



Civics is all around us. There is a lot to know about the government and how "We the People" interact with the government and each other. Let's help each other expand our civic literacy.

Currently in the United States, the **average price** of a gallon of regular gasoline is \$3.85, an increase of 18 cents from a month ago. On Tuesday, October 18, 2022, President Biden **authorized** a Notice of Sale to release 15 million additional barrels of crude oil from the **Strategic Petroleum Reserve** (SPR). This release fulfills a **promise** he made in March to release a total of 180 million barrels from the reserve. While President Biden is not the first president to tap into the SPR, his decision to do so as a means of combating higher gas prices has raised concern within political and economic circles. So, what is the Strategic Petroleum Reserve and why would President Biden utilize it to combat higher gas prices?



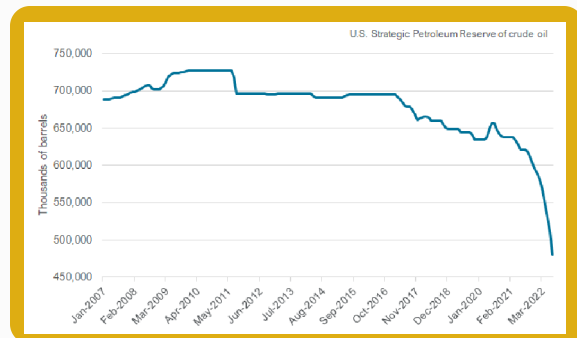
The Strategic Petroleum Reserve was created by the U.S. government in response to the **Arab oil embargo and energy crisis** of the 1970s. These events crippled the American economy, and to prevent the nation from being affected similarly in the future, the SPR created a supply of oil to be used during times of emergency. Located primarily in Texas and Louisiana, the SPR is responsible for about half of the world's strategic petroleum reserves. At its peak in 2009, the SPR held 727 million barrels of crude oil.



The Bryan Mound SPR storage facility, Texas

Prior to the Biden administration, three U.S. presidents have **authorized emergency sales from the Strategic Petroleum Reserve**. President George H.W. Bush authorized use of the SPR during the **Gulf War** in 1991, President George W. Bush authorized its use after **Hurricane Katrina** in 2005, and in 2011, President Barack Obama authorized its use when the **war in Libya** disrupted the oil supply chain. Congress, through its legislative power, has also **authorized** non-emergency releases from the reserve, and in 2021, President Biden also **authorized** a release from the SPR to combat the economic impact of COVID-19. Consequently, these drawdowns have left the SPR at its lowest levels since 1984, with current estimates putting the number of barrels of oil at 400 million. Despite this level, President Biden has said he plans to replenish the reserve when oil prices are at or below \$67 to \$72 per barrel. The current price of a barrel of oil is \$84.90.

Gas prices are typically determined by the economic forces of **supply and demand**, but when disruptions occur, and these forces are not in equilibrium, prices will be affected. Currently, the U.S. is dealing with several disruptions adversely affecting the price of gasoline. Due to an inflationary economy, **Russia's invasion of Ukraine**, and the recent decision to scale-back oil production by the Organization of Petroleum Exporting Countries (**OPEC+**), gas prices have started to climb again. Therefore, the president's continued utilization of the SPR is an attempt to achieve better equilibrium in the prices of oil and gas for consumers. For better or worse, tapping the reserve is one of the few things a **president can do alone** to try and control inflationary prices at the pump.



To Think and To Do: Historically, presidents have only released barrels of oil from the strategic reserve when significant disruptions to the supply chain have occurred that could have adversely affected prices at the pump for consumers (the Gulf War/Hurricane Katrina/War in Libya). Given the country's current circumstances (inflationary economy/Russia's invasion of Ukraine/OPEC+ oil reduction), is President Biden's decision to use 180 million barrels of oil from the SPR justified? Explain your reasoning.

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Office of Petroleum Reserves
PBS NewsHour: What is the Strategic Petroleum Reserve?



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