



warm thoughts

from PAPCO OIL

winter 2010

PERSONALLY SPEAKING

providing priceless value and service

Dear Friends,

Some years Old Man Winter can certainly pack a punch. Frigid weather in parts of the United States, Europe and Asia have fueled high demand for heating fuel, contributing to the recent jump in energy prices—including heating oil. Temperatures in Virginia have been below average, which means homeowners are using more fuel to heat their homes.

But while oil prices may seem high now, they are much lower than they were at this time two years ago. Prices are just following a natural trend of ups and downs as a result of market conditions, such as the weather, the economy and global politics, factors that affect other heating fuels too.

(As I write this, the cold spell was easing and so were oil prices. But not too long ago, crude oil prices shot up 20% in just a few weeks.)

Whatever happens with the weather or anything else, our overriding goal is to always provide you with the best value and service in the area. In my mind, that's priceless.

Warmly,

John F. Malbon



OWIN10-11246

ask the expert

Q: *Why can't I get my oil delivered the same day I call for it?*

A: We spend many hours mapping out delivery schedules days in advance. If you call for a same-day fuel delivery, we try our best to deliver to you as soon as we can. However, customers who call for their fuel need to allow a day or two to receive a delivery—more during severe weather.

On the other hand, PAPCO will make emergency same-day deliveries to our automatic delivery customers should they run out of oil.



Herman Fonville, dispatcher

Q: *What is the best way to make sure I never run out of fuel?*

A: Sign up for **automatic delivery**. We monitor your fuel use and track outdoor temperatures so we know just when to schedule your deliveries. (See the related article on this page.)

And contrary to what some people may think, automatic delivery is not an opportunity for us to make more money by delivering more fuel than you need. It enables us to deliver exactly the amount you need!

*Call us today to sign up for our **FREE** automatic delivery program.*

how automatic delivery prevents run-outs

Analyzing degree-days, K-factors and weather forecasts enables us to

create a delivery schedule so reliable that automatic delivery customers never have to worry about their tanks getting low.

Degree-days measure cold weather. One degree-day is counted for each degree the average daily temperature is below 65°. If the average temperature on a

We plan our deliveries based on weather forecasts and predictions about supply.



given day is 25°, that's 40 degree-days.

The more degree-days, the colder the

weather—and the more fuel our customers need.

The **K-factor** shows how quickly a given customer uses fuel. This helps us figure out how many degree-days can

elapse between deliveries.

For example, if we hear about an impending storm or a fuel shortage in the area, **we can get fuel to you** in advance.



Saving fuel for a greener footprint

We have always taken pride in delivering our customers the cleanest, safest and most reliable fuel money can buy. Here's an update on how the oil heat industry is working to give you the greenest product possible.



yours is among 8 million of the warmest homes

Because oil generates more Btu's of heat than other heating fuels, the eight million homes heated with oil in the U.S. remain the warmest on the coldest of nights.

For years, oil has been a classic heating fuel. At the same time, oil heat is **modern**. Technology has brought great improvements in efficiency that have reduced annual fuel consumption by 40%.* This has saved customers a lot of money on fuel. And because new systems burn clean and don't need as much fuel, they do not pose a hazard to the environment.

Here are five reasons why today's oil heat is a great option.

1. Greener fuels and energy independence.

The industry is strongly committed to moving toward alternative fuels like Biofuel (also known as BioHeat® fuel). This is heating oil

blended with biodegradable organic materials. Research is also being done to create biofuel from materials like sawdust, prairie grasses, algae and municipal waste. It's estimated that if every household that currently uses standard heating oil started using a bio-blend, millions of gallons per year of regular heating oil would be conserved.**

2. Clean-burning technologies. Modern oil burners emit near-zero levels of pollution; heating with oil today means no odors, soot or other residue in your home. Efforts are also underway to reduce sulfur content to less than 15 parts per million. Widespread use of ultra-low sulfur heating fuel, combined with cutting-edge emissions-control technologies, can reduce already-low emissions even further.

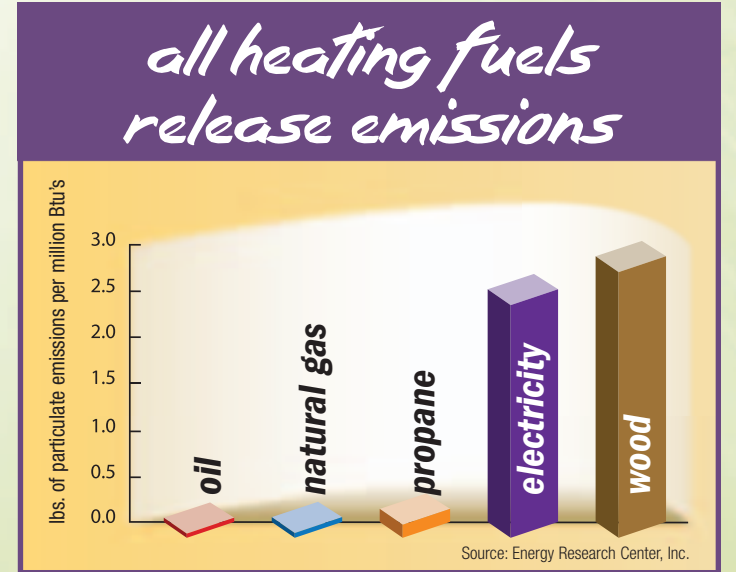
3. Fuel conservation technologies. Today's high-efficiency oil heat systems not only save a lot of money, but they also help the environment because less fuel is used.



The flame retention burner has saved oil heat homeowners billions of dollars in fuel costs and has reduced emission levels to almost zero.

4. High-tech hybrids. Solar and geothermal energies are being integrated with oil heat in hybrid systems for water heating. That means a household's water can be heated with little or no fuel required. A solar water heater can reduce water heating bills by as much as 80% and reduce annual carbon dioxide emissions by 6,000 lbs.***

5. Self-diagnostics. As with modern home appliances and automobiles, many oil heat systems now have self-diagnostic features that will give you an alert when service is needed.



While all combustion fuels create greenhouse gas emissions, the levels and impact on the environment vary greatly, depending on the fuel, heating system efficiency and temperature setting in the home.

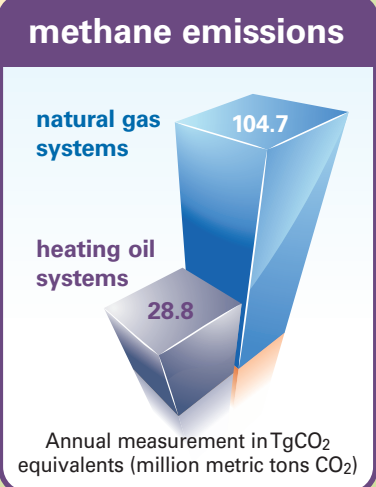


Residential oil burners produce less than one-third of one percent (.003) of total particulate emissions in the United States. The emissions from an oil heating system are about the same as those from a similar-size natural gas burner.

Natural gas is primarily composed of methane, which traps 20 times more heat in the atmosphere than carbon dioxide (CO₂), over a 100-year period.*

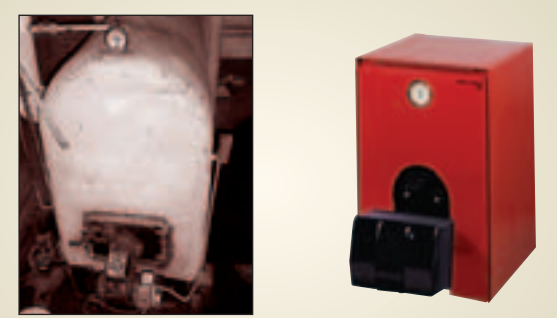
Electricity is often seen as a clean fuel, but coal and other fossil fuels are burned to create electricity in the first place, releasing greenhouse gases into the atmosphere. The EPA estimates that CO₂ emissions from electricity average 16,290 pounds per household.

Wood stoves and fireplaces are also seen as clean burning, but they emit a much higher level of particulate emissions than heating oil.



BILLIONS of barrels of fuel have already been saved through conservation.

the best way to be green is to conserve!



If your oil heat system looks like the one on the left, you can go green and cut your annual fuel costs by hundreds of dollars by upgrading to a system like the one on the right.

* U.S. Environmental Protection Agency ** U.S. Dept. of Agriculture *** U.S. Dept. of Energy

Source: EPA, U.S. Emissions Inventory 2009: Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2007 (Emissions shown based on 2007 data.)



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prices: heating oil vs. gasoline

Customers often wonder why heating oil prices don't go up and down in tandem with gasoline prices even though both fuels come from crude oil.

Changes in crude oil prices do affect both heating oil and gasoline, and both are subject to swings in supply and demand. However, some developments affect the price of one fuel but not the other. For instance, the summer driving season often brings higher prices for gas but not heating oil.

A cold snap doesn't affect gas prices, but it usually means higher heating oil prices. This



year, for example, heating oil prices rose sharply earlier in the winter when the weather was unseasonably cold, and eased as temperatures warmed up.

Other factors affect prices too. If it weren't for extremely high taxes on gasoline, gas would almost always cost less than heating oil. Another difference is that the price of

heating oil includes the expense of deliveries to each customer's home. With gasoline, customers fuel up right at the pump.

A cold snap doesn't affect gasoline prices, but it usually means higher heating oil prices.

clear the way

Thank you in advance for keeping a path to your fill pipe clear and for making sure your driveway is free of snow, ice and any debris.

If you have pets, please let us know so we can remind you to secure them on the day of your delivery. By doing this, you'll help our drivers with their most important task—reaching your tank fast and filling it up with fuel!



safe and dependable oil heat

When it comes to your family, you want a heating fuel that's safe and dependable. Here are some reasons oil heat is the best choice.

Heating oil does not explode and won't burn in a liquid state. To ignite heating oil, your burner must heat it above 140°, the temperature at which it begins to vaporize.

And with oil heat systems, carbon monoxide

leaks rarely happen without a visible warning. A malfunctioning oil heating system usually releases smoke or soot—indicators that something is wrong.

In contrast, natural gas systems give you no visible warning of a problem.

Of course the fuel you use is only as good as the company that supplies it. And that's why it is so important to work with a reliable company—someone like us.

