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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

January 14, 1983

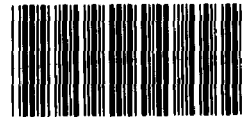
B-208196

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The Honorable James A. McClure
Chairman, Committee on Energy and
Natural Resources
United States Senate

RELEASED

The Honorable J. Bennett Johnston
Ranking Minority Member, Committee
on Energy and Natural Resources
United States Senate



120539

Subject: Status of Strategic Petroleum Reserve Activities
as of December 31, 1982 (GAO/RCED-83-93)

This is the third in a series of reports requested by the Senate Committee on Energy and Natural Resources on the administration's progress in filling the Strategic Petroleum Reserve (SPR). ^{1/} This report discusses activities during the first quarter of fiscal year 1983 related to filling the SPR, establishing the fiscal year 1983 fill rate, and developing new permanent storage facilities, as well as the status of SPR funding. In addition, it discusses efforts to recover overpayments for oil received at the St. James terminal, an oil leak at the Bryan Mound storage site, and DOE documents relating to SPR drawdown and regional petroleum reserves.

This report is based, in part, on our review of program documents, publications, and studies prepared by the Department of Energy (DOE) and the Defense Fuel Supply Center (DFSC), DOE's purchasing agent for much of the SPR oil. In addition, we interviewed managers and operating personnel who are responsible for planning and managing activities associated with developing and operating the SPR facilities. We also interviewed personnel from the private contractors that carry out most program activities. We obtained information on the availability and utilization of oil acquisition funds from both DOE and DFSC.

Our review was performed in accordance with generally accepted government auditing standards. We did not, however,

^{1/}The March 25, 1982, letter requesting these reports is enclosure II.

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verify the data related to oil procurement contracts, the volumes or quality of oil received by DOE, or the available capacity of SPR storage facilities because of the limited time available to conduct the audit work for this report.

SPR FILL UPDATE

DOE reported that the SPR contained about 293.8 million barrels of oil as of December 31, 1982. During the first quarter of fiscal year 1983, about 15.9 million barrels were added to the SPR for an average fill rate of about 173,000 barrels per day. Of the 15.9 million barrels delivered, 5.9 million barrels, or 37 percent, was sweet crude oil and 10.0 million barrels, or 63 percent, was sour crude. 1/ Figures 1 and 2 and tables 1 through 5 in enclosure I provide further information on SPR fill activities.

In the past, DFSC had obtained much of the SPR oil through an open, continuous solicitation. 2/ However, DOE instructed DFSC to suspend purchases under the solicitation on August 17, 1982, because oil deliveries already arranged were expected to fill near-term available permanent storage capacity. On December 7, 1982, DOE requested the resumption of purchases under the open, continuous solicitation. DOE provided a current requirements schedule of oil to be delivered which indicates that DFSC is to purchase about 16.6 million barrels of sweet crude. 3/ The oil is to be delivered from the second half of March through September 1983. DFSC has reactivated the solicitation and has asked for the first offers to be made by January 4, 1983.

FISCAL YEAR 1983 FILL RATE

The Energy Emergency Preparedness Act of 1982 (P.L. 97-229 August 3, 1982) added a new fill rate requirement for the SPR. The act amended section 160 of the Energy Policy and Conservation Act to require a minimum average annual fill rate of at least 300,000 barrels per day. This requirement is subject to the availability of funds and continues until at least 500 million

1/Sweet crude for the SPR has a maximum sulfur content of 0.5 percent; sour crude has over 0.5 percent sulfur content.

2/The open, continuous solicitation involves making contract awards without readvertising the solicitation for offers of oil that is available on the "spot," or short-term, market.

3/According to DOE officials, the requirements schedule will be updated periodically based on progress in the leaching program.

barrels are stored. However, the act allows a lower fill rate for the fiscal year if the President finds the 300,000 barrels-per-day rate not to be in the national interest. On December 1, 1982, the President transmitted to the Congress such a finding for fiscal year 1983. The justification cited in the finding includes

- the administration's efforts to accelerate the pace of SPR oil acquisition,
- long-term SPR purchase commitments,
- the decontrol of the domestic oil market and the decline of oil imports,
- the need for temporary storage facilities if DOE acquired oil at the 300,000 barrels-per-day rate, and
- the additional expenditures of over \$1 billion that would result if DOE increased the rate to 300,000 barrels per day.

After the President makes such a finding, the act states that the minimum average fill rate for the fiscal year shall be 220,000 barrels per day. However, the act also provides that, if funds are available after fiscal year 1982 to achieve a higher average annual fill rate than 220,000 barrels per day, then the minimum required fill rate shall be "the highest practicable fill rate achievable, subject to the availability of appropriated funds." 1/

DOE's Office of General Counsel is currently assisting the SPR program office in examining the implications of this provision, in light of the funds available for oil acquisition, to determine the minimum required fill rate for fiscal year 1983. An important issue being examined is whether the act restricts the amount of funds that can be used to order oil in a fiscal year for delivery in the next or future years. For example, the President's fiscal year 1983 budget included a plan to have about 46 million barrels of oil on order by the end of fiscal year 1983 for delivery in fiscal year 1984. Obligating funds for these advance orders reduces the amount of funds available for oil to be delivered in fiscal year 1983. DOE officials believe that with 46 million barrels on order, the remaining available funds would allow a fill rate of 220,000 barrels per day (80.3 million

1/In addition, the Impoundment Control Act of 1974 has been made applicable to the funds available to fill the SPR.

barrels) in fiscal year 1983. ^{1/} DOE expects to make a decision on the required fill rate for fiscal year 1983 during the next quarter.

DEVELOPING STORAGE CAPACITY

During the quarter, DOE continued its efforts to develop additional storage capacity. The leaching program at Bryan Mound proceeded without major problems during the quarter and the average monthly leaching rate exceeded the scheduled baseline. Although the leaching rate at West Hackberry reached the highest level for the site since leaching was begun, the program continued to be behind schedule in that it did not sustain the baseline rate. (See table 6.) According to program officials, the leaching rate was affected by problems with the high-pressure brine pump motors and minor electrical problems. In addition, some of the equipment at West Hackberry was upgraded during the quarter which impacted on the leaching rate. The upgraded equipment is expected to reduce the number of repairs and downtime and allow a more consistent leaching rate.

DOE's testing program to determine the usefulness of the 13.1-million-barrel Sulphur Mines cavern 2-4-5 was completed on December 15, 1982. Based on the test results, DOE has decided that it will be able to use the cavern and plans to begin filling the cavern in January 1983. The full use of the cavern is important to the SPR program because DOE will need the 13.1 million barrel capacity and 2.1 million barrels more than its current expansion plans call for, to store oil at a fill rate of 220,000 barrels per day in fiscal year 1983, without using interim storage.

DOE's efforts to develop future storage capacity at the Bayou Choctaw and Big Hill sites also proceeded during the quarter. At Bayou Choctaw the leaching program for a 5.7-million-barrel cavern, ^{2/} which is scheduled to be completed

^{1/}DOE had about 60 million barrels (or about 165,000 barrels per day) on order at the end of fiscal year 1982 for delivery in fiscal year 1983. To increase the fill rate for fiscal year 1983 to 220,000 barrels per day from the first quarter level of about 173,000 barrels per day, DOE would need to fill at an average rate of about 235,000 barrels per day for the remainder of the year.

^{2/}The agreement with the Allied Chemical Corporation calls for the cavern to have 4.5 million barrels of usable capacity and to be constructed to allow Allied Chemical to further leach the cavern to 10 million barrels of capacity. In order to develop such a cavern and allow for the settling of insolubles, DOE determined that it must leach the cavern to 5.7 million barrels.

in 1985 and exchanged for a 10-million-barrel cavern owned by Allied Chemical Corporation, continued on schedule. As of December 31, 1982, 1 million barrels had been leached.

At Big Hill, the major activity during the quarter was focused on land acquisition for the site. The Army Corps of Engineers acquired about 200 acres of land from Amoco through condemnation proceedings. In addition to land acquisition, DOE initiated procurement activities related to site preparation and development.

STATUS OF SPR FUNDING

DOE began the first quarter with \$1.8 billion available to pay for oil deliveries under existing contracts and for future oil purchases. In addition, DOE had prepaid fiscal year 1983 deliveries of oil obtained under the August 24, 1982, agreement with the Mexican State oil company, Petroleos Mexicanos (PEMEX). The Department of the Interior and Related Agencies Appropriations Act (P.L. 97-394) was passed on December 30, 1982. The act appropriates an additional \$2.1 billion to the SPR program for fiscal year 1983. Of the \$3.9 billion available to pay for oil deliveries under existing contracts and for future oil purchases, DOE made payments of about \$700 million during the quarter. Of the remaining \$3.2 billion, about \$1.4 billion has been obligated and about \$1.8 billion remains unobligated. Table 7 provides further funding information.

RECOVERY OF OVERPAYMENTS FOR OIL DELIVERED TO ST. JAMES TERMINAL

DFSC continued its efforts during the quarter to collect overpayments for oil delivered to the St. James terminal between September 1980 and November 1981. During that period the mathematical tables used to convert the levels of crude oil in storage tanks at the terminal into an equivalent number of barrels were incorrect. According to DFSC, this caused overpayments of about \$13.8 million to 12 suppliers and underpayments of about \$48,000 to 2 suppliers. The underpayments have been settled. As of December 31, 1982, two of the overpayments, totaling about \$1.2 million, had been recovered. The status of DFSC's efforts to collect the other overpayments is shown in table 8.

OIL LEAK AT BRYAN MOUND

During the quarter, efforts were underway to investigate an underground oil leak at the Bryan Mound site. The leak, which was in a well casing leading to cavern No. 4, was detected in early October 1982, and was plugged by October 19, 1982. A technical assessment team, comprised of operation and maintenance contractor personnel, has been requested to provide a report on

the oil leak by January 31, 1983. The report is expected to detail the cause of the leak, the amount of oil lost, and recommendations for the prevention of similar incidents.

While the quantity of oil leaked has not been officially determined (another reading of the cavern will be made), DOE's technical contractor, Sandia Corporation, made two estimates of the quantity. The estimates used different methodologies, and showed that approximately 46,000 and 66,000 barrels of sweet crude oil were leaked. Efforts are being undertaken to locate and recover the oil. However, as of December 31, 1982, only 142 barrels had been recovered. In our next quarterly report, when the contractor's report is complete, we will provide further information regarding the leak.

DOE DOCUMENTS ON SPR DRAWDOWN
AND REGIONAL RESERVES

The Energy Emergency Preparedness Act of 1982 requires, among other things, that DOE submit to the Congress two documents on drawing down the SPR and one on developing a regional petroleum reserve. On December 1, 1982, DOE submitted the two documents on SPR drawdown: (1) "The Strategic Petroleum Reserve Drawdown Plan" and (2) "The Strategic Petroleum Reserve Drawdown and Distribution Report." On December 31, 1982, DOE submitted the other required report entitled "Regional Petroleum Reserves."

The SPR Drawdown Plan, which replaces a 1979 plan, was required to set forth the method of drawdown and distribution of SPR oil. The administration is required to abide by the plan during any future SPR drawdowns. The SPR Drawdown and Distribution Report was required to contain (1) a description of the foreseeable situations which could necessitate SPR distributions and (2) descriptions of alternative distribution strategies which could be used to respond to each of these situations, along with the theory and justification for each. Unlike the SPR Drawdown Plan, the SPR Report is not binding on the administration.

On January 3, 1983, we issued a report (GAO/RCED 83-85) which analyzed the two documents. In summary, we found that the SPR Plan and Report gave little specific information on how the SPR could be used in an oil supply disruption. In addition, we found that effective SPR drawdown-and distribution-planning is necessary and that the administration's arguments against such planning are unconvincing.


The act requires DOE's report on regional petroleum reserves to analyze the economic benefits and costs of establishing such reserves. In summary, DOE's report concludes that the currently

planned SPR is the best means of providing needed flexibility and security at the lowest costs. The report states that

"* * * SPR capabilities are considered sufficient to serve regional needs in the event of a severe energy shortage, and no policy changes with regard to the efficacy of regional reserves are considered appropriate at this time."

- - - -

In order to meet the required time frames of this report, we did not obtain official agency comments. However, we provided DOE and DFSC program officials a draft of this report and discussed its factual accuracy with them. Based on their comments, we made appropriate revisions. We plan no further distribution of this report until 7 days after its issue date unless you publicly announce its contents earlier. At that time, we will send copies to the Secretary of Energy and other interested parties and make copies available to others upon request.


for J. Dexter Peach
Director

Enclosures

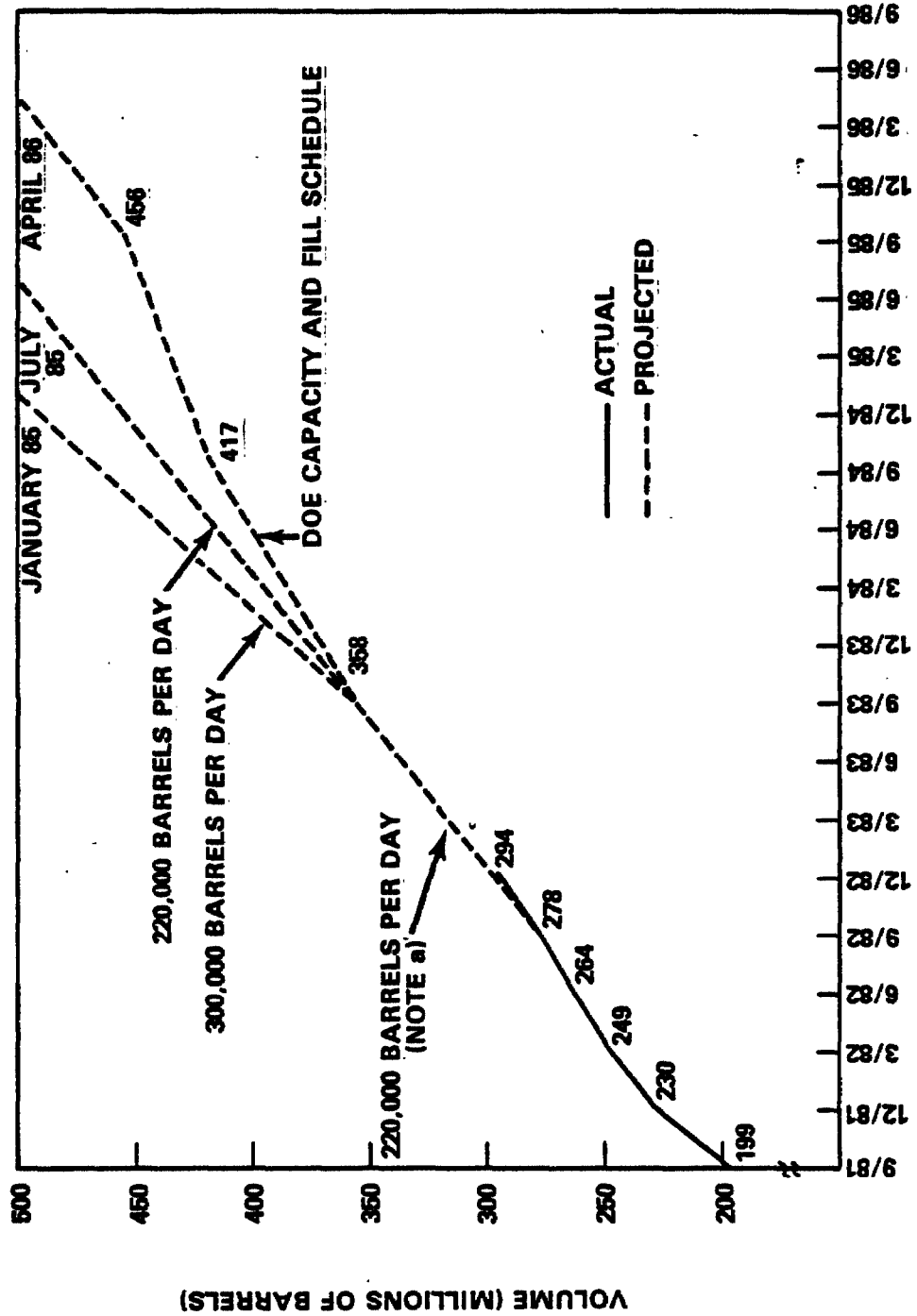
C o n t e n t s

Enclosure

Page

| | | |
|-----------|--|----|
| I | TABLES AND GRAPHS ON THE STATUS OF THE STRATEGIC PETROLEUM RESERVE | |
| | Figure 1: Comparison of fill rates in reaching 500 million barrels and the potential need for additional storage | 1 |
| | Table 1: Alternative SPR oil fill schedules and additional storage requirements | 2 |
| | Figure 2: Average daily SPR receiving rate | 3 |
| | Table 2: Volume of SPR oil stored in caverns and other facilities by fiscal year 1983 quarter | 4 |
| | Table 3: Summary of oil deliveries for fiscal year 1983 | 5 |
| | Table 4: Volume and percentage of the different types of crudes delivered to the SPR as of December 31, 1982 | 6 |
| | Table 5: Status of SPR underground storage capacity and fill activities as of December 31, 1982 | 7 |
| | Table 6: Average monthly leaching rates -- April-December 1982 | 8 |
| | Table 7: Status of the SPR Petroleum Account as of December 31, 1982 | 9 |
| | Table 8: Status of DFSC collection efforts | 10 |
| II | MARCH 25, 1982, LETTER FROM THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE REQUESTING QUARTERLY STATUS REPORTS | 11 |

FIGURE 1 COMPARISON OF FILL RATES IN REACHING 500 MILLION BARRELS AND THE POTENTIAL NEED FOR ADDITIONAL STORAGE



a/ THE PRESIDENT HAS FOUND THAT THE 300,000-BARREL-PER-DAY RATE IS NOT IN THE NATIONAL INTEREST FOR FISCAL YEAR 1983.

Table 1

Alternative SPR Oil Fill Schedules
and Additional Storage Requirements

| <u>Fiscal year</u> | <u>DOE expansion plan (note a)</u> | <u>300,000 barrels per day fill rate (note b)</u> | <u>Additional storage requirement</u> | <u>220,000 barrels per day fill rate (note c)</u> | <u>Additional storage requirement</u> |
|---|------------------------------------|---|---------------------------------------|---|---------------------------------------|
| - - - - - (millions of barrels) - - - - - | | | | | |
| 1983 | 343 | | | 358.2 | d/ 15.2 |
| 1984 | 417 | 468.0 | 51.0 | 438.7 | 21.7 |
| 1985 | 456 | 500.0 | 44.0 | 500.0 | 44.0 |
| 1986 | 538 | | | | |
| 1987 | 598 | | | | |
| 1988 | 623 | | | | |
| 1989 | 670 | | | | |
| 1990 | 750 | | | | |

a/See p. 5 of DOE's November 15, 1982, SPR Quarterly Report.

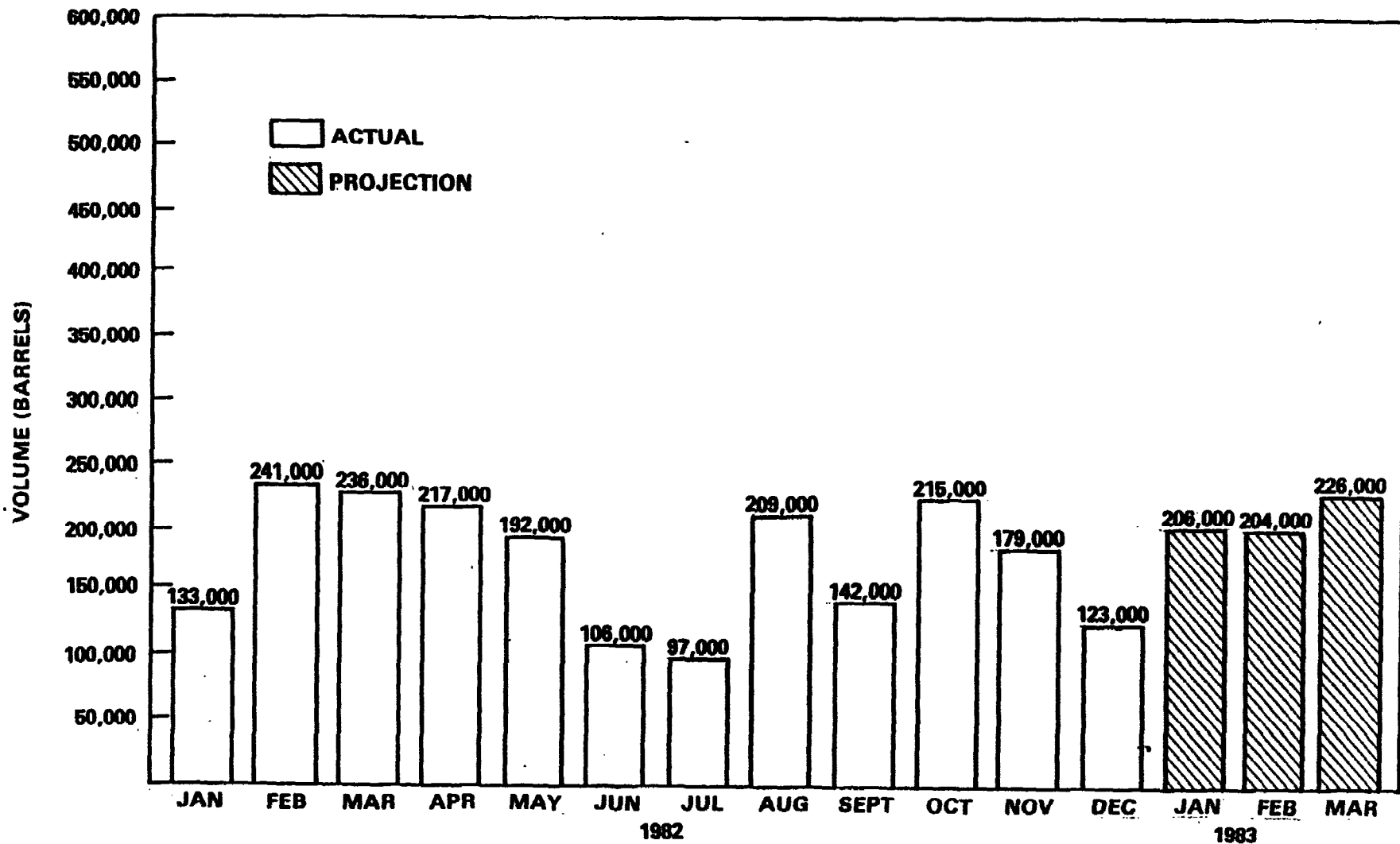
b/The Energy Emergency Preparedness Act of 1982 (P.L. 97-229, Aug. 3, 1982) increases the required average annual fill rate under certain circumstances, to 300,000 barrels per day until at least 500 million barrels are stored. However, for fiscal year 1983, the President found the 300,000 barrels-per-day rate not to be in the national interest.

c/The Energy Emergency Preparedness Act of 1982 also provides, under certain circumstances, for a minimum average annual fill rate of 220,000 barrels per day.

d/DOE's ability to store this amount without interim storage assumes that the 13.1-million-barrel cavern at Sulphur Mines will be available and that the current expansion plans are exceeded by 2.1 million barrels. DOE has decided that the Sulphur Mines cavern will be used and DOE is optimistic that the leaching schedule can be exceeded.

SOURCE: DOE and GAO calculations based on the fill rate requirements in P.L. 97-229.

FIGURE 2 AVERAGE DAILY SPR RECEIVING RATE^a



a/ DAILY RECEIVING RATES FOR JANUARY, FEBRUARY, AND MARCH 1983 ARE BASED ON DOE PROJECTIONS

Table 2Volume of SPR Oil Stored in Caverns and Other
Facilities by Fiscal Year 1983 Quarter

| <u>Quarter</u> | <u>Volume of oil at start of quarter</u> | <u>Deliveries</u> | <u>Volume of oil at end of quarter</u> | <u>Average receiving rate For quarter</u> | <u>Since 10/01/82</u> |
|--|--|-------------------|--|---|---------------------------|
| | - - - - (millions of barrels)- - - - | | | (barrels per day) | |
| Oct. 1, 1982 through Dec. 31, 1982 | 277.9 | 15.9 | 293.8 | 173,028 | 173,028 |

Source: DOE.

Table 3Summary of Oil Deliveries For Fiscal Year 1983

| <u>Activity</u> | <u>Number of Contracts</u> | <u>Volume Delivered as of December 31, 1982</u> (millions of barrels) |
|--------------------------------------|----------------------------|--|
| Open continuous solicitation | 4 | a/ 2.8 |
| PEMEX contracts | 2 | 8.2 |
| Term Contracts | | |
| Exxon International Co. | 1 | 3.8 |
| Transocean Gulf Oil Co. | 1 | 1.0 |
| Citation Oil and Gas, Ltd. | 1 | 0 |
| Naval Petroleum Reserves (note b) | - | .1 |
| Consent Orders (note c) | - | <u>0</u> |
| Total | | <u>15.9</u> |

a/At the end of fiscal year 1982, about 2.9 million barrels of oil which had been contracted for in August 1982 remained to be delivered. The remaining approximately 100,000 barrels represents allowable under deliveries of contracted amounts.

b/Includes delivery during the quarter of about 100,000 barrels of Naval Petroleum Reserve oil through a memorandum of understanding with DOE's Office of Naval Petroleum and Oil Shale Reserves. Only 31,470 barrels remain to be delivered under this agreement.

c/In November 1982, Quaker State elected to pay DOE \$4.8 million plus applicable interest under a consent order rather than deliver oil valued at that amount to the SPR. In addition, on October 25, 1982, a consent order under which Conoco, Inc., is to deliver \$11 million in oil to the SPR became final. Also, on October 27, 1982, a consent order with Champlin Petroleum Company became final. Champlin is to deliver oil valued at \$7.1 million to the SPR. As with Quaker State's consent order, Conoco and Champlin have the option to pay rather than make oil deliveries.

Source: DOE and DFSC.

the oil leak by January 31, 1983. The report is expected to detail the cause of the leak, the amount of oil lost, and recommendations for the prevention of similar incidents.

While the quantity of oil leaked has not been officially determined (another reading of the cavern will be made), DOE's technical contractor, Sandia Corporation, made two estimates of the quantity. The estimates used different methodologies, and showed that approximately 46,000 and 66,000 barrels of sweet crude oil were leaked. Efforts are being undertaken to locate and recover the oil. However, as of December 31, 1982, only 142 barrels had been recovered. In our next quarterly report, when the contractor's report is complete, we will provide further information regarding the leak.

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On January 3, 1983, we issued a report (GAO/RCED 83-85) which analyzed the two documents. In summary, we found that the SPR Plan and Report gave little specific information on how the SPR could be used in an oil supply disruption. In addition, we found that effective SPR drawdown-and distribution-planning is necessary and that the administration's arguments against such planning are unconvincing.

The act requires DOE's report on regional petroleum reserves to analyze the economic benefits and costs of establishing such reserves. In summary, DOE's report concludes that the currently

Table 5

Status of SPR Underground Storage Capacity
and Fill Activities as of December 31, 1982

| <u>Phase I sites</u> | <u>Permanent capacity available</u> | | <u>Capacity filled</u> |
|-----------------------|---|---------------------------------------|---|
| | - - - - (millions of barrels) - - - - | | |
| Weeks Island | 72.6 | | 72.6 |
| Bayou Choctaw | 45.6 | | 44.5 |
| Sulphur Mines | a/ 26.3 | | 13.2 |
| West Hackberry | 48.7 | | 48.3 |
| Bryan Mound | 64.8 | | 64.4 |
| Subtotal | b/ 258.0 | | 243.0 |
| | | | |
| <u>Phase II sites</u> | <u>Planned oil fill capacity</u> | <u>Gross capacity leached</u> | <u>Capacity filled (note c)</u> |
| Bayou Choctaw | 10.0 | d/ - | - |
| West Hackberry | 160.0 | 44.7 | 8.7 |
| Bryan Mound | 120.0 | 76.2 | 39.8 |
| Subtotal | 290.0 | 120.9 | 48.5 |
| Total for SPR | 548.0 | | e/ 291.5 |

a/DOE decided in December 1982 that Sulphur Mines Cavern 2-4-5 could be used to store oil. This raises the capacity available at that site to 26.3 million barrels. DOE expects to start filling this cavern in January 1983.

b/Our last quarterly report showed actual capacity at 256.5 million barrels. However, as of December 31, 1982, DOE indicated that the capacity had increased by 1.5 million barrels to 258.0 million barrels.

c/The volume of oil in underground storage is the same as capacity available for oil fill. DOE can inject oil into caverns while leaching continues. In the early stages of cavern leaching, only a small percentage of the leached gross cavern capacity can be filled. In later stages, a much higher percentage of the leached gross cavern capacity can be filled.

d/A newly leached cavern with 4.5 million barrels of usable capacity will be exchanged for an existing 10-million-barrel cavern owned by Allied Chemical Corporation at the Bayou Choctaw site after leaching is completed. As of December 31, 1982, 1 million barrels had been leached. DOE currently expects to complete leaching in June 1985.

e/An additional 2.3 million barrels of oil is in pipelines and surge storage tanks. This brings the total oil in the SPR system to 293.8 million barrels.

SOURCE: DOE.

Table 6

Average Monthly Leaching Rates
April - December 1982

| | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|------------------------------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| ----- (thousands of barrels) ----- | | | | | | | | | |
| <u>Bryan Mound</u> | | | | | | | | | |
| Baseline | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| Actual | 894 | 955 | 927 | 906 | 971 | 956 | 948 | 965 | 957 |
| <u>West Hackberry</u> | | | | | | | | | |
| Baseline | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Actual | 751 | 749 | a/ 264 | 754 | 838 | b/ 660 | 875 | 813 | 859 |

a/ During June, leaching was stopped for 11 days because modifications were being made to the electrical system.

b/ During September, leaching was stopped for 5 days to make electrical repairs and to clean the water line.

Source: DOE.

Table 7Status of the SPR Petroleum AccountAs of December 31, 1982 (note a)

| <u>Funds made available</u> | <u>Amount</u> (millions) |
|--|-----------------------------|
| Carry over from fiscal year 1981 | \$1,806 |
| Fiscal year 1982 appropriations | 3,684 |
| Fiscal year 1983 appropriations | <u>2,074</u> |
| Total available | <u>\$7,564</u> |
| <u>Funds used or committed</u> | |
| Fiscal year 1982 payments | \$3,687 |
| Estimated fiscal year 1983 payments as of 12/31/82 (note b) | 725 |
| DOE's unpaid obligations as of 12/31/82 (note c) | <u>1,355</u> |
| Total used or committed | <u>\$5,767</u> |
| Unobligated funds at DOE (note d) | <u>\$1,797</u> |

a/The SPR Petroleum Account was established in October 1981 to pay for petroleum acquisition and transportation.

b/Amounts include DOE's actual reported payments through November 30, 1982, and DOE's estimated payments for December 1982.

c/Unpaid obligations represent funds that have been committed to pay for future oil deliveries. According to DOE, about \$424 million is for oil deliveries under the first PEMEX contract, about \$881 million is obligated to DFSC for upcoming oil deliveries or purchases, and about \$50 million is for expected transportation costs.

d/DOE expects to obligate about \$53 million to cover the remaining costs associated with fiscal year 1983 PEMEX oil deliveries. This would leave an estimated \$1.744 billion at DOE for additional oil purchases.

Source: DOE.

Table 8Status of DFSC Collection EffortsContractor

| | | |
|------------------------------------|---------------|--|
| Amerada Hess | \$ 944,508.94 | Contracting Officer's final determination issued on December 17, 1982. Offset action in process. <u>a/</u> |
| Amoco | 275,693.70 | Collected. |
| Atlantic Richfield | 201,400.60 | Final determination issued October 21, 1982. Offset on December 30, 1982. |
| Cheveron U.S.A., Inc. | 150,448.20 | Final determination issued October 21, 1982. Offset action in process. |
| Coastal States Trading | 523,755.04 | Final determination issued October 21, 1982. Offset action in process. |
| Coral Petroleum | 412,477.17 | Final determination issued October 1, 1982. Offset on November 1, 1982. Coral has appealed decision. |
| Derby | 4,930,251.52 | Derby appealed final determination. |
| Exxon U.S.A. | 911,405.09 | Collected. |
| Listo Energy, Inc. | 592,232.36 | Final determination issued August 6, 1982. Action to collect in process. |
| Houston Oil and Refining | 1,893,773.61 | Final determination issued October 21, 1982. Action to collect in process. |
| U.S.A. Petrochem | 364,948.03 | Final determination issued October 1, 1982. Action to collect in process. |
| U.S. and S.A. Enterprises, Inc. | 2,628,350.76 | Final determination issued October 21, 1982. Action to collect in process. |

a/In some cases, to obtain repayment, DFSC may offset the overpayment by reducing the amount paid on another contract the company has with DFSC.

SOURCE: DFSC.

MARK G. HATFIELD, OREG.
 LOWELL P. WICKER, JR., CONN.
 PETE V. DOMENICI, N. MEX.
 MALCOLM WALLOP, WYO.
 JOHN W. WARNER, VA.
 GORDON J. HUMPHREY, N.H.
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United States Senate

COMMITTEE ON ENERGY AND NATURAL RESOURCES

WASHINGTON, D.C. 20510

MICHAEL D. HATHAWAY, STAFF DIRECTOR
 CHARLES A. TRABANDY, CHIEF COUNSEL
 D. MICHAEL HARVEY, CHIEF COUNSEL FOR THE MINORITY

March 25, 1982

The Honorable Charles A. Bowsher
 Comptroller General of the United States
 General Accounting Office
 441 G Street, N.W.
 Washington, D.C. 20548

Dear Mr. Bowsher:

The Congress attaches a high priority to the rapid fill of crude oil into the Strategic Petroleum Reserve (SPR). The SPR is an essential element of this Nation's efforts to provide protection against the potential consequences of an international oil supply interruption.

Pursuant to a letter dated July 23, 1980, the GAO issued eleven reports reviewing the Administration's progress and activities in filling the SPR. These reports have proven to be most informative and have provided Congress with information needed for policy formulation.

Accordingly, we are requesting that the GAO further assist Congress by monitoring the SPR program activities and reporting by letter to the Committee on a quarterly basis as to the Administration's progress in filling the SPR and in complying with the requirements of applicable law. These reports should begin in the next calendar quarter and continue through the end of fiscal 1985.

Please let us know if the Senate Committee on Energy and Natural Resources can be of any assistance in carrying out this request.

Henry M. Jackson

James A. Mc Clure

Dale Bumpers

John W. Warner

Benjamin L. Ford

Gordon Humphrey

~~Paul H. Lattin~~
Howard K. Kistenbaum

Alex. Budge
Paul Tracy

John Melcher

Benett Holt

Frank H. Muth

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John Henry

Malcolm Wallis

Pete V. Domenici

Sam Nichols