



Important Customer Notice - Dowler-Karn Limited
Re: Ethanol Blended Gasoline (EBG)

March 16, 2015

Dear Valued Customer,

As your fuel supplier of choice, we wish to ensure that you are aware of changes taking place in the fuels industry specific to the supply of regular unleaded gasoline. You may already be aware that in 2007, the Ontario government mandated that all refiners and fuel suppliers in Ontario maintain an average of 5% ethanol in their overall gasoline pool. Esso and Shell decided to meet this mandate by blending up to 10% ethanol in their regular grade of gasoline and 0% ethanol in their premium (91 Octane) product. Suncor on the other hand, decided to put 10% Ethanol in their premium grades as well as their regular grade. Many of our larger customers already are using or have required us to provide ethanol blended gasoline. In some jurisdictions in other parts of Ontario (i.e. Toronto), EBG has been the supplied fuel for some time in all applications.

It has recently been communicated to distributors such as ourselves that remaining regular unleaded gasoline (RUL) is being phased out at key supply points with only ethanol-blended gasoline ("EBG") made available. As a result, Dowler-Karn can no longer guarantee RUL to customers.

Ethanol-blended gasoline has properties similar to conventional regular unleaded gasoline, but there are some different storage and handling procedures of which you should be aware. Ethanol fuel for transportation purposes is blended with gasoline. Blends with 10 per cent ethanol are commonly referred to as "E10" and are suitable for most cars on the road today. Fuel blends containing 85 per cent ethanol are referred to as "E85" and can only be used with specially equipped vehicles, called Flexible Fuel Vehicles. Currently, E85 is only available at a few public stations in Canada.

Ethanol is a renewable fuel that's produced mainly through the fermentation of corn and wheat in Ontario. A car using ethanol-blended gasoline — instead of unblended fuel — emits lower amounts of greenhouse gases, carbon monoxide, particulate matter and other toxic substances. Since 1988, most automotive vehicles sold in Canada have been designed to use ethanol-blended gasoline, at the levels of up to 10% ethanol. If customers have concerns, they should check their owner's manual or contact the vehicle manufacturer.

As your supplier, we do not anticipate major problems; however, we do need our customers to be diligent with respect to proper handling and storage practices. It is important that fuel storage systems always remain free of water. EBG is more susceptible to water contamination than conventional gasoline. Customers are reminded to keep a close watch on their systems for water and clogged filters during normal operations, especially after fuel deliveries, when water and filter problems may occur. This is

important in terms of composition and in ensuring that gasoline product meets industry specifications. Fuel does have a shelf life of 3 months and aging or water mixed in an EBG system may inhibit the performance of motor vehicles or combustion engines.

As your supplier, we are also making every effort to assist in this transition. Prior to the first delivery of EBG, we have asked our drivers to conduct a dip for water upon deliveries. Please also note that conventional water finding paste will not work with EBG. Ethanol-compatible water finding paste must be used in EBG, which will also work in other fuels that you may be storing. We have provided this to all of our delivery staff. Should water be detected, drivers are to immediately contact our service department for follow up. We will refrain from filling the tank until given further direction.

Moving forward, we ask that you keep a close watch on systems for evidence of water or clogged filters during normal operations. Dispenser hoses, nozzles, filters and fittings should also be monitored after conversion to EBG to ensure systems remain tight. Some maintenance may be required in certain circumstances. Ethanol based filters may be recommended. To reduce the chance of water infiltrating fuel systems, we encourage yourselves and our drivers to continue to look to see that all tank fill port seals are tight and that there is no pooling water on top of a tank's associated manhole covers. If at any time, there is concern about potential water infiltration, a dip is recommended.

By implementing the above procedures, we wish to ensure quick and efficient delivery, storage, and dispensing of ethanol blended fuels to our customers and to be proactive in ensuring that we are protecting the best interests of our customers.

For all customers, Dowler-Karn remains one of a few suppliers with access to premium blended fuels that do not contain ethanol. If you wish to consider upgrading to premium, please contact your local branch. This is important for mid-grade users, who also are subject to the EBG change. If you have any other questions, please speak to your Dowler-Karn sales or service contacts at your local branch.

Thank you,

From your partners at Dowler-Karn.