

DOE Reacts to Storage Capacity Concerns Utilizing the Strategic Petroleum Reserve

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As outlined in a [prior post](#), on March 13, 2020, President Trump announced his intention to direct the Department of Energy (“DOE”) to purchase American-made crude oil to fill the Strategic Petroleum Reserve (“SPR”) to its maximum capacity as relief for the American energy industry (“Trump Directive”). Following the Trump Directive, on March 19, 2020, the DOE [announced an initial solicitation](#) to purchase 30 million barrels of sweet and sour crude oil with a focus on small to midsize U.S. oil producers. The initial solicitation was for crude oil delivered in May and June, but April deliveries were encouraged. However, the DOE was forced to withdraw its initial solicitation as funding for the purchases was not included in the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

On April 2, the DOE said that although it is still seeking funding for the purchase of crude oil for the SPR, to help alleviate storage capacity concerns (see [our analysis](#) of the current storage capacity concerns and [our post](#) outlining an emergency meeting of the Texas Railroad Commission), the DOE is planning to make 30 million barrels of oil storage capacity immediately available to U.S. oil producers.

Under the new storage capacity [solicitation](#), the DOE will accept deliveries of up to 685,000 barrels of oil per day and is expecting the first crude oil deliveries to arrive in late April or early May depending on producer logistics. The scheduled return period for the crude will be between August 1, 2020, and March 31, 2021, for the Bryan Mound, Big Hill and West Hackberry sites and between October 1, 2020, and March 31, 2021, for the Bayou Choctaw site. Submission of proposals will be accepted only via email and must be received not later than 11:00 a.m., Central Time, on April 9, 2020.

Steven Winberg, the assistant secretary for fossil energy, explained that “[w]ith its extensive storage, pipeline, and marine infrastructure along the Gulf Coast, the SPR

will help relieve oil-related disruptions to our economy.” The DOE also noted that it currently intends to make an additional 47 million barrels of storage capacity available in the coming months.

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