

Securing the Nation's Helium Supply

Background and Need for Action

The Federal Helium Reserve is the world's only underground helium storage facility, and is located just outside of Amarillo, Texas. The Reserve is connected by a Federal pipeline to private helium refiners spread throughout Northern Texas, the Oklahoma panhandle, and Southern Kansas. Unrefined "crude" helium sales from the Reserve supply roughly half of all domestic helium needs and one third of global helium demand each year.

Helium is critical to a variety of industrial, scientific, and medical markets, including medical devices (MRIs), industrial welding, high tech manufacturing (microchips and fiber optic cables), space exploration (NASA), and scientific research.

Current law mandates essentially a "fire sale" of existing Federal helium assets to repay a \$1.3 billion debt to the U.S. Treasury. The current sales structure distorts the private helium market and is creating uncertainty for commercial, Federal, medical and scientific users of helium. The proposed legislation would remove this market distortion for the benefit of industry, private, and Federal users. Additionally, the debt will be paid off prior to the mandated final sell off date, which may result in the expiration of the funding mechanism that provides the operating expenses for the reserve. According to the BLM, this may occur as early as mid-year 2013.

Proposed Legislation: Helium Stewardship Act

The proposed legislation lays out a responsible resource management strategy for the Federal Helium Reserve, which is under the jurisdiction of the Secretary of the Interior through the Bureau of Land Management (BLM). The draft draws on recommendations from private helium refiners, retailers, end users, BLM staff, and the National Academies of Sciences to address the most pressing problems facing the helium industry, high-tech industrial users, and Federal helium users:

- Securing long-term access to BLM crude helium for all Federal users;
- Authorizing continued operation of the Federal Helium Reserve beyond January 1, 2015, the date on which existing authorizations expire;
- Continue the sell off beyond the 2015 "sell by" date that will ensure the remaining helium is managed and sold off responsibly (and predictably) providing more surety to refiners and users until other domestic or international sources of helium can be discovered and brought to market.
- Selling BLM crude helium at prices that recover fair market value for U.S. taxpayers;
- Stimulating development of private sources of helium by adopting market-based prices for BLM helium sales, and encouraging helium extraction from natural gas exploration and production;
- Stewardship of this Federally-owned, non-renewable natural resource.

The draft legislation does not authorize any new appropriations, and keeps the Federal Helium Program revenue positive through ongoing crude helium sales.