

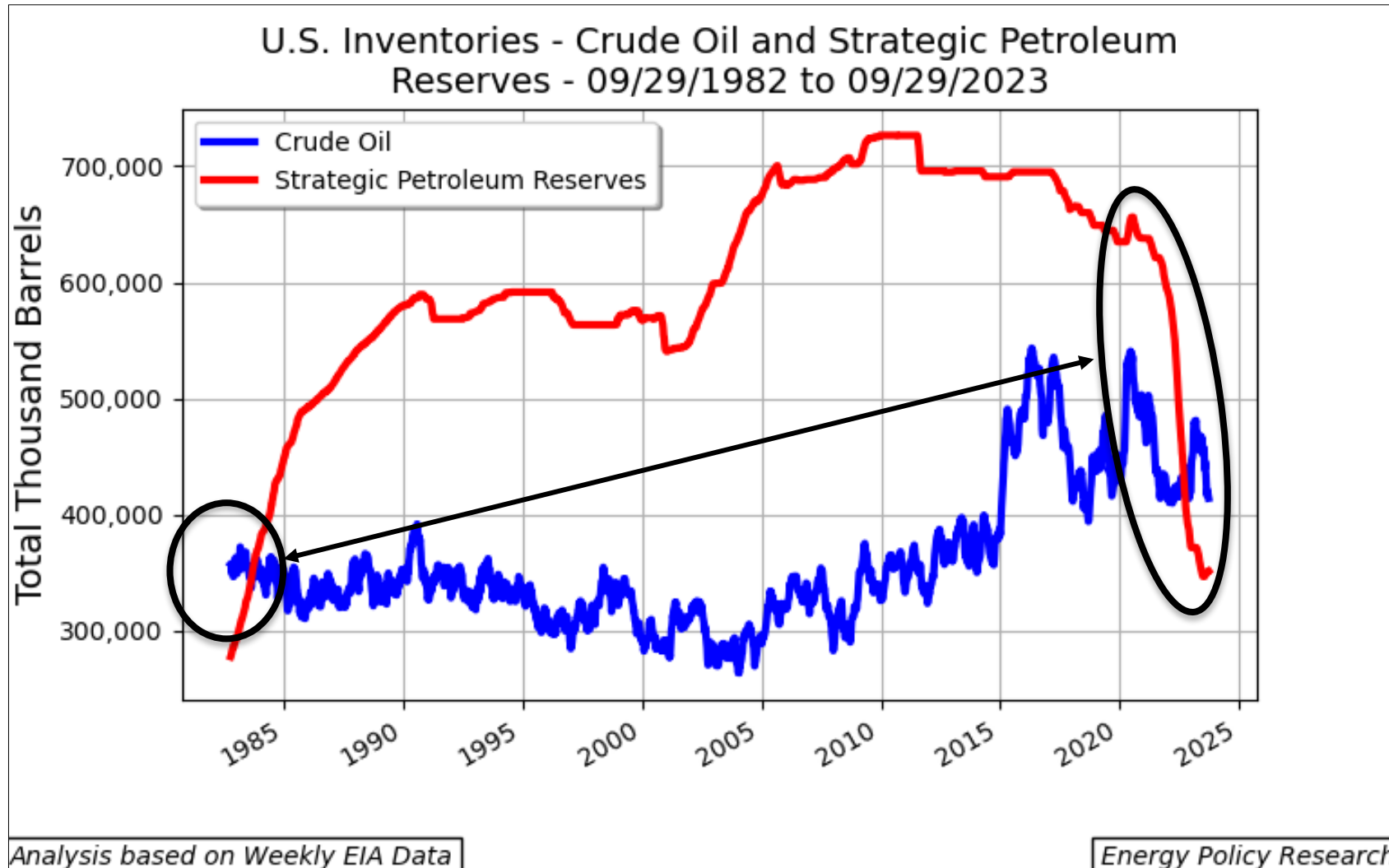
Chart of the Week #2023-39

Running on Empty Revisited: U.S. Strategic Petroleum Reserve Continues to Decline to Historic Lows

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Running on Empty: U.S. Strategic Petroleum Reserve Continues to Decline to Historic Lows



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- The U.S. Strategic Petroleum Reserve (SPR) was established in the 1970s in reaction to oil supply shortages brought on by politically motivated embargos and instability in Middle East producing countries holding low-cost concentrated reserves.
- The SPR was designed to hold approximately 750 million barrels in salt caverns along the U.S. Gulf Coast close to key U.S. refining centers as well as pipelines able to transport crude oil inland to other refineries close to consuming centers.
- The anticipated scenarios for SPR releases were disruptions to crude oil imports brought on by events such as extreme weather, military conflicts, geopolitically motivated embargoes, and major oil supply infrastructure accidents.
- From 1991 to 2018, there have been several releases ranging from 5 to 31 million barrels. Five of these were in response to major weather disruptions, two due to military engagements, another two in relation to SPR modernization, and several others for the purposes of reliability and maintenance tests of the SPR.
- Over the course of 2021 and 2022, U.S. transportation fuel prices climbed steeply rising to levels not seen in a decade.
- In November 2021, the Biden Administration began authorizing releases from the U.S. Strategic Petroleum Reserve. These releases continued throughout 2022 and concluded in March 2023. The motivation was to engender price relief for consumers. The total release was 220 million barrels, the largest in the SPR's history.
- ~~The original legislation mandated the accumulation and maintenance of 90 days of U.S. crude oil imports.~~ There are various requirements as to how many barrels of crude oil the SPR should hold. The 1975 Energy Policy and Conservation Act mentions a range from 150 million to 1 billion barrels. U.S. agreements with the International Energy Agency are based on net imports, not gross ones and have a days coverage provision. Since January 2021, U.S. crude oil imports have averaged 6.2 million barrels per day. With January 2021 SPR levels at 640 million barrels, this represented over 99 days of coverage. With current levels at 352 million barrels, coverage is now at 57 days.
- This slide deck is available at: <https://eprinc.org/chart-of-the-week/>
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