made it a point to listen to the concerns of all his employees and distributors. He expected excellence – and rewarded it. In turn, he earned their trust.

“He had very high expectations,” recalled Mark Peterson, Sinclair vice president of transportation during much of that time. “But at the end of the day, you wanted to come back the next day and work for him some more.”

Holding also wasn't afraid to get his hands dirty. He frequently pitched in with the most menial and the most physically difficult tasks, whether it was serving coffee, planting and doing gardening chores at the company's resort properties, or picking up a shovel to dig ditches.
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Holding became known for keeping silver dollars in his pocket. He said it reminded him just how hard it was to make and keep a dollar, and to remember that there always should be a sense of genuineness in both business and life. And not only did Holding collect silver dollars, he gave them away to employees who went above and beyond.

Earl Went Out of His Way to Be Accessible to Everyone

Every Christmas, the Holdings and their son Stephen spent three weeks on a tour all around the nation to personally spread cheer among employees, distributors, vendors and other business partners. They would spend lots of time visiting with Sinclair employees and their families. They also stopped at Sinclair stations along the way to see station owners and their employees. Every person who wanted to meet them and share their hands got that opportunity.

“We defied logic in terms of the size of the company, that it was run and operated at the level it was by a single person,” said Dave Crittenden, vice president and controller during those years. “His ability to get down into the level of detail that he could, and yet still step back and still see the big picture, was just phenomenal.”

Sinclair Oil also hosted an annual distributors conference at the luxurious Sun Valley resort, where the company would recognize those who’d been with the company for 20, 30 and 40 years. Holding was always the final speaker, and afterward, he’d field questions from anyone.

Earl Holding’s health began to decline after a massive stroke in 2002 and he soon passed away at the age of 86. He was replaced as CEO by Ross Matthews. Matthews continues to lead company.

In the Great Recession of 2008, Sinclair Was Struggling to Survive

Matthews followed in Holding’s footsteps, focusing on efficiency, safety and, above all, the people. Like Holding before him, Matthews made it a point to take the time to sit down with the loyal customers – distributors, station owners and licensees – who were struggling as much as Sinclair Oil itself was struggling in those troubled days. Matthews wanted to make sure not only that their challenges were addressed, but that they knew that the CEO was listening. By 2010, Sinclair Oil’s financial picture and operations began to stabilize and the future once again began to look bright.

Sadly, on April 19, 2013, Earl Holding died at age 86 in Salt Lake City. The Holding family continues to retain ownership of Sinclair Oil. Under Matthews’ direction, the company continues to champion the values Harry Sinclair and Earl Holding left behind. Indeed, employees today who are singled out for exceptional performance often are rewarded with a silver coin from Earl Holding’s personal collection.

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In 2016, as Sinclair celebrates its centennial, the company is growing again. It has Sinclair Oil Celebrating 100th Year acquired a new pipeline. It has initiated new safety initiatives. The company has launched an ambitious licensing program that will allow stations outside Sinclair's midcontinent and western distribution area to take on the Sinclair brand and spread the brand's presence across most of the nation. Sinclair is also aggressively promoting the use of its DINO CARE™ TOP TIER™ Gasoline, which contains a powerful additive designed to improve gas mileage by reducing carbon deposits in engines.

As a result, Sinclair Oil is well-positioned to fuel America's journeys for many years to come.

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