



H.R. 6022 – Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act of 2008

FLOOR SITUATION

H.R. 6022 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Peter Welch (D-VT) on May 12, 2008. The resolution was referred to the House Committee on Energy and Commerce, but was never considered.

H.R. 6022 is expected to be considered on the floor of the House on May 13, 2008.

SUMMARY

H.R. 6022 suspends the acquisition of petroleum for the U.S. Strategic Petroleum Reserve (SPR) beginning on the date of enactment and ending on December 31, 2008. The Department of Energy is allowed to resume petroleum acquisition prior to the end of the year should the price for a barrel of oil for the most recent 90 day period be \$75 or less.

**Note: The Senate is expected to consider similar legislation on May 13, 2008, as an amendment to the Flood Insurance Reform and Modernization Act (S. 2284).*

BACKGROUND

The U.S. Strategic Petroleum Reserve (SPR) was created in the wake of the Organization of Arab Petroleum Exporting Countries (OAPEC) imposed oil embargo on the United States that occurred from 1973 to 1974. The SPR is managed by the Department of Energy and provides the United States with an emergency oil supply should a disruption in commercial oil sales threaten the U.S. economy and for national defense purposes in times of emergency. Additionally, the SPR allows the U.S. to meet its obligation to maintain an emergency oil supply in accordance with the rules agreed to by the International Energy Agency.

Between 1999 and 2007, about 139 million barrels of oil were added to the SPR using a royalty-in-kind agreement, in which oil companies give oil to the U.S. instead of cash royalties owed to the Department of the Treasury on federal leases for offshore oil production. Today, the maximum capacity of the SPR is approximately 727 million barrels, with current levels at just over 700 million barrels.

The Energy Policy Act of 2005 permanently authorized the SPR, and directed the Secretary of Energy to fill it to maximum capacity only if doing so does not negatively impact the price of oil in the U.S. In addition, it authorizes the Secretary of Energy to increase capacity of the SPR to one billion barrels. President George W. Bush has advocated filling the SPR to capacity and then expanding it to 1.5 billion barrels in order to provide the United States with additional energy security. He has requested \$346.9 million for SPR activities for fiscal year 2009.

COST

The Congressional Budget Office has not scored this legislation.

STAFF CONTACT

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