



The Daily Dish

SPR Policy

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Among the notable low points of Biden Administration policy were the president's decisions to release of 50 million barrels of oil from the Strategic Petroleum Reserve (SPR) to address high gasoline prices (November 2021), 30 million barrels of oil in response to the Russian invasion of Ukraine (March 1, 2022), and 1 million barrels of oil per day from the reserve for the next 180 days (March 31, 2022). (Yes, I have been stewing on this for quite some time!)

The SPR was created in response to the Arab oil embargo in the mid-1970s. That is, it was intended to offset a physical interruption in the supply of oil. For that reason, if you ask the [Energy Department](#) about the SPR's mission, the answer is: "The Strategic Petroleum Reserve, the world's largest supply of emergency crude oil, was established primarily to reduce the impact of disruptions in supplies of petroleum products and to carry out obligations of the United States under the international energy program."

Releasing oil from the SPR in an attempt to micromanage oil and gasoline prices for political reasons is an abuse of the SPR that has left it at its lowest level since the early 1980s. It is also a fool's errand. As the graph below indicates, crude oil prices are currently well above where they were in mid-2021. Moreover, while they have come down from their highs in March 2021, they stayed high until July 2021 and then fell at a pace unrelated to the million barrel a day drawdown. Crude oil prices are driven by global supply and demand, not by the pace of flow of a single auxiliary supply source.

Crude Oil (West Texas Intermediate) Prices



The House has recently voted on two bills related to SPR policy – one to bar sales to China and another to re fill non-emergency sales (and there should be no non-emergency sales) from domestic sources. One can view these bills as simply partisan exercises. Or, more hopefully, they could prompt a serious re-thinking of the need for and uses of the SPR.