



RKA Petroleum buys Chain Oil

By Sheena Harrison
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RKA Petroleum Cos., a petroleum distributor in Romulus, bought the assets of its Wixom-based competitor **Chain Oil Co.** for an undisclosed amount.

The sale, which includes Chain's delivery trucks and tanks, closed Friday, and RKA was expected to begin delivering fuel today to Chain's 300 customers.

RKA reported revenue of \$85 million in 2004 and expects 2005 revenue of \$126 million. Chain Oil reported 2004 revenue of about \$5 million. Although Chain Oil is much smaller, the company had many loyal customers that RKA hopes will maintain that loyalty, said Keith Albertie, RKA's vice president of wholesale marketing.

"These were accounts that we couldn't acquire on our own," Albertie said.

The Chain Oil sale is part of RKA's overall plan to grow through acquisitions, Albertie said.



"We're excited about this," he said. "This is just the first step in many other things we want to do with the company."

RKA bought Chain Oil from **Chain Industries Inc.**, a Wixom-based investment company that also owns **Almetals Co.**, a metal-processing service center with distribution centers in Wixom and Atlanta. Chain Oil's five employees will move to other positions within Chain Industries.

Although Chain Oil has been in business for more than 60 years, the company didn't have enough fuel storage capacity to keep delivering fuel to customers when hurricanes Katrina and Rita disrupted supplies, said Jim Chain, president and CEO of Chain Industries.

"We could see this continuing if there's more hurricanes next year," Chain said. "This was turning into a problem for our customer base."

RKA can store about 20 million gallons of fuel at its plant, which provides enough backup storage to deal with such fuel emergencies, Chain said.

The two companies also have a connection: Stanley Chain, Jim Chain's father and the founder of Chain Oil, was friends with Albertie's grandfather, Hilmer Leemon, who founded RKA's predecessor, **Leemon Oil Co.**

Jim Chain was also acquainted with Keith Albertie's father, Roger Albertie, who was killed in a car accident last year. The family connections made Jim Chain comfortable with the sale, he said.

Selling Chain Oil's assets will allow Chain Industries to shift more of its focus to expanding Almetals, which has revenue of about \$28 million, Chain said.

RKA's acquisition is part of a nationwide trend among petroleum wholesalers, according to the **Michigan Petroleum Association** in Lansing. For instance, Taylor-based **Atlas Oil Co.** bought **Fisher Fuel Co.** of

Walled Lake in February for an undisclosed amount.

Association President Mark Griffin said major oil companies are seeing record profits right now, but the earnings haven't trickled down to wholesalers or retailers.

"At the petroleum wholesale level, they're merging quite often through acquisitions like this, and some of the smaller players are deciding to get out of the business," Griffin said.

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