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Lukoil's one-day protest: Gas at \$9-plus a gallon

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Photo by Tracy Klimek/New Jersey Herald Lukoil employee Jay Patel shows a flier to a customer explaining the station's 24-hour high prices Wednesday to make a statement to Lukoil.

Motorists traveling on Route 23 may have noticed gas prices at Lukoil exceeding \$9 Wednesday.

In a 24-hour protest against unfair pricing practices by Lukoil North America, more than 50 Lukoil dealers across New Jersey and Pennsylvania, including stations in Franklin and Sussex Borough, jacked up gas prices beginning early Wednesday morning.

Kam Patel, owner of Lukoil in Sussex Borough, said he signed up for the protest to "send a message" to Lukoil North America that its zoning practices leave dealers in a competitive disadvantage and are no longer acceptable. Patel said his small business buys gas wholesale for nearly the same price gas as is sold at other stations for retail.

"Our prices are usually 5 to 20 cents higher than our competitors," he said. "It's really hard to survive."

While Patel was concerned about losing a full day's income, he said he was willing to take the loss in order to make a statement.

"We're losing our customer base anyway," he said.

Lukoil in Franklin also participated in the 24-hour protest. Lukoil stations on Route 206 in Montague and Branchville did not. The owners of the two stations were not available for comment Wednesday.

Throughout the day, gas station attendants at Lukoil in Sussex Borough handed out fliers explaining the protest to motorists who pulled in looking to purchase gas.

Ameer Krass, owner of a Getty station in Kinnelon that purchases gas for Lukoil North America, said the "insane" gas prices weren't meant to turn a profit, but rather raise their attention and to "take charge" with the revolting dealers by encouraging people to call the number on the flier and complain to Lukoil North America.

Lukoil North America issued a statement defending its pricing practices, which it said comply with state law, and accused the gas station association of encouraging "public misstatements and ill-conceived actions." It said it does not comment on its competitors' prices.

Lukoil is Russia's second-largest oil producer. The first Lukoil-branded service stations in the U.S. opened in 2003, and today the company has more than 500 in the Northeast and Mid-Atlantic. Many of the franchisees entered into agreements with other companies that were bought by Lukoil.

Krass said when he began assisting the organization of the protest and contacting other dealers, he discovered 30 percent of the franchises had closed down, a total of 39 in the state. Krass said dealers are barely making a living after paying rent, real estate taxes and credit card use fees.

Krass said zone pricing has gotten continually more unfair each year. Krass purchased his gas station in 2008, at which time it sold 90,000 gallons of gas monthly.

He said he was able to boost sales to 200,000 gallons per month, but as zone pricing got higher, sales systematically dropped 30 percent to 140,000 gallons per month over the last three years.

"We're sending the message today that (zone pricing) is an unfair burden to our customers who have to endure (these high prices)," Krass said.

The Associated Press contributed to this article.