



Castle Oil Corporation
440 Mamaroneck Avenue
Harrison, NY 10528

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Edition

COMMERCIAL COMMENTARY

New York Adopts New Standards for Heating Fuels

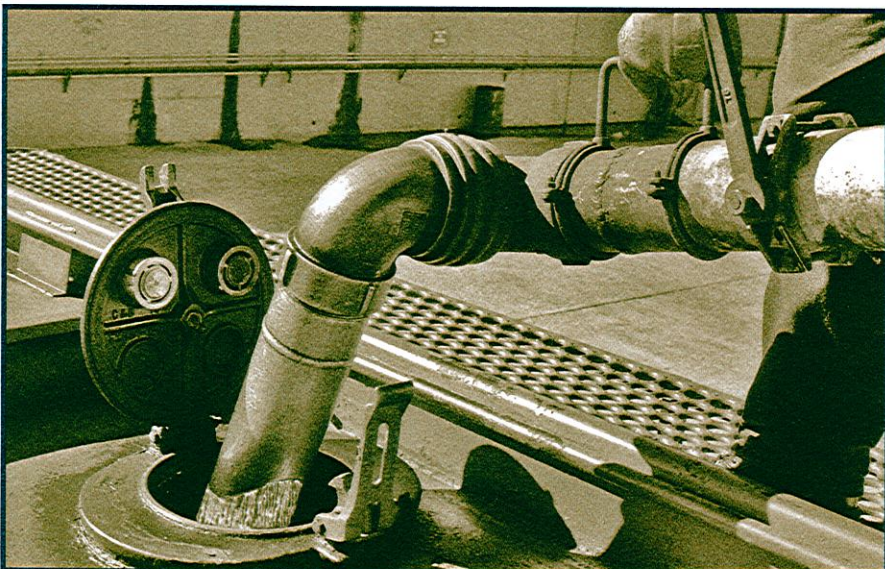
Recent New York City and New York State legislation will require changes to fuel oil standards over the next several years. At Castle, we have been keeping close watch on these developments and we are ready to meet the new standards when they take effect.

On July 20, 2010, Governor Patterson signed into law legislation that will require all no. 2 heating oil sold in New York State to have a sulfur content of not more than .0015 percent by weight beginning in July 2011. That's the same percentage as ultra low sulfur diesel now used in motor vehicles. Number 2 heating oil accounts for over 70% of the heating oil used throughout New York City.

On July 29, 2010, the New York City Council unanimously passed legislation that will require all grades of heating fuels to contain at least two percent biodiesel. Additionally, the maximum sulfur content of no. 4 fuel oil will be cut in half from .30 percent sulfur to .15 percent. These new standards will take effect in October 2012.

What is Biodiesel?

Biodiesel is an alternative fuel produced from renewable resources. It contains no petroleum, but can be blended at any level with petroleum products to create a biofuel blend. Biodiesel is biodegradable, nontoxic, and essentially free of sulfur and aromatics. It is registered as a fuel and fuel additive with the Environmental Protection Agency (EPA). Pure one hundred percent biodiesel has been designated as an alternative fuel by the Department of Energy (DOE) and the U.S. Department of Transportation (DOT).



*All Castle products are consistently
high quality, delivery to delivery
– our biofuels will be no different.*

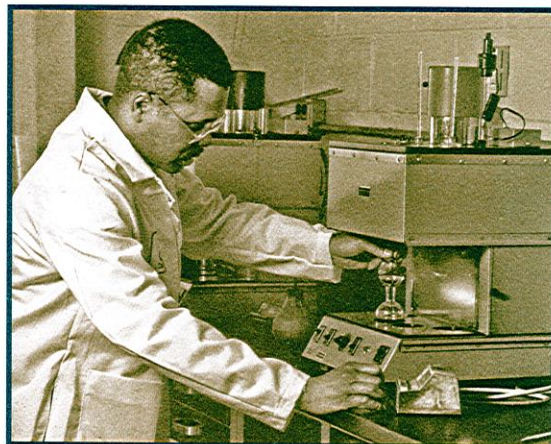


Castle will be an accredited producer and marketer of biofuel when the new standards take effect.

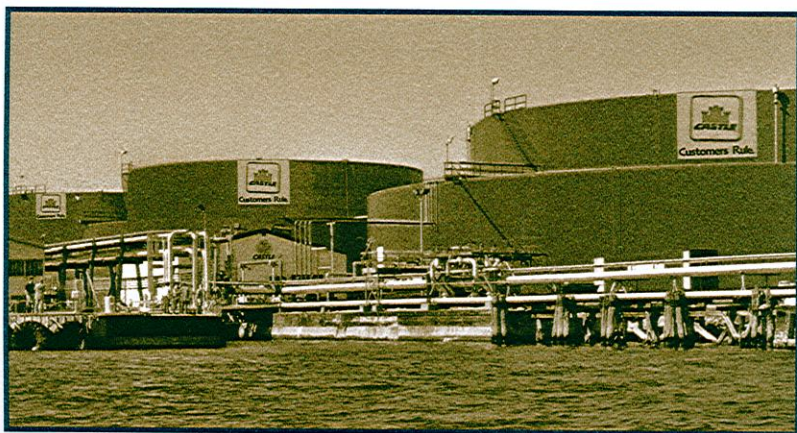
Will Biodiesel work as well as conventional heating fuels?

In the U.S., heating value is usually expressed in British thermal units (BTU's) per pound or per gallon at 60°F. While conventional heating oil does have a higher BTU content (approximately 146,000 BTU per gallon) than pure biodiesel (approximately 126,000 BTU per gallon), in concentrations of 2% as mandated by New York City as of October, 2012 this is not expected to have a significant impact on the amount of fuel you can expect to use per degree day.

You can be confident that Castle's biofuels will be subject to the same rigorous standards as we have always set for our traditional petroleum products. By the time the mandates become effective, Castle will be a BQ-9000® certified marketer. The National Biodiesel Accreditation Program is a cooperative and voluntary program for the accreditation of producers and marketers of biodiesel fuel. The program is a unique combination of the ASTM standard for biodiesel (ASTM D6751) and a quality systems program that includes storage, sampling, testing, blending, shipping, distribution, and fuel management practices. To receive accreditation, a company must pass a rigorous review and inspection of its quality control processes by an independent auditor. This ensures that quality control is fully implemented, as is our everyday practice at Castle.



Castle's biofuels will be subject to the same rigorous testing and standards as our traditional petroleum products.



Our fuel storage terminal in Port Morris has the largest biodiesel tank in New York City.

Castle is ready to serve you.

Since Castle has been preparing for changes to fuel standards for quite some time, our customers will not be left out in the cold once the standards take effect. Our 42,000,000 gallon Port Morris fuel storage terminal has over half a million gallons of segregated storage capacity dedicated to pure biodiesel. That's the largest biodiesel tank in New York City!

With our new computerized biofuels system, we can automatically blend biodiesel into all grades of fuel oil to meet the mandated specifications. Castle's on site testing laboratory will continue to ensure that all fuels you purchase from us will always meet the City's specifications. Our in-house, professionally staffed service and installation department has broad experience with equipment that burns all fuel oil grades and of all sizes from the smallest residential to the largest industrial heating plant.

We stand ready to handle any necessary modifications to your heating equipment.

Our employees are ready to answer your questions.

The new fuel standards will have no effect on your operations until after the coming heating season. If you have any questions in the meantime, please call and speak to your account executive.



CASTLE

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