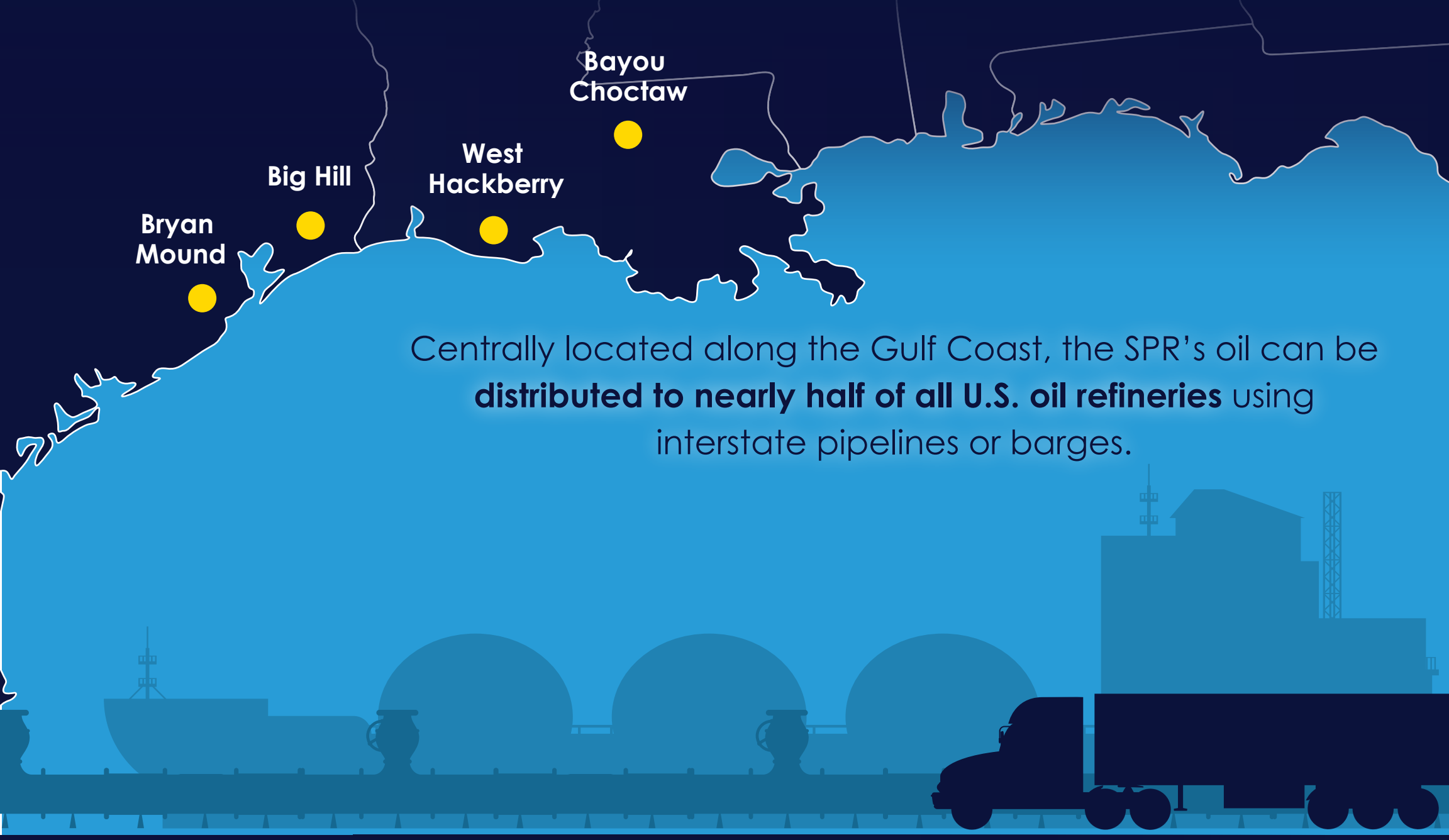


STRATEGIC PETROLEUM RESERVE

Providing energy security for America

BACKGROUND

The Strategic Petroleum Reserve (SPR) is the world's **largest supply of emergency crude oil**. Administered by the U.S. Department of Energy, these federally-owned oil stocks are stored in massive underground salt caverns along the Texas and Louisiana coastlines of the Gulf of Mexico.



HISTORY

In 1973, the Organization of Arab Petroleum Exporting Countries (OAPEC) imposed an oil embargo against the United States, triggering an energy crisis that sent the U.S. economy into a recession. **To mitigate economic damage from any future shortages of oil**, President Gerald Ford signed the *Energy Policy and Conservation Act of 1975*, which established the SPR.

BENEFITS

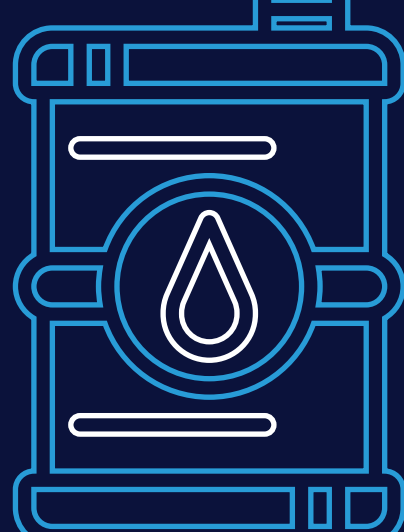
The SPR is **a tool used to alleviate the market impacts of both domestic and international crude oil disruptions**. The SPR ensures U.S. energy security and reduces the impacts of potential disruptions in U.S. petroleum supplies.

U.S. leaders also have the option of filling the SPR during times of demand destruction (in order to minimize the shut in of U.S. oil production) through the use of exchanges or an appropriation from Congress to purchase oil directly.

The SPR **fulfills the Nation's obligations under the International Energy Program**, which requires member nations to hold the equivalent of 90 days of net imports of oil and petroleum products as a reserve stock and to release stocks and share available oil in the event of a major supply disruption.



Offers the Nation an **insurance policy** against potential supply interruptions



Provides a **deterrent** to hostile threats to cut off oil supplies




Protects the U.S. **economy**

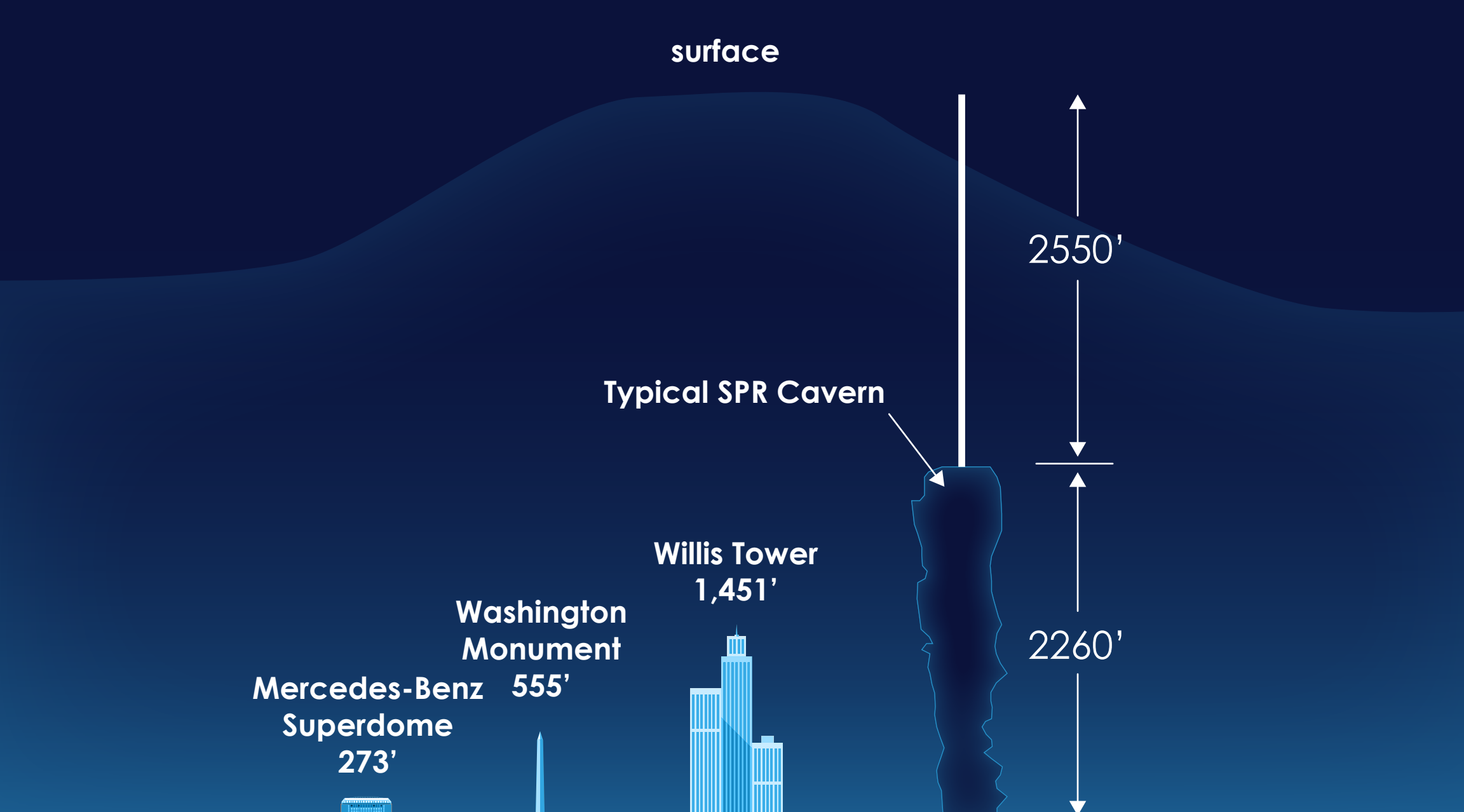
USE

With a storage capacity of up to 713.5 million barrels, the SPR currently holds 622 million barrels of crude oil. That amount of crude oil, refined into motor gasoline, could **fill about 1.3 billion large sedans**.



 = 20 million sedans

The SPR comprises 60 salt caverns. Each cavern is roughly cylindrical in shape with an average diameter of about 200 feet and a height of 2,550 feet, which is **large enough for Chicago's Willis Tower to fit inside with room to spare**.



Decisions to withdraw crude oil in the event of an energy emergency are made by **the President under the authority of the Energy Policy and Conservation Act** and done through a competitive sale. **The SPR is always drawdown ready**, which means it stands ready to release crude oil to the market within 13 days of Presidential direction; this is the time it takes to conduct the sales process, award contracts, and to arrange the logistics for oil transportation.

In addition to the President's authority, **the Secretary of Energy may also authorize limited releases** in the form of a test sale of up to 5 million barrels. The Secretary may also conduct exchanges, or a crude oil loan, with non-governmental entities. During an exchange the SPR provides crude oil to the requesting refinery in exchange for a return of the crude oil barrels plus a premium barrel amount to cover the SPR cost for the exchange. This type of exchange agreement can be completed within a few days of an entity's request. In another type of exchange, an exchange for storage, the SPR receives crude oil through the Request for Proposals process and returns it at a later date. In any exchange, winning bidders "pay" a small premium of oil to cover the SPR's cost.

For more information on the **SPR** and the Office of Fossil Energy and Carbon Management, visit **fossil.energy.gov**.



U.S. DEPARTMENT OF
ENERGY

Fossil Energy and
Carbon Management