

Originally Processed With FOIA(s):
2005-1002-F; 2008-1289-F

FOIA Number:
2005-1002-F

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: National Security Council
Series: H-Files
Subseries: NSC/DC Meetings Files

OA/ID Number: 90019
Folder ID Number: 90019-028

Folder Title:
NSC/DC 278 - May 08, 1991 - NSC/DC Meeting on Strategic Petroleum Reserve / SPR, Keywords: Oil,
Energy

Stack:	Row:	Section:	Shelf:	Position:
V	15	2	6	2

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	Eric Melby to Robert M. Gates Re: NSC Deputies Committee Meeting on SPR, 5:30 p.m., Wednesday, May 8, Situation Room (2 pp.)	5/7/91	(b)(1)	C
01b. Talking Points	Re: Points To Be Made for NSC Deputies Committee Meeting on the Strategic Petroleum Reserve (1 pp.)	n.d.	(b)(1)	C
01c. Report	Re: Strategic Petroleum Reserve Oil Acquisition Policy Choices (3 pp.)	5/7/91	(b)(1)	C
02. Memo	Eric Melby to Robert M. Gates Re: SPR (1 pp.)	4/19/91	(b)(1)	
03. Report	Re: Strategic Petroleum Reserve Oil Acquisition Policy Choices (3 pp.)	5/7/91	(b)(1)	C
04. Minutes	Re: Minutes of Deputies Committee Meeting on the Strategic Petroleum Reserve [FOIA restrictions redacted] (5 pp.)	5/8/91	(b)(1)	C
05. Summary	Re: Summary of Conclusions for Meeting of NSC Deputies Committee (2 pp.)	5/8/91	(b)(1)	C

Page 1 of 1

Collection:

Record Group: Bush Presidential Records

Office: National Security Council

Series: H-Files

Subseries: NSC/DC Meetings Files

WHORM Cat.:

File Location: NSC/DC 278 - May 08, 1991 - NSC/DC Meeting on Strategic Petroleum Reserve/SPR, Keywords: Oil, Energy

Pinksheet Number: cap1599

OA/ID Number: 90019-028

Date Closed: 1/14/2010

FOIA/Sys Case #: 2005-1002-F

Re-review Case #:

P-2/P-5 Review Case #:

DEPUTY COMMITTEE MEETING
WEDNESDAY, MAY 8, 1991
5:30PM - 6:30PM
SITUATION ROOM

WHITE HOUSE

Mr Gates
Andy Card

OVP

Karl Jackson

NSC

Eric Melby

STATE

Robert Zoellick
William Ramsay

TREASURY

John Robson
Charles Schotta

DOD

Henry Rowen
Lewis Libby

OMB

Robert Howard
Robert Grady

ENERGY

Henson Moore

5 41

DC 278

REQUEST FOR APPOINTMENTS

To: Officer-in-charge
Appointments Center
Room 060, OEOB

Please admit the following appointments on Wednesday, MAY 8, 1991
for Mr Gates of NSC
(NAME OF PERSON TO BE VISITED) (AGENCY)

Robert Zoellick	7/25/53
Eugene McAllister	5/20/52
Lewis Libby	8/22/50
Henson Moore	10/4/39
John Robson	6/21/30
Charles Schotta	2/27/35

DRIVERS:

Vasilios Fotinos	5/25/32
Lee Morris	7/22/46
Ralph Matthews	12/12/42

MEETING LOCATION

Building White House

Room No. Sit Room

Time of Meeting 5:30PM

Requested by Mary Emery

Room No. WW Gflr Telephone 6536

Date of request 5/8/91

Additions and/or changes made by telephone should be limited to five (5) names or less.

APPOINTMENTS CENTER: SIG/OEOB - 395-6046 or WHITE HOUSE - 456-6742

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120345
RECEIVED: 07 MAY 91 14

TO: GATES

FROM: MELBY

DOC DATE: 07 MAY 91
SOURCE REF:

KEYWORDS: OIL
SAUDI ARABIA
AGENDA

ENERGY
DC

PERSONS: WATKINS, J

NAZIR, HISHAM M

SUBJECT: TALKER & AGENDA FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE /
SPR PURCHASES

ACTION: NOTED BY GATES W/ COMMENT

DUE DATE: 10 MAY 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120291 9120340

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
MELBY
NSC CHRON

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMEM

CLOSED BY: NSAJC

DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120345

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 GATES
001

Z 91050718 FOR INFORMATION
X 91080111 NOTED BY GATES W/ COMMENT

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By cap NARA, Date 1/13/10

~~CONFIDENTIAL~~

**National Security Council
The White House**

PROOFED BY: MM

LOG # 20345

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT

BYPASSED WW DESK: _____

DOCLOG MM AIO _____

SL

Ken Hill

SEQUENCE TO

HAS SEEN

DISPOSITION

Bill Sittmann

~~3~~

~~1~~

W

~~1~~

Bob Gates

2

✓

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

3

4

Bn

N

91 MAY 7 P 6: 15

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

bc mtg on May 8 at 5:30pm

DISPATCH INSTRUCTIONS:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20345

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 7, 1991

INFORMATION

MEMORANDUM FOR ROBERT M. GATES

FROM: ERIC MELBY *EM*

SUBJECT: NSC Deputies Committee Meeting on SPR,
5:30 p.m., Wednesday, May 8, Situation Room

Secretary Watkins will meet with Saudi Oil Minister Nazer on May 14 to discuss U.S.-Saudi energy relations. Watkins has requested NSC guidance on what approach he should take about resumed fill of the SPR.

There are two main issues for the Deputies Committee:

-- should the Administration resume buying oil for the SPR at market rates, using existing funds; or

-- should the Administration instead pursue concessional arrangements with Saudi Arabia to fill the SPR?

Saudi Arabia appears to have backed off from its proposal to provide oil to the SPR, to be credited against Desert Shield obligations. Baker told the Saudi Foreign Minister last month that while a Desert Shield credit was out, we were desirous of discussing a long-term SPR relationship with Saudi Arabia. When Brady was in Riyadh, he was told the remaining \$7 billion in Saudi obligations would be paid by end-June.

The SPR contains 570 million barrels of crude; the target is 750 million barrels. Last year the President signed legislation establishing a long-term goal of one billion barrels. Current policy is for the first 750 million barrels to be U.S. owned and controlled on U.S. territory. No facilities are currently available for the final 250 million barrels. Under normal procedures, these facilities, for which no funds are currently budgeted, could take 6-8 years to construct.

The SPR account contains approximately \$910 million, \$440 million of unused FY 90-91 funds and as yet unobligated FY 92 funds and \$470 million from the sale of 23 million barrels since October 1990. Because of uncertainty about future oil market conditions, the President's FY 92 budget did not request money for SPR acquisition in FY 92-96. At current market prices, the SPR account is sufficient to buy approximately 45 million of the 180 million barrels required to reach the 750 million barrels target.

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 13526

2010-2248-MR

MM 4/11/2016

Henson Moore has proposed spending \$300 million to buy oil on the world market for the SPR, using the balance for possible concessional arrangements (DOE paper at Tab II). He is concerned the Hill will criticize DOE if SPR purchases are not resumed quickly. A potential political problem with Henson Moore's proposal is that, at current prices, the Administration will pay more to refill the SPR than it got from sales of SPR oil.

OMB, State and DOD staff have opposed buying SPR oil on the open market right now, preferring first to try to work out a concessional arrangement with the Saudis. There are two principal advantages for us to this approach, if it is successful:

-- we can significantly strengthen our energy security ties with Saudi Arabia;

-- we can fill the SPR at a much faster rate than through direct purchase, thus helping insulate the President from Congressional criticism on the SPR and improving our energy security.

For the Saudis, a concessional arrangement could give approximately \$1 billion at a time of pressing cash flow problems. It could also win them points on the Hill as a reliable partner of the U.S., contributing to global energy security.

Henson Moore may argue that both can be done: buy oil on the open market and negotiate concessional lease/purchases. However, given the limited funds, any expenditures for direct purchases will reduce our leverage to negotiate a concessional lease/purchase.

We do not believe the Deputies Committee should get into the detail of possible concessional lease/purchase arrangements. This should be left to possible negotiations with the Saudis. If the Deputies agree that Watkins should initiate talks with the Saudis, you should insist that DOE involve State fully. For us and for the Saudis, any SPR arrangement will be as much a political statement of our long-term common interests as a contractual energy arrangement.

Talking points for your use at the Deputies meeting are attached at Tab I.

Concurrence by: Richard Haass 

Attachments

Tab I Points to be Made
Tab II DOE Paper
Tab III Agenda

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

POINTS TO BE MADE FOR NSC DEPUTIES COMMITTEE MEETING
ON THE STRATEGIC PETROLEUM RESERVE

- The purpose of this meeting is to decide how best to resume filling the SPR. We expect Saudi Oil Minister Nazer to bring up the SPR when he sees Secretary Watkins next Tuesday.
- I want to be clear about what we are not considering. We are not considering an offset for Saudi obligations under Desert Shield. Secretary Baker has made this clear to the Saudis; Secretary Brady returned with a Saudi commitment to clear their arrears by end-June.
- We should consider how we can best position the President on the SPR. Using existing funds, how can we get the most oil for our money?
- This is not just an energy issue. It also involves delicate political and security ties.
- I would like Henson to lay out DOE's views. Then I would like to hear from other agencies, particularly State and OMB.

DECLASSIFIED
PER E.O. 13526

2010-2248-MR

MM 4/11/2016

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

May 7, 1991

DECLASSIFIED
PER E.O. 13526

Strategic Petroleum Reserve Oil Acquisition
Policy Choices

2010-2248-MR

MM 3/22/2016

(Prepared by the Department of Energy)

Introduction

The Department of Energy is recommending use of \$300 million dollars in Strategic Petroleum Reserve (SPR) funds for conventional oil purchases. The Department also plans to pursue alternative financing arrangements with a major producing country such as Saudi Arabia. This paper discusses the DOE recommendation in the context of Administration policy on SPR oil acquisition. The Administration has committed to pursue alternative financing arrangements, and current law requires a progress report to Congress by early 1992.

Background

The Department of Energy (DOE) has nearly \$700 million for SPR oil acquisition, and a further \$200 million becomes available for FY 1992 with no further Congressional action. Over \$300 million of these funds derives from the recent Desert Storm SPR sale.

The SPR inventory is slightly over 568 million barrels (MMB), but total storage capacity will be 750 MMB by the end of September 1991. There is a new legal requirement to ultimately increase the SPR capacity to one billion barrels.

The President's FY 1992 budget was prepared prior to the Desert Storm drawdown and assumed that approximately \$600 million in budget resources available with no drawdown would be used to "lease" crude oil. Fill was to commence in mid-FY 1992 at 50,000 barrels per day.

Conventional Purchases

While the budget assumes full reliance on "leasing" for SPR crude acquisition, the Department has an additional \$300 million from the drawdown and could use these funds for conventional "spot market" purchases. If all \$900 million were used in this manner, DOE could acquire up to 45 million barrels, assuming prices of \$20/barrel. The Department is recommending a mix of such purchases using the Desert Storm drawdown proceeds of about \$300 million to buy 15 MMB now and "leasing" or mutual benefit purchases. This approach offers the opportunity to resume SPR fill immediately while any "lease" negotiations are ongoing and permits acquisition of "sweet" crude to refill the caverns from which oil has been sold.

Leasing

In February 1990, the Department published an interagency study on SPR financing, concluding that the most promising of a wide range of alternatives to conventional purchase was a "lease" or

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

"lease/option" approach, contracted with a major oil exporter with excess production capacity. Under this concept, a producer could possibly increase oil output, for storage in the SPR. The U.S. would make periodic payments to the producer during the term of the contract, and DOE would acquire an option to buy the oil at the end. However, tax issues were identified and the Administration sought "fast-track" authority to deal with such issues. In September 1990, Congress enacted Public Law 101-383, providing some, but not all, of the authorities requested by the Administration.

While the budget assumed successful "lease" contracting, no negotiations have been held. Several circumstances have changed since the 1990 study, including the Desert Shield/Desert Storm operation, Saudi proposals for use of oil as repayment of financial obligations, the SPR sale of predominantly low-sulphur "sweet" crude, and concerns about Saudi financial resources.

Mutual Benefit Purchase Arrangement

The Department is aggressively developing a variation on the "leasing" concept, under which the U.S. would take title to the oil in return for a modest payment (at least covering out-of-pocket production and transportation costs). The producer would receive a further payment when the SPR was used, after taking into account the up-front U.S. payment. In comparison to a "lease," this approach might avoid tax issues and would lengthen the term of the contract, possibly indefinitely. Either a lease or a mutual benefit purchase can be structured to reduce life-cycle costs below those of conventional purchases. Key negotiation issues would be the amount of the up-front payment and the formula for future revenue-sharing. Also, it is expected that a producer such as Saudi Arabia may seek other advantages including access to stored oil for commercial purposes. However, the availability of crude oil supplies from such arrangements will depend upon successful conclusion of what could be extensive negotiations.

Context for Decision

The two questions are (a) whether to undertake conventional purchases at this time or reserve all funds for a lease or mutual benefit purchase arrangement, (b) whether and how a lease or mutual benefit purchase arrangement should be presented to Saudi Arabia or other producers for negotiation. Administration policy on these two issues will become public in the following ways:

- On May 13, 1991, Saudi Petroleum Minister Hisham Nazer is scheduled to meet DOE Secretary Watkins. He is likely to seek DOE views on SPR oil leasing.
- Congress is considering (S. 341 and H.R. 777) legislation imposing an in-kind import fee to fill SPR. Senate action may occur in May and a House hearing is reportedly planned for mid-May.

~~CONFIDENTIAL~~

3

-- If the Administration does not plan to fill the SPR at the "highest practicable fill rate" for FY 1991, it must file a deferral report for any funds that will remain unobligated.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NSC DEPUTIES COMMITTEE MEETING

DATE: May 8, 1991

LOCATION: White House Situation Room

TIME: 5:30 p.m.-6:30 p.m.

STRATEGIC PETROLEUM RESERVE

Agenda

- I. Introduction Robert Gates
- II. Key Issues for Resumed SPR Fill Henson Moore
- III. Discussion All Participants
- IV. Summary Robert Gates

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAF NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120340
RECEIVED: 07 MAY 91 08

TO: AGENCIES

FROM: SITTMANN

DOC DATE: 07 MAY 91
SOURCE REF:

KEYWORDS: OIL
DC

AGENDA

PERSONS:

SUBJECT: MTG NOTIFICATION MEMO & AGENDA FOR 8 MAY DC MTG RE STRATEGIC
PETROLEUM RESERVE / SPR

ACTION: SITTMANN SGD MEMO TO AGENCIES DUE DATE: 07 MAY 91 STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120291 9120345

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
MELBY
NSC CHRON

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAF NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY AC DATE 3/7 BY HAND W/ATTCH

OPENED BY: NSAJC

CLOSED BY: NSMEM

DOC 2 OF 4

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120340

DOC ACTION OFFICER

001 SITTMANN
002
003 SITTMANN
004

CAO ASSIGNED ACTION REQUIRED

Z 91050709 FOR SIGNATURE
X 91050711 SITTMANN SGD MEMO TO AGENCIES
Z 91050717 FOR SIGNATURE
X 91050719 SITTMANN SGD MEMO TO AGENCIES

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAF NARA, Date 11/3/10

~~CONFIDENTIAL~~

**National Security Council
The White House**

PROOFED BY:

LOG # 20340

URGENT NOT PROOFED:

SYSTEM PRS NSC INT

BYPASSED WW DESK:

DOCLOG A/O

me jth

Ken Hill

SEQUENCE TO

HAS SEEN

DISPOSITION

Bill Sittmann

Bob Gates

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

91 MAY 6 9:47

1

K

A

2

W

3

S/TAC

D

A = Action

I = Information

D = Dispatch

R = Retain

N = No further Action

cc: VP

Sununu

Other

Should be seen by:
(Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20340

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 7, 1991

MEMORANDUM FOR MR. KARL JACKSON
Assistant to the Vice President
for National Security Affairs

MR. J. STAPLETON ROY
Executive Secretary
Department of State

MR. R. BLAIR DOWNING
Executive Secretary
Department of the Treasury

COL. JOHN A. DUBIA
Executive Secretary
Department of Defense

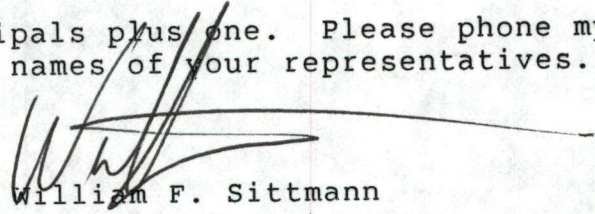
MS. ANN LAVIN
Director, Executive Secretariat
Department of Energy

MR. ROBERT E. HOWARD
Associate Director for National Security
and International Affairs
Office of Management and Budget

SUBJECT: NSC Deputies Committee Meeting on Strategic
Petroleum Reserve *let*

There will be an NSC Deputies Committee meeting on the Strategic Petroleum Reserve at 5:30 p.m., on Wednesday, May 8, 1991, in the White House Situation Room. An agenda is attached. A paper will be distributed later today. *let*

Attendance will be principals plus one. Please phone my office at 202-456-6534 with the names of your representatives. (U)


William F. Sittmann
Executive Secretary

cc: Assistant to the President and Deputy to the Chief of Staff

Attachment
Tab A Agenda

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
White House Guidelines
EO. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NSC DEPUTIES COMMITTEE MEETING

DATE: May 8, 1991
LOCATION: White House Situation Room
TIME: 5:30 p.m.-6:30 p.m.

STRATEGIC PETROLEUM RESERVE

Agenda

- I. Introduction Robert Gates
- II. Key Issues for Resumed SPR Fill Henson Moore
- III. Discussion All Participants
- IV. Summary Robert Gates

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By cap NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: NSC DC MTG AGENDA ON STRATEGIC PERTOLEUM RESERVE / SPR ON 8 MAY
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

JACKSON, K
OFFICE OF THE VICE PRESIDENT
VIA LARRY BRANSCUM
ROOM 292, OEOB
WASHINGTON, DC 20500

DATE

7 May

TIME

1445

SIGNATURE

Larry H Branscum

COPY: 1

ROY, J
DEPARTMENT OF STATE
ROOM 7224, MAIN STATE
2201 C STREET, NW
WASHINGTON, DC 20520

5/7/91

PM 2:19

Anthony T. Taylor

COPY: 1

HOWARD, R
OFC OF MANAGEMENT & BUDGET
NATL SECURITY & INTL AFFAIRS
ROOM 238 OEOB
WASHINGTON, DC 20503

5/7/91

1352

R. Howard

COPY: 1

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

Rev 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: NSC DC MTG AGENDA ON STRATEGIC PETROLEUM RESERVE / SPR ON 8 MAY
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

DATE

TIME

SIGNATURE

JACKSON, K
OFFICE OF THE VICE PRESIDENT
VIA LARRY BRANSCUM
ROOM 292, OEGB
WASHINGTON, DC 20500

COPY: 1

ROY, J
DEPARTMENT OF STATE
ROOM 7224, MAIN STATE
2201 C STREET, NW
WASHINGTON, DC 20520

5/7/91

3:43 pm

Charles L. Jackson Jr.

COPY: 1

HOWARD, R
OFC OF MANAGEMENT & BUDGET
NATL SECURITY & INTL AFFAIRS
ROOM 238 OEGB
WASHINGTON, DC 20503

COPY: 1

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

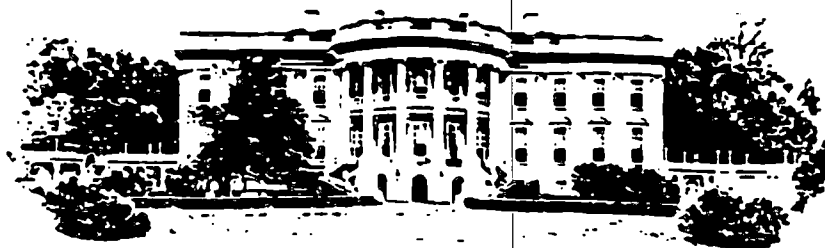
Ram 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEGB

PAGE 01 OF 02 PAGES

TIME OF TRANSMISSION

TIME OF RECEIPT



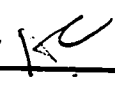
THE SITUATION ROOM

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO. _____ CLASSIFICATION CONFIDENTIAL PAGES 2

FROM WILLIAM F. SITTMANN 
(Name) _____ (Phone Number) _____ (Room No.) _____

MESSAGE DESCRIPTION DC MTG ON 8 MAY

LOG # 20340

TO (Agency)	DELIVER TO:	DEPT/ROOM NO.	PHONE NUMBER
STATE	J. STAPLETON ROY	EXEC SEC	
TREASURY	R. BLAIR DOWNING	EXEC SEC	
DOD	COL JOHN A DUBIA	EXEC SEC	
ENERGY	ANN LAVIN	DIRECTOR, EXEC SEC	

REMARKS URGENT

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

CAP

1/13/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20340

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 7, 1991

ACTION

MEMORANDUM FOR WILLIAM SITTMANN

FROM: ERIC MELBY *EM*

SUBJECT: Deputies Committee Meeting on SPR

SIGNED

At Tab I is a memorandum notifying agencies of a Deputies Committee meeting on the Strategic Petroleum Reserve for 5:30 p.m. on Wednesday, May 8. An agenda is at Tab A. A paper will be distributed later today.

RECOMMENDATION

That you sign the memorandum to agencies at Tab I.

Attachment

Tab I Memo to Agencies
Tab A Agenda

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAF NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

May 8, 1991

NSC DEPUTIES COMMITTEE MEETING

DATE: May 7, 1991

LOCATION: White House Situation Room

TIME: 5:30 p.m.-6:30 p.m.

STRATEGIC PETROLEUM RESERVE

Agenda

- I. Introduction Robert Gates
- II. Key Issues for Resumed SPR Fill Henson Moore
- III. Discussion All Participants
- IV. Summary Robert Gates

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAF NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120291
RECEIVED: 19 APR 91 15

TO: GATES

FROM: MELBY

DOC DATE: 19 APR 91
SOURCE REF:

KEYWORDS: ENERGY
DC

OIL

PERSONS:

SUBJECT: REQUEST FOR DC MTG RE PURCHASES OF OIL FOR STRATEGIC PETROLEUM
RESERVE / SPR

ACTION: NOTED BY GATES W/ COMMENT

DUE DATE: 23 APR 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120340 9120345

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
MELBY
NSC CHRON

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSAJC

CLOSED BY: NSAMM

DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120291

DOC ACTION OFFICER

001 GATES
001

CAO ASSIGNED ACTION REQUIRED

Z 91042011 FOR DECISION
X 91042011 NOTED BY GATES W/ COMMENT

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

SPR

National Security Council
The White House

PROOFED BY: MEH

LOG # 2291

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT

BYPASSED WW DESK: _____

DOCLOG AM A/O _____

WFO

SEQUENCE TO

HAS SEEN

DISPOSITION

Ken Hill

1

copy

A

Bill Sittmann

2

copy

Bob Gates

3

✓

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

Melley

91 APR 19 07:04

4

AM 4:20

N

see note

A = Action

I = Information

D = Dispatch

R = Retain

N = No further Action

cc: VP

Sununu

Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

RECEIVED
NSC SECRETARIAT

91 APR 19 P6:44

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

April 19, 1991

ACTION

MEMORANDUM FOR ROBERT M. GATES

FROM: ERIC MELBY *EM*

SUBJECT: SPR

Henson Moore met with Bob Grady and me yesterday to inform us of Admiral Watkins' desire to resume commercial purchases of oil for the SPR. Dick Hecklinger, Principal DAS in State's EB Bureau, also attended.

When Baker met with the Saudi Foreign Minister last week, he informed him that, while we could not accept the Saudi offer to put oil in the SPR in lieu of cash for Desert Shield, we were interested in discussing options to fill the SPR. We are awaiting a response to our latest letter.

State and OMB believe we should not resume commercial purchases until we know whether we can work something out with the Saudis. I agree.

This issue was briefly discussed at the Informal Steering Group in late February. Since then, substantial staff work has been done among OMB, State, DOE and us on various options for filling the SPR on concessional terms. Although the Saudis did not raise the issue with Secretary Brady in Riyadh yesterday, Tim tells me that Brady is interested in seeing if an SPR deal can be worked out with the Saudis.

To provide policy guidance (and preempt freelancing by DOE), it would be very helpful to have a Deputies meeting on this issue. Henson Moore has agreed to hold off until he gets NSC guidance.

If you agree, we will prepare an issues paper for the meeting.

Concurrence by: Richard Haass *RH*RECOMMENDATION

That you chair a Deputies meeting next week to discuss options for resumed fill of the SPR.

Approve _____

Disapprove _____

Eric - Just this first a bit beyond the provenance of the Deputies' Comm. Next thing you know capital gains and civil rights. J.

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120340
RECEIVED: 07 MAY 91 08

TO: AGENCIES

FROM: SITTMANN

DOC DATE: 07 MAY 91
SOURCE REF:

KEYWORDS: OIL
DC

AGENDA

PERSONS:

SUBJECT: DOE BACKGROUND PAPER FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE

ACTION: SITTMANN SGD MEMO TO AGENCIES

DUE DATE: 07 MAY 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120291 9120345

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
MELBY
NSC CHRON

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY MEM DATE 5/7 BY HAND W/ATTCH

OPENED BY: NSAJC

CLOSED BY: NSMEM

DOC 4 OF 4

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120340

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 SITTMANN
002
003 SITTMANN
004

Z 91050709 FOR SIGNATURE
X 91050711 SITTMANN SGD MEMO TO AGENCIES
Z 91050717 FOR SIGNATURE
X 91050719 SITTMANN SGD MEMO TO AGENCIES

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAF NARA, Date 11/13/10

~~CONFIDENTIAL~~

National Security Council The White House

PROOFED BY: MM

LOG # 20340

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT

BYPASSED WW DESK: _____

DOCLOG MM (A/O) 1

SK

Ken Hill

Bill Sittmann

Bob Gates

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

SEQUENCE TO

HAS SEEN

DISPOSITION

1

K
W

A

2

91 MAY 7 PM 5:35

3

MUSH

~~DN~~

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

Background Paper
~~SECRET~~ DC - SPR (May 8)

DISPATCH INSTRUCTIONS:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20340 add on

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 7, 1991

MEMORANDUM FOR MR. KARL JACKSON
Assistant to the Vice President
for National Security Affairs

MR. J. STAPLETON ROY
Executive Secretary
Department of State

MR. R. BLAIR DOWNING
Executive Secretary
Department of the Treasury

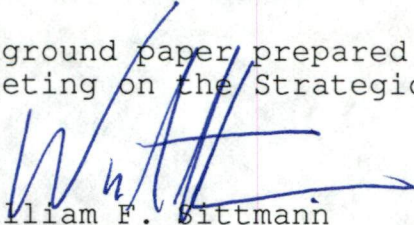
COL. JOHN A. DUBIA
Executive Secretary
Department of Defense

MS. ANN LAVIN
Director, Executive Secretariat
Department of Energy

MR. ROBERT E. HOWARD
Associate Director for National Security
and International Affairs
Office of Management and Budget

SUBJECT: NSC Deputies Committee Meeting on Strategic
Petroleum Reserve (C)

Attached at Tab A is a background paper prepared by DOE for the
May 8 Deputies Committee meeting on the Strategic Petroleum
Reserve. (C)


William F. Bittmann
Executive Secretary

cc: Assistant to the President and Deputy to the Chief of Staff

Attachment
Tab A Background Paper

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/16

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

May 7, 1991

Strategic Petroleum Reserve Oil Acquisition
Policy Choices

(Prepared by the Department of Energy)

DECLASSIFIED
PER E.O. 13526

2010-2248-MR
MM 3/22/2016

Introduction

The Department of Energy is recommending use of \$300 million dollars in Strategic Petroleum Reserve (SPR) funds for conventional oil purchases. The Department also plans to pursue alternative financing arrangements with a major producing country such as Saudi Arabia. This paper discusses the DOE recommendation in the context of Administration policy on SPR oil acquisition. The Administration has committed to pursue alternative financing arrangements, and current law requires a progress report to Congress by early 1992.

Background

The Department of Energy (DOE) has nearly \$700 million for SPR oil acquisition, and a further \$200 million becomes available for FY 1992 with no further Congressional action. Over \$300 million of these funds derives from the recent Desert Storm SPR sale.

The SPR inventory is slightly over 568 million barrels (MMB), but total storage capacity will be 750 MMB by the end of September 1991. There is a new legal requirement to ultimately increase the SPR capacity to one billion barrels.

The President's FY 1992 budget was prepared prior to the Desert Storm drawdown and assumed that approximately \$600 million in budget resources available with no drawdown would be used to "lease" crude oil. Fill was to commence in mid-FY 1992 at 50,000 barrels per day.

Conventional Purchases

While the budget assumes full reliance on "leasing" for SPR crude acquisition, the Department has an additional \$300 million from the drawdown and could use these funds for conventional "spot market" purchases. If all \$900 million were used in this manner, DOE could acquire up to 45 million barrels, assuming prices of \$20/barrel. The Department is recommending a mix of such purchases using the Desert Storm drawdown proceeds of about \$300 million to buy 15 MMB now and "leasing" or mutual benefit purchases. This approach offers the opportunity to resume SPR fill immediately while any "lease" negotiations are ongoing and permits acquisition of "sweet" crude to refill the caverns from which oil has been sold.

Leasing

In February 1990, the Department published an interagency study on SPR financing, concluding that the most promising of a wide range of alternatives to conventional purchase was a "lease" or

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

"lease/option" approach, contracted with a major oil exporter with excess production capacity. Under this concept, a producer could possibly increase oil output, for storage in the SPR. The U.S. would make periodic payments to the producer during the term of the contract, and DOE would acquire an option to buy the oil at the end. However, tax issues were identified and the Administration sought "fast-track" authority to deal with such issues. In September 1990, Congress enacted Public Law 101-383, providing some, but not all, of the authorities requested by the Administration.

While the budget assumed successful "lease" contracting, no negotiations have been held. Several circumstances have changed since the 1990 study, including the Desert Shield/Desert Storm operation, Saudi proposals for use of oil as repayment of financial obligations, the SPR sale of predominantly low-sulphur "sweet" crude, and concerns about Saudi financial resources.

Mutual Benefit Purchase Arrangement

The Department is aggressively developing a variation on the "leasing" concept, under which the U.S. would take title to the oil in return for a modest payment (at least covering out-of-pocket production and transportation costs). The producer would receive a further payment when the SPR was used, after taking into account the up-front U.S. payment. In comparison to a "lease," this approach might avoid tax issues and would lengthen the term of the contract, possibly indefinitely. Either a lease or a mutual benefit purchase can be structured to reduce life-cycle costs below those of conventional purchases. Key negotiation issues would be the amount of the up-front payment and the formula for future revenue-sharing. Also, it is expected that a producer such as Saudi Arabia may seek other advantages including access to stored oil for commercial purposes. However, the availability of crude oil supplies from such arrangements will depend upon successful conclusion of what could be extensive negotiations.

Context for Decision

The two questions are (a) whether to undertake conventional purchases at this time or reserve all funds for a lease or mutual benefit purchase arrangement, (b) whether and how a lease or mutual benefit purchase arrangement should be presented to Saudi Arabia or other producers for negotiation. Administration policy on these two issues will become public in the following ways:

- On May 13, 1991, Saudi Petroleum Minister Hisham Nazer is scheduled to meet DOE Secretary Watkins. He is likely to seek DOE views on SPR oil leasing.
- Congress is considering (S. 341 and H.R. 777) legislation imposing an in-kind import fee to fill SPR. Senate action may occur in May and a House hearing is reportedly planned for mid-May.

~~CONFIDENTIAL~~

3

- If the Administration does not plan to fill the SPR at the "highest practicable fill rate" for FY 1991, it must file a deferral report for any funds that will remain unobligated.

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: DOE BACKGROUND PAPER FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

ROY, J
DEPARTMENT OF STATE
ROOM 7224, MAIN STATE
2201 C STREET, NW
WASHINGTON, DC 20520

DATE 5/7/91 TIME 2200 SIGNATURE Adrian Daniel

COPY: 1

JACKSON, K
OFFICE OF THE VICE PRESIDENT
VIA LARRY BRANSCUM
ROOM 292, OEOB
WASHINGTON, DC 20500

DATE 8 May TIME 0600 SIGNATURE Larry H. Branscum

COPY: 1

HOWARD, R
OFC OF MANAGEMENT & BUDGET
NATL SECURITY & INTL AFFAIRS
ROOM 238 OEOB
WASHINGTON, DC 20503

DATE 5/8/91 TIME 9:06 SIGNATURE R. Howard

COPY: 1

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

Reel 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: DOE BACKGROUND PAPER FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
------------------------	------	------	-----------

ROY, J
DEPARTMENT OF STATE
ROOM 7224, MAIN STATE
2201 C STREET, NW
WASHINGTON, DC 20520

COPY: 1

JACKSON, K
OFFICE OF THE VICE PRESIDENT
VIA LARRY BRANSCUM
ROOM 292, OEOB
WASHINGTON, DC 20500

8 May 2600 Larry H Branscum

COPY: 1

HOWARD, R
OFC OF MANAGEMENT & BUDGET
NATL SECURITY & INTL AFFAIRS
ROOM 238 OEOB
WASHINGTON, DC 20503

COPY: 1

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

Rev 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES



THE SITUATION ROOM

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO. _____ CLASSIFICATION **CONFIDENTIAL** PAGES 5

FROM WILLIAM F. SITTMANN *mu517*
(Name) (Phone Number) (Room No.)

MESSAGE DESCRIPTION BACKGROUND PAPERS FOR *8 MAY DC MTG RE

STRATEGIC PETROEUM RESERVE

LOG # 20340 add on 1

<u>TO</u> (Agency)	<u>DELIVER TO:</u>	<u>DEPT/ROOM NO.</u>	<u>PHONE NUMBER</u>
<u>STATE</u>	<u>MR. J. STAPLETON ROY</u>	<u>EXEC SEC</u>	_____
<u>TREASURY</u>	<u>MR. R. BLAIR DOWNING</u>	<u>EXEC SEC</u>	_____
<u>DoD</u>	<u>COL. JOHN A. DUBIA</u>	<u>EXEC SEC</u>	_____
<u>ENERGY</u>	<u>MS. ANN LAVIN</u>	<u>DIR., EXEC SEC</u>	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

REMARKS **URGENT**

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

CAP 1/13/10



D
6406

THE SITUATION ROOM

PRECEDENCE: **IMMEDIATE**
PRIORITY
ROUTINE

RELEASER: R. J. L. A.

DTG: _____

MESSAGE NO. 726

CLASSIFICATION

CONFIDENTIAL

PAGES 5

FROM

WILLIAM F. SITTMANN 445/7

(Name)

(Phone Number)

(Room No.)

MESSAGE DESCRIPTION

BACKGROUND PAPERS FOR *8 MAY DC MTG RE

STRATEGIC PETROEUM RESERVE

LOG # 20340 add on 1

TO (Agency)	DELIVER TO:	DEPT/ROOM NO.	PHONE NUMBER
STATE	MR. J. STAPLETON ROY	EXEC SEC	
TREASURY	MR. R. BLAIR DOWNING	EXEC SEC	
DoD	COL. JOHN A. DUBIA	EXEC SEC	
ENERGY	MS. ANN LAVIN	DIR., EXEC SEC	

REMARKS

URGENT

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

CAP

1/13/10



THE SITUATION ROOM

PRECEDENCE: IMMEDIATE
 PRIORITY
 ROUTINE

RELEASER: R. J. L. A.

DTG: _____

MESSAGE NO. 726 CLASSIFICATION

CONFIDENTIAL

PAGES 5

FROM WILLIAM F. SITTMANN ^{mu5/7}

(Name)

(Phone Number)

(Room No.)

MESSAGE DESCRIPTION BACKGROUND PAPERS FOR *8 MAY DC MTG RE

STRATEGIC PETROEUM RESERVE

LOG # 20340 add on 1

TO (Agency)	DELIVER TO:	DEPT/ROOM NO.	PHONE NUMBER
STATE	MR. J. STAPLETON ROY	EXEC SEC	
TREASURY	MR. R. BLAIR DOWNING	EXEC SEC	
DoD	COL. JOHN A. DUBIA	EXEC SEC	
ENERGY	MS. ANN LAVIN	DIR., EXEC SEC	
REMARKS	<u>URGENT</u>		

UNCLASSIFIED UPON
 REMOVAL OF CLASSIFIED
 ATTACHMENTS

CAP

1/13/10



THE SITUATION ROOM

PRECEDENCE: **IMMEDIATE**
PRIORITY
 ROUTINE

RELEASER: RB/6A

DTG: _____

MESSAGE NO. 726 CLASSIFICATION**CONFIDENTIAL**PAGES 5FROM WILLIAM F. SITTMANN 145/7

(Name)

(Phone Number)

(Room No.)

MESSAGE DESCRIPTION BACKGROUND PAPERS FOR *8 MAY DC MTG RESTRATEGIC PETROEUM RESERVELOG # 20340 add on 1

TO (Agency)

DELIVER TO:

DEPT/ROOM NO.

PHONE NUMBER

STATE

MR. J. STAPLETON ROY

EXEC SEC

TREASURY

MR. R. BLAIR DOWNING

EXEC SEC

DoD

COL. JOHN A. DUBIA

EXEC SEC

ENERGY

MS. ANN LAVIN

DIR., EXEC SEC

REMARKS

URGENT

UNCLASSIFIED UPON
 REMOVAL OF CLASSIFIED
 ATTACHMENTS

CAP

1/13/10



KA

THE SITUATION ROOM

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: *R. B. L.*

DTG: _____

MESSAGE NO. 726 CLASSIFICATION CONFIDENTIAL PAGES 5

FROM WILLIAM F. SITTMANN ^{*44517*}
 (Name) (Phone Number) (Room No.)

MESSAGE DESCRIPTION BACKGROUND PAPERS FOR *8 MAY DC MTG RE

STRATEGIC PETROEUM RESERVE

LOG # 20340 add on 1

<u>TO (Agency)</u>	<u>DELIVER TO:</u>	<u>DEPT/ROOM NO.</u>	<u>PHONE NUMBER</u>
<u>STATE</u>	<u>MR. J. STAPLETON ROY</u>	<u>EXEC SEC</u>	_____
<u>TREASURY</u>	<u>MR. R. BLAIR DOWNING</u>	<u>EXEC SEC</u>	_____
<u>DoD</u>	<u>COL. JOHN A. DUBIA</u>	<u>EXEC SEC</u>	_____
<u>ENERGY</u>	<u>MS. ANN LAVIN</u>	<u>DIR., EXEC SEC</u>	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

REMARKS URGENT

UNCLASSIFIED UPON
 REMOVAL OF CLASSIFIED
 ATTACHMENTS

CAP 1/13/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20340 add on

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 7, 1991

ACTION

MEMORANDUM FOR WILLIAM SITTMANN

FROM: ERIC MELBY *EM*

SUBJECT: Deputies Committee Meeting on SPR

SIGNED

At Tab I is a memorandum from you to the agencies forwarding a background paper for the May 8 Deputies Committee meeting on the Strategic Petroleum Reserve.

RECOMMENDATION

That you sign the memorandum to agencies at Tab I.

Attachment

Tab I Memo to Agencies
Tab A Background Paper

cc: Richard Haass

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120361
RECEIVED: 10 MAY 91 08

TO: SITTMANN

FROM: MELBY
DEAL

DOC DATE: 10 MAY 91
SOURCE REF:

KEYWORDS: OIL
MINUTES

ENERGY
DC

PERSONS:

SUBJECT: MINUTES FOR 8 MAY DC MTG ON STRATEGIC PETROLEUM RESERVE / SPR

ACTION: SITTMANN APPROVED RECOM

DUE DATE: 14 MAY 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120359

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

MELBY

NSC CHRON

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAP NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSAJC

CLOSED BY: NSAMM

DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120361

DOC ACTION OFFICER

001 SITTMANN
001

CAO ASSIGNED ACTION REQUIRED

Z 91051011 FOR DECISION
X 91051016 SITTMANN APPROVED RECOM

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120361
RECEIVED: 10 MAY 91 08

TO: SITTMANN

FROM: MELBY
DEAL

DOC DATE: 10 MAY 91
SOURCE REF:

KEYWORDS: OIL
MINUTES

ENERGY
DC

PERSONS:

SUBJECT: MINUTES FOR 8 MAY DC MTG ON STRATEGIC PETROLEUM RESERVE / SPR

ACTION: SITTMANN APPROVED RECOM

DUE DATE: 14 MAY 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120359

FILES: IFM O

NSCP: DC280

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

MELBY

NSC CHRON

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAP NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSAJC

CLOSED BY: NSAMM

DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120361

DOC ACTION OFFICER

001 SITTMANN
001

CAO ASSIGNED ACTION REQUIRED

Z 91051011 FOR DECISION
X 91051016 SITTMANN APPROVED RECOM

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

National Security Council The White House

PROOFED BY: AK

LOG # 20361

URGENT NOT PROOFED: _____

SYSTEM PRS (NSC) INT

BYPASSED WW DESK: _____

DOCLOG AK A/O _____

AK
Ken Hill

Bill Sittmann

Bob Gates

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

SEQUENCE TO

HAS SEEN

DISPOSITION

1
2

K
W

A

91 MAY 10 AM 10:09

3
4

AK
Bm

N
R

A = Action

I = Information

D = Dispatch

R = Retain

N = No further Action

cc: VP

Sununu

Other

Should be seen by: _____
(Date/Time)

COMMENTS

Minutes - DC - May 8
(Strategic Petroleum Reserve)

DISPATCH INSTRUCTIONS:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20361

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 10, 1991

ACTION

MEMORANDUM FOR WILLIAM F. SITTMANN

THROUGH: TIMOTHY E. DEAL 

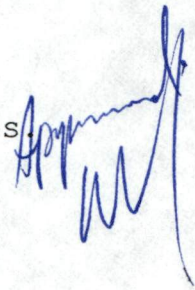
FROM: ERIC MELBY 

SUBJECT: Minutes of NSC Deputies Committee Meeting

Attached at Tab I are the minutes of the May 8 Deputies Committee meeting on the Strategic Petroleum Reserve.

RECOMMENDATION:

That you approve the attached minutes for the files.



Attachment
Tab I Minutes

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Minutes	Re: Minutes of Deputies Committee Meeting on the Strategic Petroleum Reserve [FOIA restrictions redacted] (5 pp.)	5/8/91	(b)(1)	C

Collection:

Record Group: Bush Presidential Records

Office: National Security Council

Series: H-Files

Subseries: NSC/DC Meetings Files

WHORM Cat.:

File Location: NSC/DC 278 - May 08, 1991 - NSC/DC Meeting on Strategic Petroleum Reserve/SPR, Keywords: Oil, Energy

**Document Partially Declassified
(Copy of Document Follows)**
By MM on 5/3/2023

Date Closed: 1/14/2010	OA/ID Number: 90019-028
FOIA/SYS Case #: 2005-1002-F	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-1938-MR(500)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 2/29/2016

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20361

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Meeting of the NSC Deputies Committee

DATE: May 8, 1991
LOCATION: White House Situation Room
TIME: 5:30-6:15 p.m.

SUBJECT: Minutes of DC Meeting on the Strategic Petroleum Reserve (C)

PARTICIPANTS:

The Vice President's Office:
Karl Jackson

Energy:
Henson Moore

State:
Robert Zoellick
William Ramsay

OMB:
Robert Howard

Treasury:
John Robson
Charles Schotta

White House:
Robert Gates
Andy Card

DOD:
Henry Rowen
Lewis Libby

NSC:
Eric Melby



Minutes

Mr. Gates: The issue before us is whether:

- the Administration should resume buying oil for the SPR at market rates; or
- whether we should instead pursue concessional arrangements with the Saudis to fill the SPR?

I want to be clear that we are not considering an offset for Saudi obligations under Desert Shield. This issue is separate from Desert Shield. (C)

Henson, do you want to lead off? (U)

Mr. Moore: We are obligated by statute to spend the money in the SPR account to buy oil for the SPR. We will be criticized by Congress if we do not resume buying. Now we are sitting doing nothing. We have the authority already from Congress to look at leasing. We have prepared some options within DOE and are awaiting OMB's clearance on them, ranging from leasing to "mutual benefit." They could be cheaper than buying oil. The issue is, do we want to use the SPR account to buy some oil and lease the rest or do we want to use all the SPR money to lease oil? (U)

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED IN PART
PER E.O. 13526

2010-1938-MR
MM 2/29/2016

Saudi Oil Minister Nazer is meeting with Secretary Watkins on Monday. He has twice raised the SPR issue and will again. 1.4(d)

We need your guidance on what we should tell him. DOE's recommendation is to say that yes, we're interested, we want to talk, will you receive our negotiating team? (Ø)

Mr. Robson: Henson, Congress will chastise you for doing something or nothing. Walk us through the prices. (U)

Mr. Moore: We have interest and capital costs. We paid \$27/barrel on average for the oil in the SPR. We sold it for less in January/February. But on a LIFO basis, we made money. However, it is not accurate to look at the SPR just from a financial perspective. (U)

Mr. Robson: What price would you put on a lease? (U)

Mr. Moore: Leasing at \$1/barrel would be better than buying. We could also pay the Saudis for lift and transportation up front. We would own the oil but share with the Saudis the profits when it is sold. This would get around the tax problem. Deferred benefit will always work for us. I believe the Saudis are game. (Ø)

Mr. Card: Why don't we charge the Saudis for storage? (U)

Mr. Moore: We can look at this, too. However, Congress will object if we do not own the oil. We are keeping the lease idea separate from Desert Shield obligations. We will tell them the Administration is not interested in linking the two. (Ø)

Mr. Card: What does leasing do to the price in the market? (U)

Mr. Moore: Nothing. (U)

Mr. Card: Why don't we buy from independents? (U)

Mr. Moore: They aren't interested unless they get a high price. The SPR is not a welfare program for the independents. They would be happy if we would buy at an agreed price, say \$25/barrel. (U)

Mr. Zoellick: We must look at the SPR from an energy security perspective. Do we want to pick up with the Saudis, perhaps others, where we left off in filling the SPR? Traditionally, we have filled through direct purchase but other means are possible. Separate from the SPR, could we urge the Saudis and Kuwaitis to store oil in the U.S.? (Ø)

I would make the following points:

- yes, we should authorize discussions with the Saudis;
- if the Saudis are interested, let's send an interagency team to pursue specifics;
- let's have a sub-group evaluate specifics quickly. (C)

This is an opportunity to secure our relationship with the Saudis and to improve energy security. We should probe with the full \$900 million. I am cool to spending \$300 million to buy oil now. If Congress complains, we can tell them we are talking with Saudi Arabia on specific proposals that may be more cost effective. If it is necessary later on to have an SPR purchase to hold off proposals like an excise tax, let's revisit the issue. We should also look at the private lease option. (C)

Mr. Moore. I agree with Bob. I was a bit nervous about approaching the Saudis but this is their initiative. (C)

Mr. Gates: Why are we only approaching the Saudis? Let's get some competition. (C)

Mr. Moore: We will do that; we'll tell the Saudis so. But the Venezuelans are not interested; the Norwegians are just interested in a straight commercial deal where they make money. There is some interest in the UAE. This should be opened up to anyone. State could contact other producers to see if they are interested. (C)

Mr. Rowan: The main thing is to have oil stored outside the Gulf. I would have to think about Venezuela. (C)

Mr. Moore: By law, SPR oil must be stored in the U.S. (U)

Mr. Rowan: It doesn't matter where it is as long as it is safe. It could be in Canada or at sea. (U)

Mr. Zoellick: I just came from the Sherpa meeting in Hong Kong. I told them the system worked well during the Gulf crisis. I said that all countries should develop SPRs rather than talking about producer-consumer dialogue. (C)

Mr. Rowan: It is a good idea to involve the private sector. If you have money burning a hole in your pocket, Henson, why not expand capacity? (U)

Mr. Moore: We have enough capacity for the first 750 million barrels; we don't have capacity for the last 250 million. (U)

Mr. Howard: I spoke with Mr. Darman about this. His view is to fill up the SPR as cheaply as possible but don't commit the \$300 million. (C)

~~CONFIDENTIAL~~

4

Mr. Robson: It is hard to spend \$300 million in face of the pricing differential if we can satisfy the obligation to move forward by looking at other options. (Ø)

Mr. Moore: EIA doesn't think the price will go down; they think prices will continue to rise. Any concessional agreement won't take place this FY. Some in Congress are opposed to leasing. Others want Congress to bless any arrangement. The Saudis won't tolerate this. (U)

Mr. Zoellick: The DOE paper suggests different options to get cheaper oil. (U)

Mr. Moore: I have no idea of our chances but Nazer is interested. (Ø)

Mr. Card: I want to be able to pass the laugh test. Selling low and buying high doesn't pass the test. I am not prepared to say that oil prices will only go up. Kuwait will some day produce more; this may bring prices down if others don't reduce production. We should talk to others. We should put everything on the table. Let's look for the best buy rather than just a good deal. (Ø)

Mr. Gates: I was uneasy about this meeting because I thought of the SPR as more a domestic than energy security issue. Bob [Zoellick], thanks for framing it as an energy security issue. It is important that your principals [Baker, Brady, Darman] are comfortable. I would summarize the discussion this way:

- DOE should go ahead and see if it can get an attractive deal to refill the SPR with available money;
- if DOE can't get an attractive deal, we'll regroup and see where we go. We should not pursue a deal at any cost.
- DOE is authorized to discuss with the Saudis and others the broadest range of options at the lowest cost to the taxpayer.
- if Saudi Arabia and others are interested, we should be prepared to send an interagency group;
- meanwhile a sub-group, which I am prepared to have DOE lead, should examine the different options -- political, legislative, pricing, market and impact on domestic producers.
- Bob Howard, John Robson and Bob Zoellick agree that we should hold the full \$900 million for the time being to see if we can get the deal we seek.
- let's also look at leasing in private space. (Ø)

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5

If we bought at \$27/barrel, sold at \$22 and refill at \$25, there will be hell to pay. (C)

Mr. Card: The purpose of the SPR sale was to drive prices down. (C)

Mr. Moore: We didn't put oil on the market to drive prices down. We put it on the market to provide stability -- so did the other IEA countries. (C)

Mr. Gates: The President believed it was an attempt to defeat speculators. If one of your principals believes this issue should go to the President, let me or Eric Melby know. I am a bit uneasy because this has a heavy domestic component. (C)

Mr. Moore: We will never make money on the SPR. The SPR is not a money-making deal. (U)

End of Meeting

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9120359
RECEIVED: 09 MAY 91 15

TO: GATES

FROM: MELBY
DEAL

DOC DATE: 09 MAY 91
SOURCE REF:

KEYWORDS: ENERGY
DC

OIL
SOC

PERSONS:

SUBJECT: SUMMARY OF CONCLUSIONS FOR 8 MAY DC MTG ON STRATEGIC PETROLEUM
RESERVES / SPR

ACTION: GATES APPROVED RECOM

DUE DATE: 13 MAY 91

STATUS: C

STAFF OFFICER: MELBY

LOGREF: 9120361

FILES: IFM O

NSCP: DC278

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

MELBY

NSC CHRON

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By cap NARA, Date 1/13/10

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSEF

CLOSED BY: NSAMM

DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 9120359

DOC ACTION OFFICER

001 GATES
001

CAO ASSIGNED ACTION REQUIRED

Z 91050919 FOR DECISION
X 91051016 GATES APPROVED RECOM

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAE NARA, Date 1/13/10

~~CONFIDENTIAL~~

Sum of concl - DC on SPR
National Security Council
The White House

PROOFED BY: 703

LOG # 20359

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT

BYPASSED WW DESK: _____

DOC LOG IN A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
<u>WED</u> Ken Hill	<u>1</u>	<u>K</u>	<u>A</u>
<u>RC</u> Bill Sittmann	<u>2</u>	<u>W</u>	
Bob Gates	<u>3</u>	<u>8</u>	
Brent Scowcroft			
Bill Sittmann			
Situation Room			
West Wing Desk	<u>4</u>	<u>BTM</u>	<u>N</u>
NSC Secretariat	<u>5</u>	<u>BTM</u>	<u>R</u>

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
 (Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

RECEIVED
 91 MAY 9 17:31
 MAY 8 10:31
 RECEIVED

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20359

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 9, 1991

ACTION

MEMORANDUM FOR ROBERT M. GATES

THROUGH: TIMOTHY E. DEAL *DE*

FROM: ERIC MELBY *EM*

SUBJECT: Summary of Conclusions for NSC Deputies
Committee Meeting on the Strategic
Petroleum Reserve (SPR)

Attached at Tab I is the Summary of Conclusions of the May 8 NSC
Deputies Committee meeting on the SPR.

RECOMMENDATION

That you approve the attached Summary of Conclusions for the
files.

Approve 8

Disapprove _____

Attachment
Tab I Summary of Conclusions

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By cap NARA, Date 1/13/10

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

Summary of Conclusions for
Meeting of NSC Deputies Committee

DATE: May 8, 1991

LOCATION: White House Situation Room

TIME: 5:30-6:15 p.m.

SUBJECT: Summary of Conclusions of DC Meeting on the Strategic
Petroleum Reserve (C)

PARTICIPANTS:

The Vice President's Office:

Karl Jackson

Energy:

Henson Moore

State:

Robert Zoellick

William Ramsay

OMB:

Robert Howard

Treasury:

John Robson

Charles Schotta

White House:

Robert Gates

Andy Card

DOD:

Henry Rowen

Lewis Libby

NSC:

Eric Melby

Summary of Conclusions

It was agreed that:

- DOE is authorized to discuss with Saudi Arabia and other countries a broad range of options to fill the SPR at the lowest price to the taxpayer. (C)
- If any country is interested in pursuing such an arrangement with the U.S., an interagency group will be sent to discuss specific options. (C)
- Meantime, an interagency group, led by DOE, should refine the various options, taking into account political, legislative, price and market issues and the possible impact on domestic producers. (C)
- While we determine whether a concessional arrangement is possible, DOE should not spend any money on direct purchases. If no concessional arrangement proves feasible, the Deputies Committee will reconsider the issue. (C)
- DOE should also encourage producers to store oil commercially in the U.S. (C)

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
PER E.O. 13526

2010-1938-MR

MM 2/29/2016

~~CONFIDENTIAL~~

2

- Participants at the Deputies Committee meeting will consult with their principals to ensure they were comfortable with the consensus of the meeting. (C)

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: DOE BACKGROUND PAPER FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

ROY, J
DEPARTMENT OF STATE
ROOM 7224, MAIN STATE
2201 C STREET, NW
WASHINGTON, DC 20520

DATE

5/7

TIME

11:45pm

SIGNATURE

T. J. F. [Signature]

COPY: 1

JACKSON, K
OFFICE OF THE VICE PRESIDENT
VIA LARRY BRANSCUM
ROOM 292, OEOB
WASHINGTON, DC 20500

COPY: 1

HOWARD, R
OFC OF MANAGEMENT & BUDGET
NATL SECURITY & INTL AFFAIRS
ROOM 238 OEOB
WASHINGTON, DC 20503

COPY: 1

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

RM 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: NSC DC MTG AGENDA ON STRATEGIC PERTOLEUM RESERVE / SPR ON 8 MAY
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
JACKSON, K OFFICE OF THE VICE PRESIDENT VIA LARRY BRANSCUM ROOM 292, OEOB WASHINGTON, DC 20500	_____	_____	_____ COPY: 1 _____
ROY, J DEPARTMENT OF STATE ROOM 7224, MAIN STATE 2201 C STREET, NW WASHINGTON, DC 20520	_____	_____	_____ COPY: 1 _____
HOWARD, R OFC OF MANAGEMENT & BUDGET NATL SECURITY & INTL AFFAIRS ROOM 238 OEOB WASHINGTON, DC 20503	5/7/91	2 ⁰⁰	<i>J. Graves</i> COPY: 1 _____

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

Rev 8/9/11

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 02 PAGES

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9120340
DATE 07 MAY 91

SUBJECT: DOE BACKGROUND PAPER FOR 8 MAY DC MTG RE STRATEGIC PETROLEUM RESERVE
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
------------------------	------	------	-----------

ROY, J DEPARTMENT OF STATE ROOM 7224, MAIN STATE 2201 C STREET, NW WASHINGTON, DC 20520	_____	_____	_____ COPY: 1 _____
---	-------	-------	------------------------

JACKSON, K OFFICE OF THE VICE PRESIDENT VIA LARRY BRANSCUM ROOM 292, OEOB WASHINGTON, DC 20500	_____	_____	_____ COPY: 1 _____
--	-------	-------	------------------------

HOWARD, R OFC OF MANAGEMENT & BUDGET NATL SECURITY & INTL AFFAIRS ROOM 238 OEOB WASHINGTON, DC 20503	<u>5/8/91</u>	<u>10:15</u>	<u>J. Lyares</u> COPY: 1 _____
--	---------------	--------------	-----------------------------------

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

Rev 8/9/11