

From the President's Desk



Dear Valued Customer,

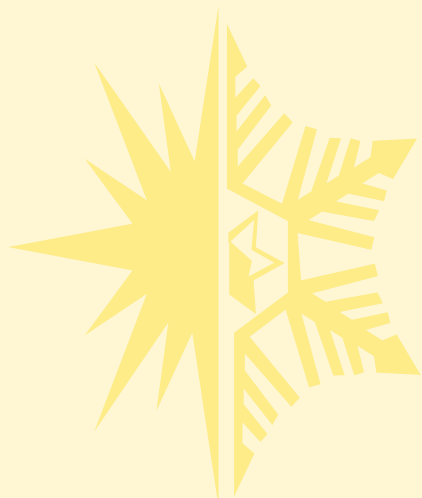
No doubt, you have noticed we have created a new look for our newsletter. After 10 years, it seemed like a good time to spruce things up a bit. We hope you like it. As usual it has some interesting and useful information, so be sure to read on!

While our newsletter may look different, most everything else is the same at S&D. We survived winter and had some fun along the way. We worked with customers to manage their heating bills, kept the coffee fresh at the mini-mart, and did what we could to meet the many needs of our varied customer base.

I want to take this opportunity to personally thank you for your business. We recognize you have a choice on where to buy your heating fuels, or where to stop for that gallon of milk and a fill-up, and we feel honored you choose S&D. Also, for those who were able to keep a path cleared to their fill pipe, another round of thanks. It makes a big difference to our delivery team.

Like you we welcome the change of seasons, and look forward to working with you as we look ahead to the coming year.

Very truly yours,



PRICE PROGRAMS

Still best defense against rising oil prices

Two things can be truthfully said of the last few years. Oil prices have been on the rise and customers on our price programs have saved money on their fuel bills. Like you, we are concerned about the current high energy prices. As your provider, we are doing everything we can to help manage your heating bills - including price program offerings and budget programs.

Oil is a commodity

As a major commodity oil is traded globally. The price depends on supply and demand, but it also is affected by speculators. Of late, many banks, fund managers, and other big players have invested in various commodities, including oil futures. Many analysts feel this is propping up an artificially high price for oil. Added to that, the US dollar has weakened over the years, so it takes more American dollars to buy that barrel of crude oil.

Historically the price of oil has been much higher than it is today. The biggest price spike occurred in January, 1980, when, adjusted for inflation, crude oil hit the equivalent of nearly \$100 a barrel. From 1980 to 1984, oil continued to cost over \$60 a barrel in today's dollars. Relative to the last 25 years, the current price of oil is not near record levels, but the last two years have seen meaningful increases, and that is cause for concern for anyone with a home to heat or a car to drive.

But is oil still a good value?

Yes! Don't forget, the average price for electricity, natural gas, and propane has also gone up these last years. When one factors in the efficiencies for newer oil burners, oil is the least expensive per Btu of heat delivered to a home.

What about the "green" alternatives like solar and wind? Alternative fuels and technologies have come a long way in the last decade, but still cannot equal oil when it comes to value. At S&D Petroleum, we consider it our primary job to offer and deliver products that represent the best answer to the age old problem of keeping warm in the winter. We continue to survey the alternatives, and pledge to advise you when these alternatives represent a comparable or better choice.

What about your price program for next year?

We can't control the large forces that move the oil markets. The price of oil may go up or down. With our ceiling price program, we can help you plan for the coming season by knowing the most your heating oil will cost per gallon. Historically, our price program customers have always saved money over non-program customers. This year alone, program customers have saved approximately 20% on their fuel bills.

Looking at the markets today, and their stubbornly high prices, we see heating oil easily costing on average over \$2.00 a gallon. When we do renew budget and program customers, we will be offering the best ceiling price we can. Of course, if home heating oil prices pull back, we will gladly pass that savings on to you.

We have always done right for our customers in the past. While our price program can't alter world oil prices, it is an important tool for customers who want to add some measure of predictability to their heating costs.

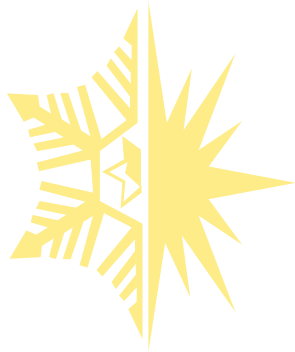
What can I do now to save money next year?

If you want to make an impact on your fuel bill for next year, now is the time to do a few pro-active things.

- Make sure you get your burner properly cleaned and maintained. Don't wait until fall to schedule a cleaning. Call our office and we can recommend some local plumbing and heating specialists.
- Prevent future heat loss and invest in better insulation, roofing, or windows for your home.
- If your heating unit is older than 15 years, consider replacing it with a new more efficient model.
- If you are building, consider radiant floor heat. It makes your feet warm, and users typically feel comfortable lowering the setting of their thermostat, and lowering their fuel bills as a result.
- If you are not on a budget plan, consider signing up for next season. By putting money aside over the summer months, you will take the brunt out of costs next winter. Plus, you get the benefit of our program price, a proven winner for over 10 years. Can't beat that!

In the end, we hope you feel reassured that we will do what we can to help you plan for, and manage your heating bills. We pledge to keep informed about new technologies, and pass on any opportunities to you. We also encourage you to do what you can to prepare early for what could be a more expensive heating season next year.

MINI MART NEWS



- A warm welcome to Rita Schmidt, our newest clerk. She is experienced, resides locally and is a great addition to our staff. Glad you are on the Mini-Mart Team!
- We always try to notice holidays with something special. Look for sales, freebies and give-aways in the store around your favorite holiday. Congratulations to these lucky winners: Doug Geist, winner of this year's annual Easter Bunny give away, and Ashley Atchison, winner of this year's annual Christmas Stocking give-away.
- Please give generously to the donation box by the cash register at the Mini-Mart. We are currently raising funds for Muscular Dystrophy research, and will match your donation, dollar for dollar. Thanks in advance for giving to this important cause.

EMPLOYEE PROFILE SHARON BOWEN



What is it about the last year that seems sunnier than other years? If you have spent any time in the Mini-Mart, you might say Sharon Bowen. Sharon has such a friendly way about her. She always answers the phone with a smile, and is ready to lend a hand. "I try to treat others the way I'd like to be treated," she explains. I guess it must all come down to that, and it fits right in with the kind of business we want to be.

Most recently, Sharon successfully completed a credit and collection seminar in Binghamton. Congratulations go out to Sharon! Her kind and cheerful ways are sure make a big contribution to this difficult job.

Sharon is a hard worker and has a busy life beyond S&D. She is married and has four children, the youngest now 14. Over the years she worked with her husband in their own roofing and gutter company, taught Sunday School, and was a substitute teacher. Sharon loves gardening, and working with her horses, as well as turning their old abandoned farm back into productivity.

We are so happy to have Sharon at S&D. She helps out in so many ways. Look for her big smile next time you are in the store, and say hello.

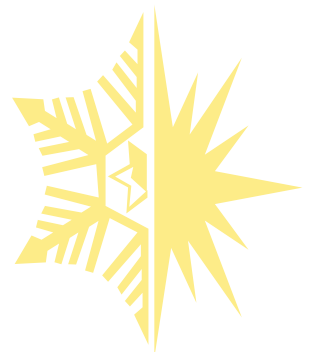
s&d petroleum

WE ALSO DELIVER PROPANE



We cover a lot of bases at S&D. The store, the heating oil, and yes, the propane. Not only does the store have propane tanks available for your BBQ grill, we also have home delivery for your hot water and heating needs that require propane. We have more than a few customers who buy both their heating oil and their propane from us.

So let us know if there is a propane need we can fill, along with your other fuel needs. We have plenty of experience, and lots of testimonials to back our claims to great service.



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