

U.S. DEPARTMENT OF
ENERGY

Office of
Cybersecurity, Energy Security,
and Emergency Response

Strategic Petroleum Reserves (SPR) Life Extension Program – Protection of National Assets Asian Pacific Energy Conference

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Strategic Petroleum Reserve Program

Established by U.S. Law:

- *Energy Policy & Conservation Act (EPCA)*
(December 1975)

Mission:

- To ensure U.S. Energy Security
- To reduce the impacts of potential disruptions in U.S. petroleum supplies
- To carry out U.S. obligations under International Energy Program (Treaty)

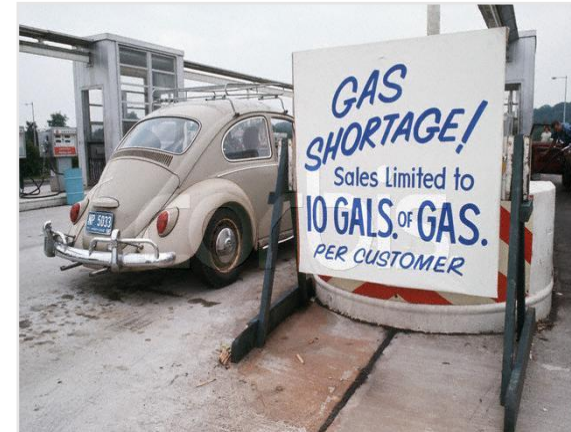
Energy Policy & Conservation Act (EPCA) requires SPR to carry out U.S. Obligations under International Energy Program.

International Energy Program requires Member Countries:

To Hold Emergency Stocks Equivalent to at least 90 Days of Net Oil Imports

To Release Stocks and Share Available Oil in the Event of a Major Supply Disruption

The Agreement on an International Energy Program (Charter of the IEA) carries the commitment and status of a U.S. Treaty.



1973 Arab Oil Embargo

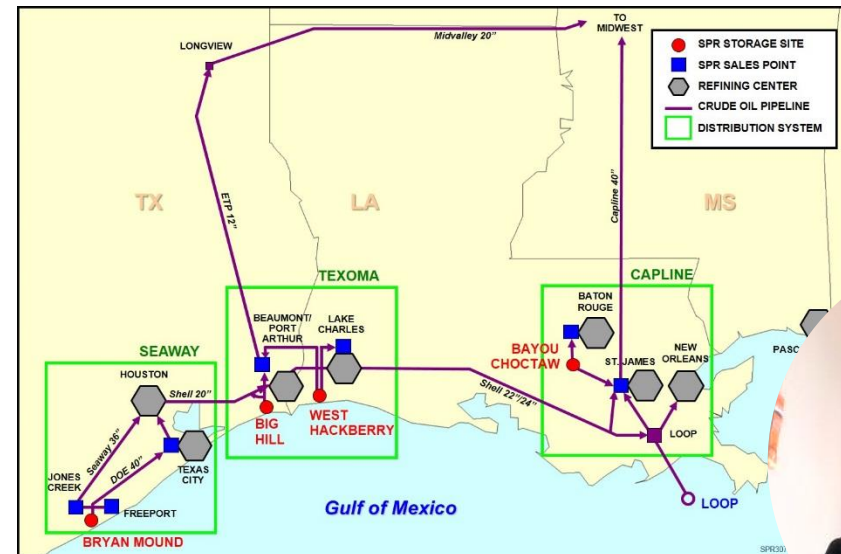
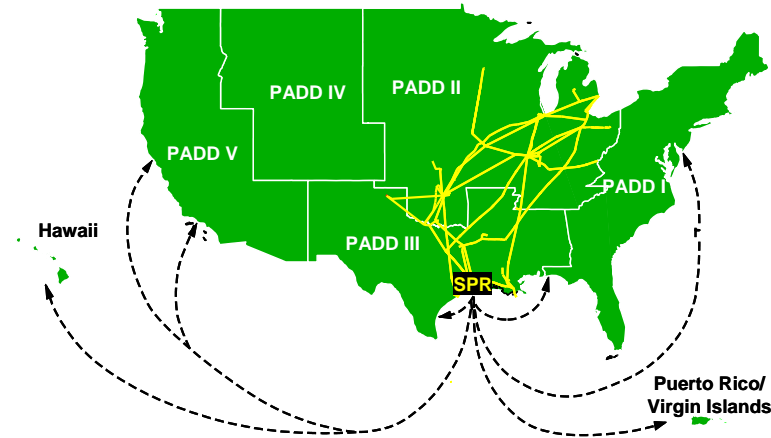


Strategic Petroleum Reserve



Strategic Petroleum Reserve Distribution System

- Centralized in the Gulf Coast
 - Major U.S. refinery region
 - Point of entry for half of U.S. imports
 - Maximum flexibility in response to potential supply interruptions
- SPR Crude Oil Inventories (on hand)
 - Light Low-Sulfur Crude (38%)
 - Light Med-Sulfur Crude (62%)
- Physical Distribution Capabilities
 - Pipeline connected to 28 refineries in the GC refining region
 - Pipeline connected to Midwest refineries via the Midvalley Pipeline
 - Marine distribution via 4 marine terminals



Life Extension 1 - Infrastructure Modernization

- From 1993-2000, the Department of Energy's top priority was to ensure the continued readiness of the Reserve through at least the year 2025 by conducting a major life-extension program.
- Fiscal Year 1995 budget resources were devoted to refurbishing the SPR equipment and extending the life of the complex - this included replacing or refurbishing pumps, piping and other key components at the SPR's Gulf Coast sites. *Life Extension -1 (LE-1)
- 2016 Long term strategic review emphasized it's been 30 years since LE-1
- Life Extension 2 (LE-2) programming begins.



Life Extension 2 - Infrastructure Modernization

- In October 2015, Life Extension 2 (LE2) was approved by the Office of Project Management.
- In August 2016, the modernization scope was identified as a result of the Long-Term Strategic Review (LTSR) of the Strategic Petroleum Reserves. LE2 was established to ensure that the infrastructure of the storage sites and distribution systems remain able to provide the published delivery rate for the next 25 years.
- Some sites will be completed by 2025 with the final site completed by 2027.

