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# United States Senate

April 30, 2018

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The Honorable Steven Winberg  
Assistant Secretary  
Office of Fossil Energy (FE)  
U.S. Department of Energy  
Forrestal Building  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Assistant Secretary Winberg,

The Strategic Petroleum Reserve (SPR) is a key national resource meant to protect American consumers from oil price spikes or supply disruptions. According to documents obtained through a Freedom of Information Act Request, several companies have complained to the Department of Energy that oil purchased from the SPR has been contaminated with levels of hydrogen sulfide as high as 250 times above the allowable level set by government safety standards.<sup>1</sup> High levels of hydrogen sulfide can injure workers and damage oil pipelines and equipment at refineries.

Exxon Mobil, Royal Dutch Shell, Macquarie Group, and PetroChina have all made separate complaints regarding hydrogen sulfide levels, and the Department of Energy reportedly paid PetroChina around \$1 million to clean the contaminated oil.

As of April 12, 2019, the SPR contains 649.1 million barrels of sweet and sour crude oil.<sup>2</sup> If there is an issue with the quality of oil in the reserve, American consumers vulnerable could be left vulnerable if we need to call upon our stockpile in an emergency.

Recent legislation has also mandated the sale of 266 million barrels of crude oil from the SPR through 2027 in order to offset the costs of various legislative priorities.<sup>3</sup> If there are questions regarding the quality of oil in the reserve, it could decrease companies' interest in SPR reserves

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<sup>1</sup> Catherine Ngai, "Exxon and Others Say U.S. Government Sold Toxic Crude Oil," Bloomberg (April 12, 2019), <https://www.bloomberg.com/news/articles/2019-04-12/tainted-oil-exxon-others-say-u-s-government-sold-toxic-crude>.

<sup>2</sup> "Strategic Petroleum Reserve Inventory," Department of Energy (April 12, 2019), <https://www.spr.doe.gov/dir/dir.html>.

<sup>3</sup> Robert Pirog, "Memorandum: Mandated SPR Sales," Congressional Research Service (May 4, 2018).

and drive down the price they are willing to pay for it. This would harm American taxpayers, who paid for this oil to be acquired, and potentially require more oil to be sold to generate the revenue required by statute, further diminishing the power of our federal stockpile.

I request a response to the following by May 10, 2019:

1. Has the Department of Energy paid for or otherwise helped to clean contaminated oil sold to any company?
  - a. If so, please provide a list of the companies, the cost of the clean-up, and the date on which the clean-up occurred.
  - b. If so, what does the Department of Energy think is causing the high hydrogen sulfide readings?
  - c. If so, does the Department believe that contamination is happening in the reserve or as the oil is being transported?
2. Has the Department of Energy tested the sour crude oil within the SPR (particularly in the Bryan Mound storage site, from which the oil sold to Exxon Mobil was taken) to determine the hydrogen sulfide levels? If so, please provide the dates on which the tests occurred and the results of those tests.
3. Please describe the steps that the Department of Energy is taking to ensure that oil in the reserves or future cargo is not contaminated.
4. A Department of Energy spokeswoman told Bloomberg that the agency worked with Exxon Mobil to “find alternate options for the [oil] cargo’s delivery.” What other options were used, and did those options result in lower hydrogen sulfide readings?
5. Does the Department of Energy believe the reported hydrogen sulfide contamination has decreased the price at which the oil is being sold?

I look forward to your prompt reply. Please contact Hannah Vogel in my office at 202-224-2742 with any questions.

Sincerely,



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Edward J. Markey  
United States Senator