

Congress of the United States
Washington, DC 20510

May 8, 2023

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Dodaro:

We write to request that the Government Accountability Office (GAO) evaluate the Department of Energy's (DOE) management of the U.S. Strategic Petroleum Reserve (SPR) and conduct an audit of the SPR modernization program authorized by Section 404 of the Bipartisan Budget Act of 2015. DOE's mismanagement of the SPR has undermined America's energy security, leaving the nation more vulnerable to energy supply disruptions, and increasing the ability for OPEC and Russia to use energy as a geopolitical weapon.

Today, the SPR inventory is at the lowest level since 1983. Under President Biden, DOE has overseen the largest SPR drawdown in history, selling off more than 250 million barrels, equivalent to 42 percent of the reserve, with no credible plan to replenish the stockpile. DOE has failed to establish long-term plans for the optimal size, configuration, maintenance, and operational capabilities of the reserve. We are concerned that the rapid depletion of the SPR may have caused structural damage to the SPR's pipelines and caverns, compromising its ability to meet its energy security mission in the event of a true energy supply disruption. The SPR consists of subterranean salt caverns filled with oil, and a complex system of wells, pipelines, and pumps that use water and brine to direct the flow of oil to where it is needed. Each drawdown has the potential to degrade the SPR's storage and distribution capabilities, as pressurization, corrosion, and consequences of repeated use erode the SPR's physical integrity.

In 2015, Congress required DOE to conduct a long-term strategic review of the SPR and authorized an investment of \$1.4 billion to conduct a SPR modernization program. We were disappointed to learn that the modernization program, known as Life Extension II, has been put on hold by DOE, resulting in critical delays and cost overruns. DOE also recently created new rules, without Congressional authorization, for "fixed-price" purchases of crude oil, rather than conventional purchase contracts. The failure of DOE to secure contracts to purchase oil under the new "fixed-price" bidding scheme raises serious questions about DOE's replenishment strategy and the ability of the SPR to protect the American consumers and the economy in times of emergency.

Given the concerns identified and the importance of the SPR as an energy security asset, we request that the GAO conduct a programmatic audit of the SPR modernization program, including the status and budget of the Life Extension II program, and other relevant programs

relating to SPR operations, maintenance, modernization, and acquisition and sales relating to the reserve. Through your investigation, we ask that you address the following questions:

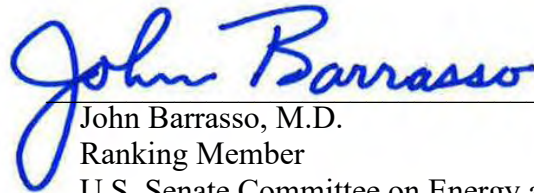
1. Has the Biden administration conducted a long-term strategic review of the SPR, and if so, is the review adequate to inform decision making and protect the nation from energy supply disruptions in both current and future scenarios?
2. What damage and increased maintenance requirements, including well remediation, cavern closure, and both pipeline and pump replacements, have resulted from the recent drawdowns?
3. What physical or cybersecurity threats are there to the SPR facilities?
4. How thorough are DOE's studies and assessments of the SPR's structural integrity?
5. Has the DOE developed an adequate plan for replenishing the SPR? If so, please explain.

Thank you for your assistance with this request. If you have any questions, please contact the House Committee on Energy and Commerce Majority staff at (202) 225-3641 or the Senate Committee on Energy and Natural Resources Minority staff at (202) 224-4971.

Sincerely,



Cathy McMorris Rodgers
Chair
U.S. House Committee on Energy and
Commerce



John Barrasso, M.D.
Ranking Member
U.S. Senate Committee on Energy and
Natural Resources