

SPR Petroleum Account

Program Mission

The SPR Petroleum Account was established in the Treasury pursuant to the provisions of the Omnibus Budget Reconciliation Act of 1981 P.L. 97-35). This account funds all Strategic Petroleum Reserve petroleum inventory acquisitions, associated transportation costs, U.S. Customs duties, terminal throughput charges, incremental drawdown costs and other related miscellaneous costs. The Department was directed to fill the Reserve, principally using royalty oil from federal offshore leases. Fill operations commenced April 2002 with completion in 2005. Filling the SPR addresses the President's initiative to enhance the energy security of the United States by strengthening the nations capability to respond to potential oil supply disruptions.

The Petroleum Account also funds drawdown and sales operations of the Reserve. Current balances are not sufficient to fully fund a drawdown, so the FY 2000 Interior Appropriations Act included language providing "that the Secretary of Energy hereafter may transfer to the SPR Petroleum Account such funds as may be necessary to carry out drawdown and sale operations of the Strategic Petroleum Reserve initiated under section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) from any funds available to the Department of Energy under this or any other Act....."

Program Strategic Performance Goals

Maintain operational readiness of the Strategic Petroleum Reserve (SPR) to drawdown at a sustained rate of 4.4 million barrels per day for 90 days, within 15 days notice by the President, and fill the SPR to its current capacity of 700 million barrels by 2005 (ER6-1).

Performance Indicators

- Total number of SPR crude oil barrels in storage

Annual Performance Targets and Results

FY 2002 Results	FY 2003 Targets	FY 2004 Targets
Increased inventory by 42.5 million barrels from all exchange and royalty oil agreements. EOY crude oil inventory = 587 million barrels. (ER6-1)	Add 39.8 million barrels (cumulative from April 2002). EOY crude oil inventory = 628 million barrels. (ER 6-1)	Add 70.4 million barrels (cumulative from April 2002) of royalty oil. EOY crude oil inventory = 675 million barrels.

Funding Profile

(dollars in thousands)

	FY 2002 Comp. Approp.	FY 2003 Request	FY 2004 Base	FY 2004 Request	FY 2004 Request vs. Base	
					\$ Change	% Change
Oil Acquisition & Transportation	\$0	\$11,000	\$11,000	\$0	\$-11,000	-100%
Transfer of Prior Year Balances to Fossil Energy R&D	\$0	\$0	\$0	\$-5,000	\$-5,000	0%
Total, SPR Petroleum Account	\$0	\$11,000	\$11,000	\$-5,000	\$-16,000	-145%

Funding By Site

(dollars in thousands)

	FY 2002	FY 2003	FY 2004	\$Change	%Change
All Other	\$ 0	\$ 11,000	-\$ 5,000	-\$16,000	-145%
Total, SPR Petroleum Account	\$0	\$11,000	\$-5,000	\$-16,000	-145%

All Other

Funds transportation activities related to fill of the Reserve to its current capacity of 700 million barrels. The FY 2004 request reflects a reduction of prior year balances transferred to the Fossil Energy Research & Development Program. Funding was not requested for Royalty Oil expenses in FY 2004 due to contractual changes making transportation charges for Royalty-In-Kind fill the responsibility of the contractors.

Detailed Program Justification

(dollars in thousands)

	FY 2002	FY 2003	FY 2004
Oil Acquisition and Transportation	\$0	\$ 11,000	-\$5,000

Transfer prior year balances to support the Fossil Energy Research & Development Program.

FY 2003 activities support continued Royalty-in-Kind (RIK) transfers to fill the Reserve to capacity. Funding is not being requested in FY 2004 due to contractual changes making transportation charges the responsibility of the contractors.

Explanation of Funding Changes

FY 2004 vs.
FY 2003
\$ (000)

Oil Acquisition and Transportation	
Decrease due to payment of transportation charges by contractors.....	\$-11,000
Transfer prior balances to Fossil Energy Research & Development Program	\$-5,000
Total Funding Change, Petroleum Account	\$-16,000

