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Conoco Plans Deal To Sell Rest of Its Gas Stations

By RUSSELL GOLD
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ConocoPhillips is expected to sell the remainder of its 600 company-owned gasoline stations to closely held PetroSun West LLC for \$800 million, exiting a business undergoing significant change.



Associated Press
A motorist guides his Mercedes-Benz out of a Conoco gasoline station in Denver in 2006.

The sale is part of oil companies' efforts to flee low-margin U.S. retail-gasoline sales and focus on finding new supplies of crude oil. Houston-based **ConocoPhillips** will continue to refine oil into gasoline and sell fuel on a wholesale basis to stations. Its brands -- Conoco, 76 and Phillips 66 -- will remain part of the U.S. driving landscape.

PetroSun West plans to upgrade the properties by copying the evolution of gas stations in Europe and parts of Asia. Few gas-station owners generate the majority of their income from selling gasoline. Profits come from getting drivers to buy other goods and services, such as food and car washes.

Seattle-based PetroSun West plans to add fresh sandwiches, financial services such as bill-paying, and even dry cleaning, says Chief Executive Sam Hirbod. Most of the stations it is buying are located in urban, high-traffic areas along the West Coast, from Seattle to Los Angeles.

Companies such as Wawa Inc., Sheetz Inc. and QuikTrip Corp. have already introduced these more expansive gas-stations in the eastern U.S., the midcontinent, and Phoenix.

The deal is expected to be signed Wednesday and close by the end of the year. ConocoPhillips declined to comment.

Retail gasoline-sales are undergoing dramatic change. Giants such as ConocoPhillips and **Exxon Mobil Corp.** are exiting, and grocery

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Fill 'er Up?

Difference between prices for gasoline and crude oil, in dollars per gallon



Note: Nymex future prices, October contracts; gasoline blendstock for combining with ethanol or oxygenates
Source: Thomson Reuters

chains **Kroger Corp.** and **Wal-Mart Stores Inc.** use fuel sales to lure shoppers. **BP PLC** intends to sell its company-owned U.S. stations by next year.

Earlier this year, gasoline retailers experienced some of the worst profit margins on record.

Write to Russell Gold at russell.gold@wsj.com¹

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