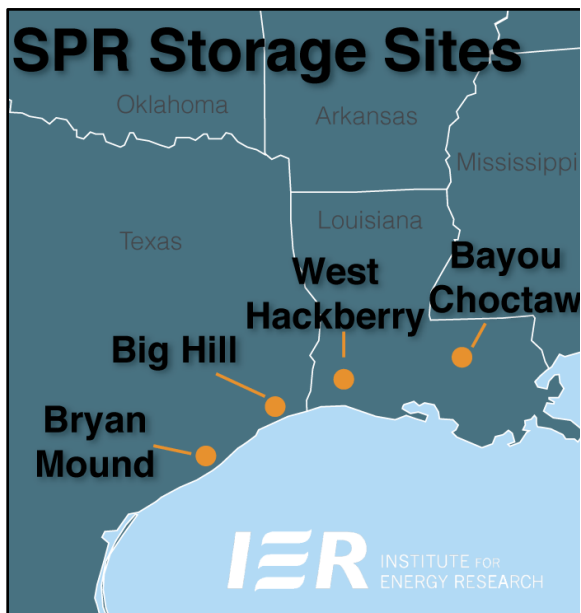


Strategic Petroleum Reserve Fact Sheet

Background

- With a capacity of 727-million-barrels, the Strategic Petroleum Reserve (SPR) is the largest emergency stockpile of government-owned emergency crude oil in the world.
 - It also satisfies the United States' obligation to the International Energy Agency to maintain emergency oil stocks, and it provides a national defense fuel reserve.
- The SPR was established in the aftermath of the 1973-74 Arab oil embargo that cut off oil flowing into the United States.ⁱ
- Under the Energy Policy and Conservation Act of 1975, authority to withdraw SPR crude oil is limited to the following circumstances:
 - 1) The President has found that drawdown and sale are required by a severe energy supply interruption or by obligations to the international energy program.ⁱⁱ
 - 2) An exchange of SPR crude oil can be negotiated where the SPR ultimately receives more oil than is released.ⁱⁱⁱ
 - 3) For routine tests in which small quantities of oil are pumped from the reservoirs to test equipment.^{iv}
- Presidentially-directed emergency releases to counter the threat of oil supply disruptions to the U.S. economy have only happened 3 times:



- In 1991, an emergency sale of SPR crude oil was announced at the start of the First Gulf War to ensure adequate global oil supplies.
- After 2005's Hurricane Katrina, SPR oil was

- released to offset damage done to the Gulf's production, distribution and refining centers.
 - In June 2011, 30 million barrels of oil from the SPR were released onto the world market "Due to supply disruptions in Libya and other countries and their impact on the global economic recovery."^v
- Total U.S. investment to date is about \$22 billion: \$5 billion for facilities; \$17 billion for crude oil supplies.
- West Hackberry- Lake Charles, Louisiana. Storage capacity: 228.2 million barrels
- Bayou Choctaw- Baton Rouge, Louisiana. Storage capacity: 73.2 million barrels.
- An additional future site in Richton, Mississippi with the capacity of 160 million barrels is planned.
- Maximum drawdown capacity is 4.4 million barrels per day; it takes 13 days for the Presidential decision for oil to enter the U.S. market.^{vii}

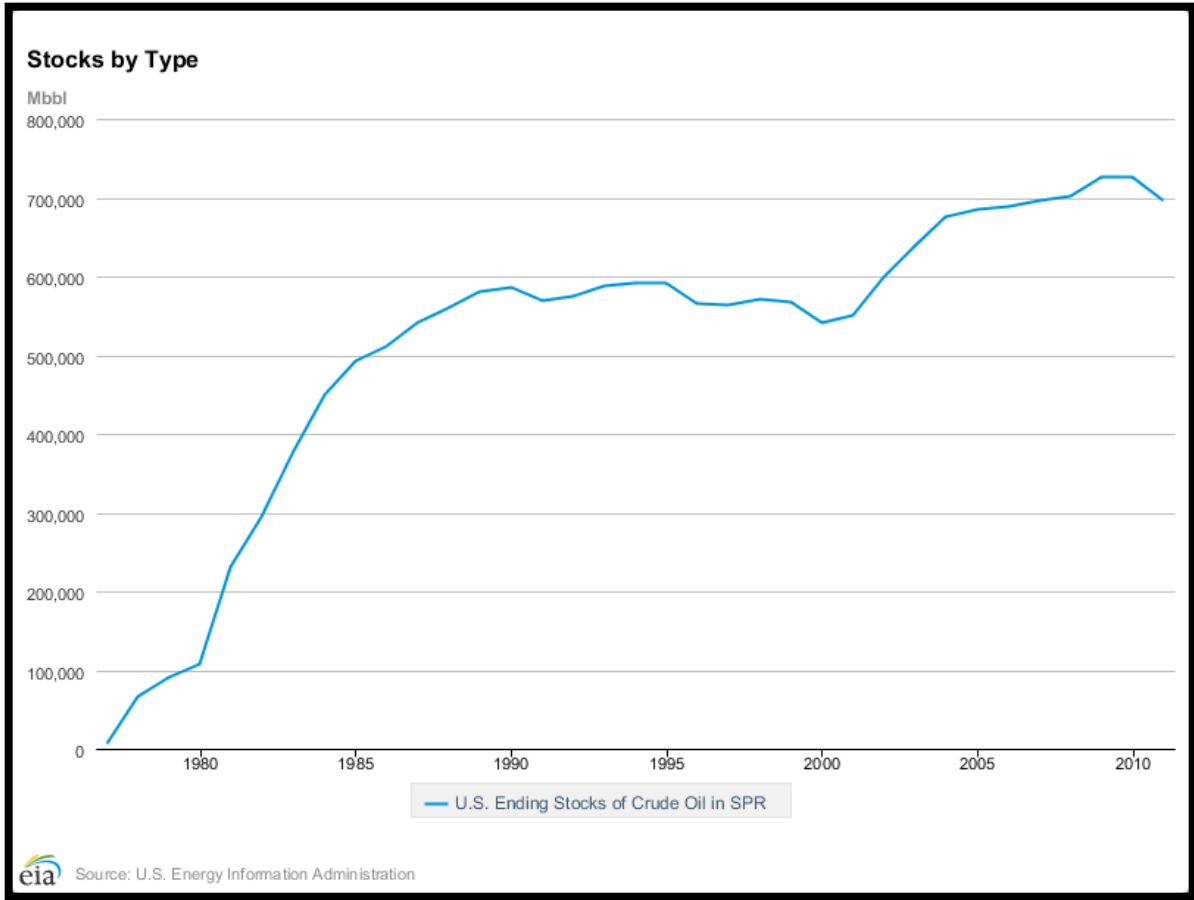
Facilities

- The SPR management office is located in New Orleans, Louisiana.
- The SPR's crude oil is stored at four sites on the Gulf of Mexico, where each site contains a number of artificial caverns created in salt domes below the surface:^{vi}
 - Bryan Mound - Freeport, Texas. Storage capacity: 254 million barrels
 - Big Hill - Winnie, Texas. Storage capacity: 170.1 million barrels

Inventory and Pricing

- Current total inventory as of August 3, 2012: 695.9 million barrels, or about 36 days at current levels of consumption.^{viii}
 - Sweet Crude: 262 million bbls
 - Sour Crude: 433.9 million bbls
- Highest inventory: 726.6 million barrels on December 27, 2009 (full capacity).
- Average price paid for oil in the Reserve: \$29.76 per barrel.^{ix}

SPR Stocks from 1980-2010



SPR History of Crude Oil Releases

Date	Purpose	Sale (bbls)*	Exchange (bbls)*	Price of Oil per barrel
2000- August	Establish NEHHOR		2,836,000	\$31.91
2000- October	Exchange 2000		30,000,000	\$33.20
2002- October	Hurricane Lili		98,000	\$28.96
2004- September	Hurricane Ivan		5,400,000	\$46.33
2005- September	Hurricane Katrina	11,000,000	9,800,000	\$65.98
2006- January	Barge Accident, Sabine Neches Ship Channel		767,000	\$67.76
2006- June	Calcasieu Ship Channel Closure		750,000	\$71.64
2008- September	Hurricanes Gustav & Ike		5,389,000	\$106.89
2011- July	IEA Coordinated Release	30,640,000		\$99.87
Total		91,907,000	67,940,000	

Date	Purpose	Sale (bbls)*	Exchange (bbls)*	Price of Oil per barrel
1985- November	Test Sale	967,000		\$25.56
1990- October	Desert Shield	3,900,000		\$38.00
1991- January	Desert Storm	17,300,000		\$27.50
1996- March	Weeks Island Sale	5,100,000		\$21.45
1996- April	Pipeline Blockage, Seaway Pipeline System		900,000	\$24.00
1996- May	Deficit Reduction	12,800,000		\$21.95
1996- October	Deficit Reduction	10,200,000		\$25.00
1998- August	Maya Exchange		11,000,000	\$13.44
2000- June	Calcasieu Ship Channel Closure		1,000,000	\$33.07

*- rounded to nearest thousands

Sources: www.fossil.energy.gov/programs/reserves/spr/History_of_Resleases_-_Summary1.pdf and www.nyse.tv/crude-oil-price-history.htm

Current Issues and Legislation

- On August 17, 2012, a White House spokesman said a presidentially-directed release from the SPR to counter rising oil prices is “an option that is on the table.”^x
- Earlier in the year, President Obama and British Prime Minister David Cameron met to discuss rising crude oil prices (March 14, 2012). Reuters reported that “President Obama and his British counterpart David Cameron had agreed to a release of strategic oil reserves that would take place within months,” but the White House denied having made an agreement and no release occurred.^{xi}
- The *Domestic Energy and Jobs Act* (H.R. 4480) would require that, if oil is released from the SPR, the Secretary of Interior must plan to make a corresponding amount of federal land available for energy production.^{xii}
 - The U.S. House of Representatives passed H.R. 4480 on June 21, 2012.
 - The Senate version (S. 3445) is now under consideration by the Senate Energy and Natural Resources Committee

ⁱ U.S. Department of Energy, *Strategic Petroleum Reserve*, www.fossil.energy.gov/programs/reserves/spr

ⁱⁱ U.S. Department of Energy, *The Energy Policy and Conservation Act’s Statutory Authority for an SPR Drawdown*, <http://www.fossil.energy.gov/programs/reserves/spr/spr-epca.html>.

ⁱⁱⁱ U.S. Department of Energy, *Releasing Crude Oil from the Strategic Petroleum Reserve*, <http://fossil.energy.gov/programs/reserves/spr/spr-drawdown.html>

^{iv} *Id.*

^v *Id.*

^{vi} U.S. Department of Energy, *Strategic Petroleum Reserve Storage Sites*, www.fe.doe.gov/programs/reserves/spr/spr-sites.html

^{vii} U.S. Department of Energy, *Releasing Crude Oil From the Strategic Petroleum Reserve*, fossil.energy.gov/programs/reserves/spr/spr-drawdown.html

^{viii} U.S. Department of Energy, *Strategic Petroleum Reserve Inventory*, Aug. 3, 2012, <http://www.spr.doe.gov/dir/dir.html>

^{ix} U.S. Department of Energy, *Strategic Petroleum Reserve- Quick Facts and Frequently Asked Questions*, <http://fossil.energy.gov/programs/reserves/spr/spr-facts.html>

^x Bloomberg News, "Obama Aide Says Using Petroleum Reserve Is an 'Option,'" Aug. 17, 2012, <http://www.businessweek.com/news/2012-08-17/obama-aide-says-using-petroleum-reserve-an-option-on-table>.

^{xi} CNN Money, *Oil release: Obama and Cameron in cahoots?*, <http://economy.money.cnn.com/2012/03/16/oil-release-obama-and-cameron-in-cahoots/>; and, Reuters, *Exclusive: U.S., Britain set to agree on emergency oil stock release*, <http://www.reuters.com/article/2012/03/15/us-oil-reserves-idUSBRE82E0UM20120315>

^{xii} The Library of Congress, *Bill Summary & Status 112th Congress (2011-2012) H.R.4480 All Information*, <http://thomas.loc.gov/cgi-bin/bdquery/D?d112:1:./temp/~bdr6W8:@@L&summ2=m&|/home/LegislativeData.php>