

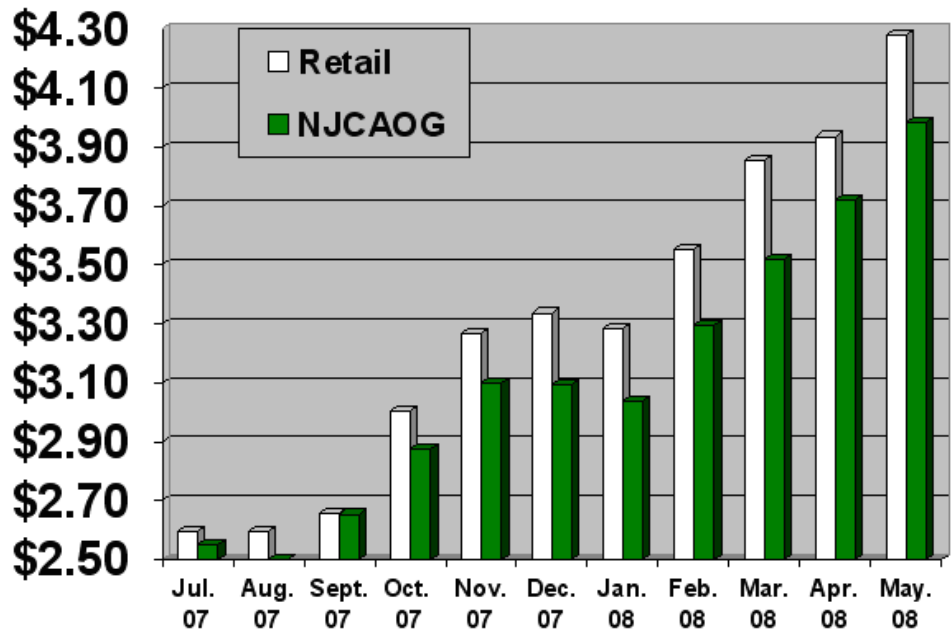


Celebrating Our 25th Anniversary!

Year in Review...

The Good News: You saved \$200 - \$500 last season with the Oil Group. Check out the graph below: you'll be happy to see that you saved, on average, over \$0.20 per gallon!

**New Jersey Citizen Action Oil Group
Average Retail Price vs. Average NJCAOG Price
2007-2008**



The Bad News: Oil prices are so high that it's still painful even with a discount.

Let's talk. I know you are mad; I'm mad too. Trust me; nothing could have prepared me for my \$600 bill for 150 gallons in April. I see the prices every day, yet I still couldn't believe it when I opened my bill. Then, in a panic, I started calculating next year's usage at even higher prices. (Caution: These calculations are not for the faint of heart!)

Looking back at September 2007, no one predicted that the price would rise as fast and as high as it did this year. Wholesale prices jumped 10 cents in one day as opposed to 1/2 cent like they did in the past. Oil is already topping \$135 per barrel and experts are predicting it could continue to rise over \$150 per barrel before the end of the year.

WHO IS NOT TO BLAME?

The Oil Group and your supplier are not to blame for the increase in cost. Your supplier is purchasing the oil from the refinery at the cost of almost \$4.00 per gallon. Can you imagine having to buy 8,500 gallons at \$34,000 every day? Ouch!

Suppliers generally mark the price of oil up \$0.50 - \$.90 per gallon for their retail customers. The Oil Group keeps the mark-up below \$0.50 per gallon. At this price, the supplier is making a minimal profit.

WHO IS TO BLAME FOR THIS SHARP INCREASE?

1. ECONOMICS 101: A WEAK DOLLAR

A dollar used to give you a lot more bang for your buck. In today's unstable and unpredictable market, the value of a dollar is drastically dropping. Bad lending practices have caused our housing bubble to burst. The Fed, in an attempt to save the economy, lowered interest rates. Lowering interest rates caused inflation which in turn, weakened the dollar. Now we have to spend more dollars to buy the same amount of oil.

The effects of the weak dollar are being felt around the world. In fact, Iran just announced that it will no longer trade oil for dollars. They have decided to switch to the stronger euro and yen.

2. SPECULATION AND THE STOCK MARKET

Speculation and manipulation of the energy markets is accounting for 20-30% of the increase in prices. History shows us that when the economy is in a slump, investors throw more money into the safer commodities markets. However, this normal trend is not the only thing pumping

up the oil stocks. Investors are using the futures market to hedge against trends and are artificially inflating prices. This speculative trading conducted in unregulated markets is driving prices through the roof.



3. SUPPLY AND DEMAND

Supply and Demand can account for approximately half of the rise in cost. The obvious problem is that oil is a limited commodity. The Middle East is drying up and it is very expensive and time consuming to drill for oil in other areas. We know that there is oil in the Gulf of Mexico, off the coast of Africa and under the Artic Circle, but it will take years to access.

The US leads the pack in consumption, but there are also industrialized countries, such as China and India, whose demand is growing in leaps and bounds. Demand for oil is going to continue to rise until an alternative fuel source is made available.

4. INSTABILITY IN OIL PRODUCING COUNTRIES

Some of the largest oil producing countries come with their share of problems and any little upset can cause a sudden spike in prices.

- Iraq has frequent production disruption due to the war.
- Nigeria is often plagued with infrastructure problems that cause pipeline disruption. In May, an oil pipeline erupted into flames when a road construction crew accidentally drilled into it.
- Labor strikes in South American countries also effect prices.
- Severe weather and earthquakes also cause pipeline disruptions in many of these areas.

5. INSECURITY, TERRORISM AND THREATS

- Russia and Eastern Europe have recently nationalized their energy industry. These types of anti-capitalist practices worry foreign investors who speculate the market and drive up prices.
- Countries such as Venezuela, Iran and Libya are not friendly to the US, and slow down production in an effort to drive up prices.
- The US government stock piles oil reserves as a precaution to supply disruptions. This decreases the amount of oil available to everyday consumers.

6. FAILED ENERGY PLANS

Our legislators have done a horrible job of preventing our current energy crisis. They have ignored history and failed to heed the warnings of experts. When the US experienced an oil shortage in the 1970's, there was momentum to increase efficiency and develop new supply sources. However, as soon as we were out of the immediate crisis, they stuck their heads back in the sand. They have even failed to build new refineries since the early 1970's. Demand has increased, but our ability to process the supply has stayed the same.

Our legislators are feeling the heat from their constituents, but their solution is to call the CEO's of oil companies to ask why prices are so high. The CEO's tell them that they need to develop new sources of oil and alternative energy, but it will take close to a decade to complete. This does nothing for the high prices we are experiencing today.

WHAT YOU CAN DO TO HELP COMBAT THE RISING COST OF OIL:

Energy crisis is not a term for the future; we are in an energy crisis now. The crisis is that people can not afford to pay their energy bills at these record prices. So, we need you to get involved! Being a member of the Oil Group does not entitle you to a seat on the side lines. We are doing our best to negotiate fair prices, but we need more bulk-purchasing power. New Jersey is ranked 5th in the country in terms of oil consumption. Approximately 20% of the state heats with oil, and we need to capture more of the market to increase our bulk purchasing power. Tell your family, friends, co-workers, congregations, and organizations about the Oil Group. Help them save money and help your self enjoy greater savings.

If you want our leaders to stop hemming and hawing about the miserable energy forecasts and do something to fix it now, visit our website at www.njcaoilgroup.com and let them hear your frustrations. We are currently involved in a campaign to close legislative loopholes that allow speculation and manipulation of energy markets. We are also involved in campaigns that encourage state legislators to improve accessibility to alternative fuel choices.

If you have any questions or would like to further discuss the contents of this article, please feel free to contact me at 1-800-464-8465 or oilgroup@njcitizenaction.org.

Warm regards,

Wende Nachman, Oil Group Director

History of Oil Prices

OCTOBER 2004

\$55.17 a barrel

MARCH 16 2005

\$56.45 a barrel

APRIL 2005

\$58.28 a barrel

JUNE 2005

\$60.00 a barrel

JANUARY 17, 2006

\$66.30 a barrel

JANUARY 31, 2006

\$66.38 a barrel

JULY 2006

\$79.00 a barrel

SEPTEMBER 12, 2007

\$80.00 a barrel

OCTOBER 19, 2007

\$90.02 a barrel

OCTOBER 26, 2007

\$92.22 a barrel

NOVEMBER 7, 2007

\$98.10 a barrel

NOVEMBER 21, 2007

\$99.29 a barrel

JANUARY 3, 2008

\$100.05 A BARREL

MARCH 3, 2008

\$104.00 a barrel

APRIL 18, 2008

\$117.00 a barrel

APRIL 22, 2008

\$119.90 a barrel

MAY 9, 2008

\$125.00 a barrel

MAY 16, 2008

\$128.00 a barrel

MAY 22, 2008

\$135.35 a barrel

...and rising!



Many Oil Group members are starting to inquire about using bioheat in their homes. Biodiesel is created by mixing petroleum diesel and natural agricultural products such



as soybean and sunflower oil. Bioheat is a mixture of biodiesel and standard heating oil. Commonly described as B5, bioheat is currently made up of 5% biodiesel and 95% standard heating oil. Higher ratios of

biodiesel (B20) are currently being tested for safe use in heating systems.

US plants currently have the ability to produce 2.2 billion gallons of biodiesel per year, but only produced 250 million gallons in 2007. New Jersey is ranked 9th in biodiesel production capacity with more plants on the horizon.

Unfortunately, the state of New Jersey has not yet required our refineries to upgrade their equipment to blend, store and sell this greener fuel. The Oil Group believes that a more eco-friendly fuel is imperative to our future and we are involved in the fight to make it accessible to our members. Find out how you can help by visiting our website at www.njcaoilgroup.com!

CONS of Using Bioheat

- Bioheat is not yet available in New Jersey
- Until production and availability increases, the cost per gallon will be higher than standard heating oil.



PROS of Using Bioheat

- Bioheat can be burned in your current heating system without any modification.
- Bioheat can make your heating system run longer and more efficiently.
- Bioheat is less hazardous to your health.
- Bioheat produces 3 times more energy than other fuels.
- The use of bioheat reduces your energy footprint and lowers the effects of global warming.
- Bioheat fuel is made in the USA. Since you are buying an American product, your money will stay in our economy.
- Bioheat = more jobs in the farming, manufacturing, refining and transporting industries.
- Bioheat reduces our dependency on foreign oil.
- Bioheat improves the balance of U.S. trade.

(Caution: Burning other forms of biodiesel could potentially damage your heating system.)



Tank Insurance: ARE YOU COVERED?

Like all products, oil tanks have a “life expectancy”. Eventually, it will wear out and break down. Generally, underground tanks are made to last about 20 years, but environmental conditions can speed up or slow down this process. Since oil tanks usually corrode from the inside out, what looks like a perfectly running tank from the outside, may be on the brink of disaster on the inside. This is why we encourage everyone who has an oil tank to at least get it tested every two years.

Depending on whether your tank is located above ground or underground, tank insurance costs \$65 to \$250 annually. This is a very minimal cost; especially when you consider the alternative. The average cost of removing an underground, non-leaking tank is \$2,500. The average cost of removing an underground, leaking tank is \$6,000 with nightmare cases involving contaminated groundwater reaching into the hundreds of thousands!



Before a policy is issued, an insurance company will require your tank to be inspected to determine its “health”. The testing process can involve the use of ultrasound or pressurized air. Just be sure to use a testing company that is independent of removal services.

Another option is to remove your underground tank before it becomes a problem. Above ground tanks are easier to inspect and leaks are likely to be caught in the early stages. An above ground tank can also be a selling point for prospective homebuyers. Many buyers are already wise to the potential money pit of a leaking tank and are demanding the transfer before closing.



You may have an oil leak and should contact your supplier and tank insurance company immediately if any of the following occur:

- Unexpected/unexplained fuel oil consumption increase.
- Water in your underground storage tank.
- Constant problems with your oil burner.
- Changes in or loss of vegetation in the area near your oil tank.
- Oil odor in areas other than around the oil burner.
- Tastes, odors or other problems with your drinking water, if obtained from a well.
- Staining on basement walls or floors adjacent to the tank.

If you require tank remediation or removal, grant and loan programs are available to eligible homeowners from the State of NJ. To find out if you are eligible, go to www.nj.gov/dep/srp/finance/ustfund/, or contact the Division of Remediation Support, Bureau of Contract and Fund Management, at (609) 777-0101.



Making Your Home Energy Efficient

When it comes to energy savings, conservation is the most important! Check out these simple tips to keep your home warm...for less:

Sunshine: Open shades and drapes during the afternoon to let the warmth of the sun heat your home. When the sun sets, close things up and trap in the heat!

Air Conditioning Window Units: Remove units during the winter, or make sure that they are securely covered.

Turn Back the Thermostat by 10 degrees: According to the U.S. Department of Energy, this can save homeowners as much as 10% a year!

Wrap Your Pipes: This will guard against heat loss and prevent them from freezing.

Upgrade Your Oil burner: An updated burner can cut costs by as much as 15%.

Heating System Tune-up: It will ensure you get maximum performance from every drop of oil!

Avoid Space Heaters: They can be expensive to operate; not to mention dangerous!

Check Your Front Door for Gaps: If your house is drafty, check to see if there is any space at the bottom of your door. If so, you're losing a lot of heat! Purchase a seal to add to the bottom of your door, or simply roll up a towel and place it at the base of your door.



Oil Group Crew

Wende Nachman
Oil Group Director
ex. 202
wende@njcitizenaction.org

Rachel Jenkins
Marketing Coordinator
ex. 203
rachel@njcitizenaction.org

Courtney Murphy
Office Manager
ex. 200
courtney@njcitizenaction.org

Announcements

Tell Us How You Really Feel!

There will be a brief survey printed on the reverse side of your renewal form. Your opinion matters to us, so we encourage you to take a few minutes to fill out the survey. This is your opportunity to ask questions, voice your concerns or make comments.

Our goal is 100% member satisfaction!

Check us Out...Online

If you like to keep on top of the ever changing price of oil, we just made it easier for you! Simply provide the Oil Group staff with your current email address, so that you can verify prices online. Once we have a valid email address, we will send you your login name and password. You can even check the price of oil for past deliveries to confirm that you were charged the correct price.

Call, or email us at 800-464-8465 or oilgroup@njcitizenaction.org and start checking prices TODAY!

Membership Dues

URGENT! Please make sure you pay your membership dues on time. If you do not pay on time, and you receive a delivery past your due date, your supplier WILL back bill you at the non-member rate.

If paying your membership dues is difficult, please keep in mind our REFER A FRIEND program. For every person you refer to us that becomes a member, you receive a FREE year of membership! Last year, over 100 of our members were referred by a friend. That means over 100 FREE memberships were credited! Let's see if we can break last year's record.

(FREE MEMBERSHIPS WILL BE CREDITED TO NEXT YEAR'S MEMBERSHIP DUES)

What's Your Oil IQ ?

Take this True of False quiz to see how oil savy you are!

1. Today's oil heat is 95% cleaner that it was in 1970.
2. The two biggest oil suppliers to the U.S. are Canada and Kuwait.
3. The federal government offers tax credits for the purchase of energy efficient oil heat products.
4. Fifty percent of our oil is refined in the U.S., at 149 refineries, in 31 states.
5. 3.1 million American households use heating oil.

1. TRUE
2. FALSE - The two biggest suppliers are Canada & Mexico.
3. TRUE
4. FALSE - A whopping 85% of our oil is refined in the U.S.!
5. FALSE - It's more! 8.1 million American households use heating oil.



New Jersey Citizen Action Oil Group
2 Riverside Dr.
Suite 632
Camden, NJ 08096