



What Goes Out Doesn't Necessarily Go In (At Least Not at the Same Rate)

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The DOE'S recent SPR sales averaged 350,000 b/d. They sold it at an average price of over \$90/bbl. They have announced their third buy at about 100,000b/d (6 million barrels over October and November). They will pay somewhere in the \$75/bbl range for the 6 million barrels.

The obvious question is with markets in flux and oil prices so low, why aren't they buying more and at a faster rate? The answer is that they can't because of the accumulation of brine and limited storage. They apparently can take oil out at a ratio of about 5 or 6 to one relative to putting it in. Therefore, expect a number of 6 million barrel offers (maybe every 4-6 months) if prices stay about where they are.