



Strategic Petroleum Reserves

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Recently, India has decided to fill its **strategic petroleum reserves** in view of the **slump in crude prices**.

This will help on two fronts: India will get cheap oil for its reserves and it will also help in resolving the storage problem for refiners.

Key Points

- Strategic petroleum reserves are huge **stockpiles of crude oil** to deal with any crude oil-related crisis like the risk of supply disruption from natural disasters, war or other calamities.
- According to the agreement on an **International Energy Programme (I.E.P.)**, each **International Energy Agency (IEA)** country has an obligation to hold **emergency oil stocks** equivalent to at least 90 days of net oil imports.
 - In case of a severe oil supply disruption, IEA members may decide to release these stocks to the market as part of a collective action.
 - **India** became an **associate member of the International Energy Agency** in 2017.
- India's strategic crude oil storages are currently located at **Visakhapatnam (Andhra Pradesh), Mangaluru (Karnataka), and Padur (Karnataka)**.
The government has also given approval for setting up of two additional facilities at **Chandikhol (Odisha) and Padur (Karnataka)**.
- The concept of dedicated strategic reserves was **first mooted in 1973 in the US**, after the **OPEC** oil crisis.
- Underground storage is, by far the most economic method of storing petroleum products because the underground facility rules out the requirement of large swathes of land, ensures less evaporation and, since the caverns are built much below the sea level, it is easy to discharge crude into them from ships.

- The construction of the **Strategic Crude Oil Storage facilities** in India is being managed by **Indian Strategic Petroleum Reserves Limited (ISPRL)**.
ISPRL is a wholly owned subsidiary of **Oil Industry Development Board (OIDB)** under the **Ministry of Petroleum & Natural Gas**.

Source: IE