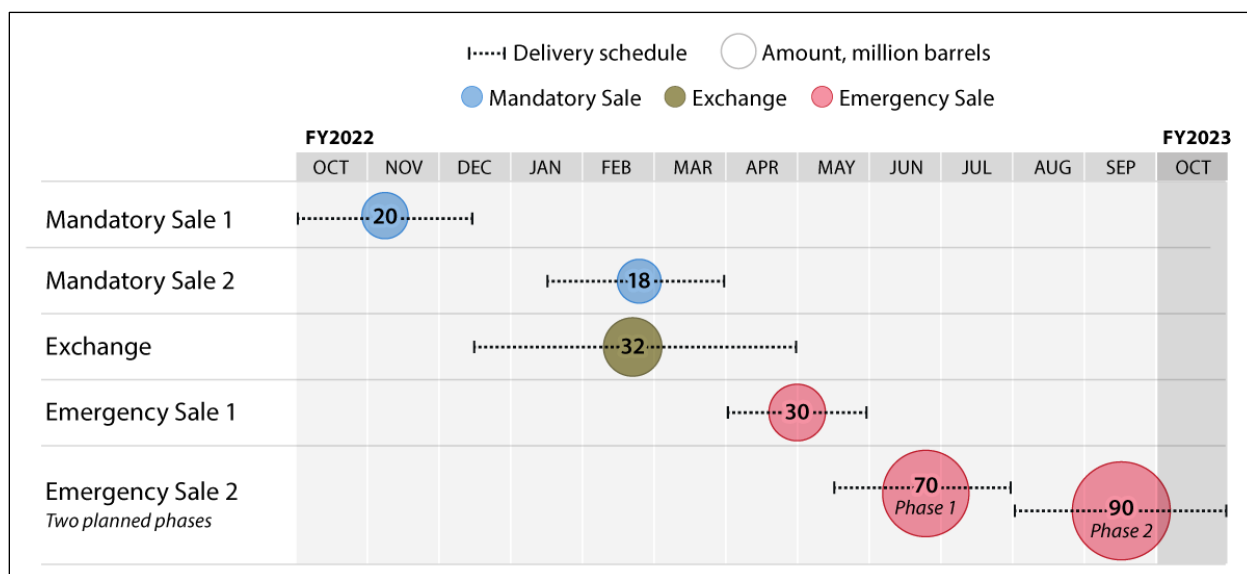


Strategic Petroleum Reserve Oil Releases: October 2021 Through October 2022

April 22, 2022

The Biden Administration announced plans to release up to 260 million barrels of crude oil from the U.S. Strategic Petroleum Reserve (SPR) from October 2021 through October 2022. Oil stocks in the SPR were approximately 618 million barrels at the end of September 2021. Releases planned during this period include exercise of three SPR authorities: (1) mandatory sales, (2) exchanges, and (3) emergency sales (see **Figure 1**). Each release type differs in terms of congressional authority, use of funds, and replacing released barrels.

Figure 1. SPR Oil Releases
October 2021–October 2022



Source: CRS, information from Department of Energy announcements.

Notes: Schedules include early delivery options.

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IN11916

Background

In the wake of a politically-motivated, multi-country [oil embargo](#) that contributed to high fuel prices, perceived shortages of energy commodities, and U.S. energy security concerns, Congress created the SPR ([42 U.S.C. §6231 et seq.](#)) in 1975. Congressional intent for the SPR includes two statutory energy policy objectives: (1) reduce the impact of petroleum supply disruptions, and (2) carry out U.S. obligations under the international energy program (IEP)—a multilateral [agreement](#) subject to international law. The International Energy Agency (IEA) administers the IEP. Furthermore, congressional findings state that the SPR is both a [national security](#) and an [energy security](#) asset.

Generally, statutes authorize unlimited SPR drawdowns following either a presidential finding of a severe energy supply interruption or an IEP obligation. Statutes also authorize limited drawdowns—no more than 30 million barrels during a 60-day period and subject to minimum storage levels (252.4 million barrels as of April 2022)—for the purpose of either preventing or reducing the impact of domestic energy supply interruptions. Prior to 2022, there had been three [emergency SPR releases](#): (1) Operation Desert Storm in 1991, (2) Hurricane Katrina in 2005, and (3) Libya oil supply disruptions in 2011. These emergency SPR drawdowns resulted in sales ranging from 11 million barrels to 30.6 million barrels.

From time to time, Congress mandates SPR crude oil sales to pay for other legislative priorities. Since 2015, Congress has enacted eight laws mandating the sale of up to 358.6 million barrels between FY2017 and FY2031. To date, 93 million barrels have been sold. Additionally, Congress required approximately \$1.4 billion of SPR oil sales between FY2017 through FY2022, resulting in the sale of nearly 22 million barrels, to pay for an SPR [modernization program](#).

Mandatory Sales

During the time period covered in this Insight, two mandatory sales have been completed. Mandatory [sale 1](#) consisted of 20 million barrels: 8 million in FY2022 required by P.L. 114-74 and 12 million, of 30 million between FY2022 and FY2025, required by P.L. 115-123. Mandatory [sale 2](#) consisted of the remaining 18 million barrels required by P.L. 115-123 before the end of FY2025. Mandatory sales are [price competitive](#) and follow SPR [standard sales provisions](#). Sale proceeds are deposited into the U.S. Treasury general fund. There is no statutory requirement to replace mandatory sales.

Exchanges

[Exchanges](#) are conducted under SPR oil acquisition authorities. Frequently, exchanges are structured like short-term loans. Crude oil is provided to an entity (e.g., oil refiner), who agrees to return an equivalent oil volume plus additional “premium” barrels to the SPR at a future date. Premium barrels are necessary in order to acquire oil under the transaction. The Biden Administration’s 32-million-barrel [competitive exchange](#) requires [return](#) of exchange oil, plus premium barrels, by the end of FY2024.

Emergency Sales

Responding to oil market uncertainty and price volatility related to Russia’s military operations in Ukraine, President Biden announced two emergency SPR crude oil sales in March and April of 2022. The first [emergency sale](#) was part of a multi-country [release](#), coordinated by the IEA, that resulted in approximately 30 million barrels being [sold](#) from the SPR. Following President Biden’s [finding](#) of a severe energy supply interruption, a second [emergency sale](#) of up to 160 million barrels is one element of the Administration’s [plan](#) to address high consumer fuel prices. Should all barrels be sold, this would be the largest emergency SPR release. Emergency sales are also price competitive and follow standard sales

procedures. Sale proceeds are returned to the [SPR Petroleum Account](#), which can be used to replenish the reserve.

Policy Considerations

Effects on consumer fuel prices and U.S. energy security are often considered and debated when SPR oil is released, especially under emergency authorities. Emergency SPR sales could average one million barrels per day (bpd) between May 2022 and October 2022. Roughly equivalent to Libya's daily [oil production](#), emergency SPR sales—combined with other [emergency releases](#)—could materially affect global petroleum production/consumption [balances](#) and put downward pressure on prices. Market balance is an important metric that can influence oil price discovery. Relatively small imbalances can translate into large price movements. However, actual balances and price levels during the emergency release period will be determined by numerous other market factors such as global economic conditions, petroleum product demand, and potential decline of Russia's [oil production](#) (nearly 10 million bpd) and [petroleum exports](#) (approximately 7.8 million bpd). Oil and gasoline prices could be stable, trend higher, or trend lower during the emergency release period.

Historically large emergency sales could raise concerns about the adequacy of SPR oil stocks to address future energy supply interruptions. While there is no statutory minimum SPR stockholding requirement, limited drawdown authority is contingent on stock levels (42 U.S.C. §6241(h)). Furthermore, IEP signatories are required to hold reserves equal to 90 days of net petroleum imports during the previous calendar year. A [net petroleum exporter](#) in 2021, the United States is not required to hold emergency reserves in 2022. However, IEA-coordinated oil releases generally assign contributions for each member based on consumption. Historically, U.S. contributions generally range between 30 and 60 million barrels.

Emergency sale proceeds in the SPR Petroleum account can fund replacement oil acquisitions. The Biden Administration has [indicated intent](#) to restock the reserve. There are neither statutory requirements nor specific market conditions that trigger oil purchases. Congress could use its oversight authorities and engage with the Administration about SPR restocking plans.

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