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# POLICY BRIEF

## SPR Release A Band-Aid, Not A Strategy

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### Summary

President Biden is once again flirting with a release from the Strategic Petroleum Reserve. News reports indicate the administration is thinking about releasing 180 million barrels from the Strategic Petroleum Reserve at 1 million barrels a day for up to 6 months. But even this is a band-aid and not a solution to move the U.S. (and the rest of the world) to lower oil prices.

### The Last SPR Release Didn't Meaningfully Impact Prices

Last November, the Biden Administration released oil from the SPR. I didn't have a meaningful impact on oil prices. One problem at the time is that the Secretary of Energy, who oversees the SPR, didn't know how much oil the United States uses a day.[1] According to the Energy Information Administration, which is a part of the Department of Energy, The United States is currently consuming just over 20 million barrels of oil a day.

It is understandable that releasing 50 million barrels from the SPR, as the Administration announced last November, wasn't going to have a big impact (especially because it was only a release of 18 million barrels and a potential swap of 32 million barrels). As a result, when President Biden actually announced the 50 million barrel release, oil prices actually went up and continued to go up before and after Russia invaded Ukraine.

### This new SPR Release Sill Impact Prices Some, But This is a Band-Aid And Not a Solution

Because the last SPR release didn't translate into lower prices, the administration is now considering a large SPR release—a million barrels a day for up to 6 months. Why six months? Because the midterms elections are in November and voters are very concerned about the high price of energy and high inflation.
While 180 million barrels is a lot, it's only 9 days of U.S. oil consumption.It is enough to reduce oil prices by a few percent (and as of this writing, oil is down about 4 percent). But oil traders understand that this is a Band-Aid and

[1] https://twitter.com/townhallcom/status/1463243774860181520?s=12

not a real solution to move oil prices lower. This does nothing to sustainably put more oil on the market and help lower prices.

## President Biden Should End His Attacks On Domestic Oil Production And Unleash American Energy If He Wants Lower Gas Prices

On the campaign trail, President Biden promised to halt drilling on federal lands. On the first day in office, he canceled the Keystone XL pipeline, signaling he would fight against oil production in the U.S. and Canadian imports to the U.S. He has failed to hold a single lease sale onshore, despite being legally required to do so. Last week, the SEC announced its attack on oil and natural gas use. Just this week he released his proposed budget without any money to hold a lease sale offshore.[2] Given these and many other attacks on domestic oil production, there is little surprise gas prices at the pump are up 77 percent since inauguration day.

But President Biden has the ability to work to reduce oil prices. The biggest reason the price of oil moderated and fell from 2011 to 2020 was the dramatic increase in U.S. oil production. U.S. oil producers put more new oil on the market than any other country over the past decade.[3] Of the 12 million barrels per day in increased production from 2010 through 2019, 80 percent or nearly 10 million barrels per day of the increase came from the United States.[4]

Less than 2 percent of federal lands are leased for oil and gas development. According to a recent poll from Morning Consult, 56 percent of voters would like to open more land up for oil production to help cut gas prices.[5] But President Biden refuses to do that.

## Conclusion

President Biden has the tools to sustainably reduce oil prices if he wanted to do so. But another SPR release, even one as large as 180 million barrels is a Band-Aid on the issue of robust global demand with limited supply. America has the energy resources, but President Biden is unwilling to let domestic producers access them.

[2] https://www.bloomberg.com/news/articles/2022-03-29/biden-signals-third-year-of-offshore-oil-leasing-delay-in-gulf

[3] https://www.instituteforenergyresearch.org/fossil-fuels/gas-and-oil/biden-administration-calls-for-more-oil-production-as-long-as-its-not-in-north-america/

[4] https://www.instituteforenergyresearch.org/fossil-fuels/gas-and-oil/biden-administration-calls-for-more-oil-production-as-long-as-its-not-in-north-america/

[5] https://morningconsult.com/2022/03/23/gas-prices-drilling-climate-emergency-survey/