THE SECRETARY OF THE INTERIOR
WASHINGTON

MAR 0 1 2013

The Honorable Ron Wyden
United States Senate
Washington, DC 20510

Dear Senator Wyden:

Thank you for the letter dated January 8, 2013, from you and Senator Lisa Murkowski regarding the timetable for disposal of Federal Helium Reserve and repaying the debt the Federal helium program owes to the Treasury. I appreciate your interest in the critical issues facing the Federal Helium Reserve, which is of great importance to the Government and businesses across the Country. A brief background explanation is necessary to answer the question you raise.

The Helium Act of 1960, as amended by the Helium Privatization Act of 1996 (HPA), authorizes the Secretary of the Interior to sell crude helium for Federal, medical, scientific, and commercial uses. The HPA further requires the Secretary, beginning on January 1, 2005, to offer such amounts of helium for sale as will reduce the Helium Reserve to 600,000,000 cubic feet on a straight-line basis between that date and January 1, 2015. The HPA also requires that sales of helium shall be at prices adequate to cover both the costs of carrying out the statute and to repay to the Treasury all of the principal and interest owed on the loan from the Treasury that funded the Government's helium production program under the 1960 statute (which the statute calls "repayable amounts").[1] Under the HPA, the only authorized Federal facility for producing, refining, and marketing refined helium after April 1998 is the Cliffside Field facility near Amarillo, Texas, operated by the Bureau of Land Management (BLM).[2]

All monies derived from the sale of helium are deposited into a fund established by the 1960 Helium Act known as the Helium Production Fund. That Fund is available without fiscal year limitation for carrying out the provisions of the Helium Act, as amended by the HPA. Amounts in the Fund in excess of $2,000,000 (or such lesser amount as may be necessary to carry out the Act) must be paid to the Treasury and credited against the repayable amounts within 7 days after the beginning of each fiscal year. Under the statute, when the repayable amounts are all repaid, the Helium Production Fund will terminate and moneys derived from helium sales and activities thereafter will be deposited in the Treasury's general fund.[3]

As a result of helium sales held in this fiscal year, the BLM has generated (as of February 2013) sufficient revenue to repay to the Treasury all the repayable amounts. Your letter asks "for

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[1] *See* 50 U.S.C. §§ 167d(b) and (c); 167f(a)(1).
[2] *See* 50 U.S.C. § 167b(b) and (c).
[3] *See* 50 U.S.C. § 167d(e).

clarification of the effective date of termination of the Federal Helium Reserve should the Department receive sufficient funds to meet the repayment requirement."

Because helium sales have yielded enough revenue to repay all repayable amounts, the Department will make the final payment to the Treasury within 7 days after October 1, 2013. At that point, but not prior, the Helium Production Fund will terminate.

The Helium Reserve itself will not terminate; the statute specifically requires that the Reserve be maintained at a volume of 600,000,000 cubic feet, even after January 2015.[4] However, when the Helium Production Fund terminates, the Department will lose the source of funds established to operate the Reserve and the storage, transportation, and withdrawal facilities and equipment at the Cliffside Field. Absent action by Congress this would hinder or prevent management of the Reserve, including sales and revenue.

Thank you for your personal attention to this matter. We look forward to working with you regarding future management of the Federal Helium Reserve and storage facilities. A similar letter is being sent to Senator Murkowski.

Sincerely,

Ken Salazar

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[4] *See* 50 U.S.C. § 167f(a)(1).