

111TH CONGRESS
1ST SESSION

H. R. 2908

To provide for the sale of light grade petroleum from the Strategic Petroleum Reserve and its replacement with heavy grade petroleum.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 2009

Mr. MARKEY of Massachusetts (for himself, Mr. VAN HOLLEN, and Mr. WELCH) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To provide for the sale of light grade petroleum from the Strategic Petroleum Reserve and its replacement with heavy grade petroleum.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Enhanced Supply and
5 Price Reduction Act of 2009”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

1 (1) the term “light grade petroleum” means
2 crude oil with an API gravity of 30 degrees or high-
3 er;

4 (2) the term “heavy grade petroleum” means
5 crude oil with an API gravity of 26 degrees or lower;
6 and

7 (3) the term “Secretary” means the Secretary
8 of Energy.

9 **SEC. 3. SALE AND REPLACEMENT OF OIL FROM THE STRA-**
10 **TEGIC PETROLEUM RESERVE.**

11 (a) INITIAL PETROLEUM SALE AND REPLACE-
12 MENT.—Notwithstanding section 161 of the Energy Policy
13 and Conservation Act (42 U.S.C. 6241), the Secretary
14 shall publish a plan not later than 30 days after the date
15 of enactment of this Act to—

16 (1) sell, in the amounts and on the schedule de-
17 scribed in subsection (b), light grade petroleum from
18 the Strategic Petroleum Reserve and acquire an
19 equivalent volume of heavy grade petroleum or re-
20 fined petroleum product;

21 (2) deposit the cash proceeds from sales under
22 paragraph (1) into the SPR Petroleum Account es-
23 tablished under section 167 of the Energy Policy
24 and Conservation Act (42 U.S.C. 6247); and

1 (3) from the cash proceeds deposited pursuant
2 to paragraph (2), withdraw the amount necessary to
3 pay for the direct administrative and operational
4 costs of the sale and acquisition.

5 (b) AMOUNTS AND SCHEDULE.—The sale and acqui-
6 sition described in subsection (a) shall require the offer
7 for sale of a total quantity of 70,000,000 barrels of light
8 grade petroleum from the Strategic Petroleum Reserve.
9 The sale shall commence, whether or not a plan has been
10 published under subsection (a), not later than 180 days
11 after the date of enactment of this Act and be completed
12 no more than 3 years after the date of enactment of this
13 Act. In no event shall the Secretary sell barrels of oil
14 under subsection (a) that would result in a Strategic Pe-
15 troleum Reserve that contains fewer than 90 percent of
16 the total amount of barrels in the Strategic Petroleum Re-
17 serve as of the date of enactment of this Act. Heavy grade
18 petroleum, to replace the quantities of light grade petro-
19 leum sold under this section, shall be obtained through
20 acquisitions which—

21 (1) shall be completed, at the discretion of the
22 Secretary, not later than 5 years after the date of
23 enactment of this Act;

1 (2) shall be carried out in a manner so as to
2 maximize the monetary value to the Federal Govern-
3 ment; and

4 (3) shall be acquired using the receipts from
5 the sale of light petroleum authorized under this sec-
6 tion.

7 (c) DOLLAR COST AVERAGING.—To decrease the cost
8 and improve the efficiency of filling the Strategic Petro-
9 leum Reserve, the Secretary shall, to the maximum extent
10 practicable, purchase, exchange, or otherwise acquire
11 crude oil for the Reserve on a dollar cost averaging basis.
12 For purposes of this subsection, dollar cost averaging
13 means an acquisition goal for each fiscal year of a con-
14 stant monthly dollar value of petroleum.

15 (d) DEFERRALS.—The Secretary is encouraged to,
16 when economically beneficial and practical, grant requests
17 to defer scheduled deliveries of petroleum to the Reserve
18 under subsection (a) if the deferral will result in a pre-
19 mium paid in additional barrels of oil which will reduce
20 the cost of oil acquisition and increase the volume of oil
21 delivered to the Reserve or yield additional cash bonuses.

22 (e) REFINED PRODUCTS RESERVE.—The Secretary
23 may, as appropriate to enhance the national security, ac-
24 quire, and place in a Strategic Refined Products Reserve
25 established for that purpose within the Strategic Petro-

- 1 leum Reserve, refined petroleum product, including motor
- 2 gasoline and diesel fuel, to replace quantities of light grade
- 3 petroleum sold under subsection (a).

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