

Buying a Home Heated With Oil? Get the Facts!

Portland, Oregon – For many people, buying a new home is among life’s most stressful events. It ranks high with getting married and welcoming a new baby into the family. The process can become more complicated when the house being considered for purchase is heated with oil.

After months of active searching, Kimberly and Alex Gorham¹ found a home in Southwest Portland that met their desired criteria with a single exception—the house was heated with oil. “Neither of us had ever lived in a home that had oil heat,” explained Kimberly. “We both had negative associations with heating oil tanks and assumed that the underground tank on the property would have to be decommissioned. It was a foregone conclusion that we’d convert to natural gas.”

Addressing Common Misperceptions

According to Rhonda Lehr, it is not uncommon for homeowners to be confused about heating oil. Misperceptions abound, from “*It’s illegal to put a heating oil tank back in the ground*” to “*They don’t make oil furnaces anymore*” or “*Heating oil is dirty.*” Lehr knows because she’s a customer service manager for the Oregon Oil Heat help desk, a phone line that the Oregon Petroleum Association administers to address the needs and concerns of heating oil customers as well as the industry as a whole. The help desk is a place for heating oil customers, real estate agents and potential home buyers to get answers to questions ranging from where to get equipment to how to find a reputable soil tester.

When it comes to helping potential new home buyers decide whether to keep a heating oil system or convert to another source of energy, however, Lehr doesn’t get nearly as many calls as she would like. “By the time homeowners have made a real estate decision, they’ve already been convinced that they need to convert away from heating oil,” notes Lehr. What many people don’t know is that the most practical, economical and environmental solution for many homeowners is to stick with heating oil. Indeed, the Consumer Energy Council of America Research Foundation concluded that in 95% of all cases, it makes economic sense for a homeowner to stick with heating oil.

After 18 years of taking customer service calls, Lehr understands why homeowners who choose to stay with heating oil do so, including:

- **Competitive prices.** Small independent heating oil dealers compete with one another to keep prices as low as possible. Customers are free to choose the dealer that best meets their needs.

¹ Homeowner names have been changed

- **Peace of mind.** A heating oil storage tank on one's own property provides a level of security, control and price protection that other home heating options can't offer.
- **Safety.** Heating oil is a very safe fuel; it is a liquid so it cannot explode. It also has an extraordinarily low risk for carbon monoxide poisoning.
- **Cleanliness.** According to the Environmental Protection Agency (EPA), modern oil burners are one of the cleanest combustion sources available, releasing near zero levels of smoke. Moreover, a good working heating oil system doesn't release any odor or soot into a living space.
- **Comfort.** Heating oil provides even, ambient warmth and burns very hot, thus warming your home quickly and completely.
- **Personal relationships.** Many heating oil dealers are multi-generational, family-owned businesses whose employees are committed to providing the best customer service possible.

The Tank Issue

None of this is to say that heating oil tanks are not an issue. "Anyone buying or selling a home that has an old heating oil tank in the ground needs to inform him or herself of the tank's condition," says Greg Brennan, an equipment specialist who trains heating oil technicians at Portland Community College. Brennan is also co-owner of Universal Applicators, a tank and environmental services company that works throughout the Pacific Northwest.

"The reality is that older heating oil tanks can leak," observes Brennan. "Nonetheless, many homeowners choose to continue using oil heat even after a cleanup is completed because they prefer it over other energy sources." Fortunately, the oil heat industry has been working for decades to design tanks that withstand the most severe conditions. Replacements for older storage tanks range from aboveground tanks that are designed to fit into small basements and garages, to underground tanks made of ultra-strong, corrosion-resistant fiberglass and steel.

So what do you need to know if you are buying a home with a heating oil tank? According to the Oregon Department of Environmental Quality (DEQ), homeowners/sellers who know of any tanks on the property that are no longer in use must ensure that the tank has been emptied of oil and must give the buyer documentation that it has been emptied. (Note: This is not the same thing as a tank that has been "decommissioned," a generic term for taking a tank out of service by cleaning it, then removing it or filling it in place with an inert material. If a homeowner stops using an underground tank, DEQ only requires that it be emptied. Decommissioning is entirely voluntary.)

If a seller or realtor can't tell you whether there is an oil tank on the property, Universal Applicators' Brennan suggests looking for visual clues, such as a vent pipe (usually attached to

the side of the house) or a fill pipe (normally located in the ground, near the house). He also recommends looking on the basement floor or walls for concrete patches where oil lines once were. In the absence of visual clues, he tells homeowners to check with the Department of Environmental Quality (DEQ) for any reported releases, or hire a qualified expert to check for a tank on the property.

Once a tank is discovered, the next step is soil sampling. According to Oregon state law, soil samples or tank tests are only required when an underground tank is suspected of leaking, or if oil is known to have leaked into the ground. Nevertheless, soil sampling is now a routine request during property transactions. Anyone borrowing money to purchase a home is likely to be required by their lender to conduct soil testing to determine whether there has been any contamination on the property.

When it comes to hiring a contractor to conduct soil sampling, home buyers and sellers are encouraged to do their homework. Many companies that do soil samples also make money on the cleanup, and there have been isolated cases of fraud. (For example, some companies have been caught selling a cut-rate, single-sample service in which they collect the two samples required, but send only the most obviously impacted sample to the lab for analysis. The seller is then presented with a bid for the cleanup, without the benefit of full representative information.) The Oregon Oil Heat help desk can provide homeowners with a list of tank testers that have demonstrated good business practices, and consumers are encouraged to check with consumer ratings agencies such as the Better Business Bureau and Angie's List.

Of course, any time a homeowner is concerned about the integrity of a heating oil tank, he or she should have it checked or have it emptied and replaced. It is always in the best interest of both buyers and sellers to be sure that a tank is sound, and a replacement tank is much less expensive than allowing a known or suspected problem to continue.

The Lowdown on Leaks

So what to do if an underground tank is found to leak? Brennan's first advice to homeowners is "don't panic." That's because a tank leak is not the environmental catastrophe that most people believe it to be. The days of soil clean ups running tens of thousands of dollars and entailing huge excavation projects are gone, in large part because environmental experts recognize that heating oil in soil usually has a limited impact to humans or animals. In addition, DEQ's requirements for soil clean ups have been modified so many projects require very little soil removal. Instead, a series of soil samples can be taken that document the contamination, and verifies there is no threat to ground water. This information is compiled and submitted to DEQ who then will close the file on the site.

Leaking tanks are also not the financially devastating accidents that they are purported to be. In Oregon, the average clean-up cost from a leaking tank is under \$4,000. As Lehr from the Oregon Oil Heat help desk points out, tank service contracts offered by oil heat dealers cover much of the cost of the tank replacement and cleanup.

“If a homeowner has an old tank that is in good working condition, with no evidence of oil ever having leaked out or water having leaked in, it can be covered for up to \$4,000 for operational or structural failure with a tank replacement,” explains Lehr. “There is a phase-in period over a year, and an automatic delivery schedule to monitor usage is required for coverage. That’s because when customers order 100 gallons here and 100 gallons there, nobody is proactively monitoring for oil loss. Full service programs keep tanks full via an automatic delivery schedule and are better able to detect a problem early.”

Greg Brennan at Universal Applicators admits that the idea of having an old tank in the ground is unsettling to some people. “But as with anything, regular and proper maintenance is the key to keeping an oil heat system running safely and efficiently.” In fact, when it came to building his own 3,000 square foot home, Brennan chose oil heat for its superior efficiency. “A heating oil tank is like the roof on a house—with proper installation and ongoing care and maintenance, its lifespan can be extended for many, many years.”

Making an Informed Decision

For new homeowners Kimberly and Alex, sticking with heating oil was a logical choice. The house they had purchased had a brand new, high-efficiency oil furnace. The underground tank was not leaking, yet there was plenty of available space if they decided to install an aboveground tank in the future. They also liked the idea of controlling their own heating supply, and being able to balance out the highs and lows of oil prices without being tied to a large public utility. Last but not least, they had their hearts set on an oil-fired hot water heater, which provides unlimited supplies of hot water at a fraction of the cost of a gas or electric water heater.

Still, Kimberly and Alex needed additional assurance. “As consumers who just want to do the right thing in terms of cost and comfort, we needed additional data points.” With input from friends, colleagues and their home inspector, they learned that conversion is an extremely expensive, long-term investment. In some cases, the thousands of dollars it costs to convert to natural gas are never recovered once you consider the costs to remove the old system, run the gas line, prepare the new gas system, do the plumbing and wiring and buy the equipment that will only last about 15 years (heating oil equipment, in contrast, lasts up to 30 years). Moreover, people who’ve spent the time, money and effort to make the switch often complain that they are simply not as warm and comfortable as they had been with heating oil.

The Bioheat Benefit

Lastly, for Kimberly and Alex, there is also the issue of the environment. “oil has a huge environmental benefit—especially as biofuels become a better option.”

Indeed, many homeowners who once considered converting to natural gas are opting to stay with their oil heat systems as biodiesel heating oil becomes more readily available throughout the country. “Biodiesel heating oil is a well-tested and renewable fuel made from vegetable oils like soy and canola grown domestically,” explains Tyson Kever, Co-Founder of SeQuential Biofuels. “When used for heating, biodiesel is mixed with regular heating oil to produce a new energy source that has the highest BTU content of any alternative fuel and is extraordinarily clean-burning.”

In Oregon, the most common blends of biodiesel heating oil are B20 (20% soy or canola oil mixed with 80% regular heating oil) and B5 (5% soy or canola mixed with 95% regular heating oil). And while 5% may not seem like a lot, if everyone using heating oil used a B5 blend, more than 400 million gallons of regular heating oil could be conserved. For homeowners like Kimberly and Alex, that’s a major selling point.

Another selling point is that homeowners don’t have to make any modifications to their existing heating oil systems to begin using blends of B5 or B20. In fact, biodiesel naturally cleanses and lubricates a heating system, potentially lowering cleaning costs and extending the life of equipment that has been properly cared for. “For homeowners who keep up with regular system maintenance, there are no problems using low blends of bioheat,” assures Kever. (To use higher biodiesel blends, up to and including B99, homeowners will need to make certain modifications to their heating oil system, depending on the materials in their tanks, pumps and fuel lines.)

“Most people don’t associate heating oil with alternative energy,” concludes John Huber, President of the National Oilheat Research Alliance which focuses on consumer and professional education, as well as research and development in the oilheat industry. “Yet home heating oil has reduced its carbon footprint by nearly 40% over the last three decades. Thirty years ago, the average oil heat consumer used 1,300 gallons of oil per year. Today, that number has been reduced by nearly 500 gallons thanks to new technology and high-efficiency equipment. Homeowners owe it to themselves to get the facts for themselves before making the decision to convert.”

Resources

The Oregon Oil Heat Help Desk answers general questions about oil heat and to make selling an oil heated home easier. Call 503-546-5501 from 8:00 a.m. to 5:00 p.m., Monday through Friday,

or e-mail helpdesk@oregonoilheat.com. Representatives are also available for presentations to realtors on the ABC's of selling oil heated homes.

The Oregon Department of Environmental Quality (DEQ) offers two heating oil tank bulletins for home buyers and sellers ("Requirements for Heating Oil Tanks No Longer in Use," and "What You Should Know About Buying or Selling a Home with a Heating Oil Tank"). They are available for download at www.deq.state.or.us.

Bioheat Basics: www.bioheatonline.com

SeQuential Biofuels: www.sqbiofuels.com

Universal Applicators: www.universalap.com

Oilheat America: www.oilheatamerica.com