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## Chairman Hastings Unveils Draft Legislation to Finalize the Helium Reserve Privatization, Address Impending Helium Shortages and Implement Free-Market Reforms

WASHINGTON, D.C. – House Natural Resources Committee Chairman Doc Hastings (WA-04) today unveiled a discussion draft of the [Responsible Helium Administration and Stewardship Act](#), a bill to prevent an impending helium shortage and protect thousands of Americans jobs by implementing a common sense plan to sell helium from the Federal Helium Reserve in a responsible manner.

By law, the Reserve is slated to stop selling commercial helium next year, a move that would cut access to half of the domestic supply and cause significant economic harm. Helium is essential to the high-tech manufacturing of computer chips and fiber optic cables, is used by hospitals for life-saving medical tests like an MRI, and is critical to national defense efforts. The legislation would keep the Reserve open until nearly all the stored helium supply is sold, while also implementing free-market reforms to promote more competition and a better return for taxpayers.

*“This bill is an opportunity for both sides of the aisle to come together and fix a problem that will have serious impacts on American jobs and the economy,” said Chairman Hastings. “Helium is no longer just about party balloons and has become a key driver in our high-tech economy. The current federal helium program is outdated and needs to better reflect the current supply and demands for helium. Yet Congress must do more than just keep the Reserve open and maintain the status quo. The federal government must not flood the markets with helium at rock bottom prices to only a select few companies. Reforms are necessary to inject competition and obtain a more accurate price for helium that gets a fair return for taxpayers.”*

### **The Responsible Helium Administration and Stewardship Act will:**

- Prevent global helium shortages and promote market-based reforms by implementing a three-phase system for operating the Federal Helium Reserve over the next decade until the Reserve is emptied of helium.
  - [Phase A](#) - The Federal Helium Reserve will continue operating under current law until October 1, 2013 or the date, if later, when the debt is paid off.

- Phase B - A quarterly helium auction will be established to promote competition and ensure a better return for taxpayers.
    - 60% of the crude helium will be made available to refiners and those with existing tolling agreements.
    - 20% of the crude helium will be available to any bidder (including refiners) that is pre-approved by the Secretary and has a proven interest in helium.
    - As the helium sold to other bidders (as outlined in the point above) is refined, then an additional amount of the crude helium, up to the full remaining 20%, will be made available by auction to refiners and those with existing tolling agreements.
    - The Secretary of the Interior will set a minimum sale price for auctions based on a confidential survey of current market crude helium prices and a review of action prices. The Secretary has the authority to increase or decrease the minimum price based on market conditions.
    - Funds from the auctions will go to the Helium Production Fund, used to operate and maintain the Reserve. Excess revenue will be directed to the general Treasury.
  - Phase C - Starting when there is 3 billion cubic feet of helium remaining in the Reserve, commercial sales of helium will end and the remaining helium will only be available for federal national security and scientific needs.
- Increase transparency and prevent unexpected supply disruptions by requiring the Bureau of Land Management to make more information available online regarding planned maintenance closures of the Reserve, the duration of the closure and efforts to minimize any impacts to the supply chain.
  - Require the federal government to work with state geological surveys to complete a national helium gas assessment.
  - Establish coordinated research on helium-3 isotope that could be used for national defense and clean energy development.

**Background:**

The Federal Helium Reserve was created in 1926 to ensure a steady helium supply for the nation's defense needs. However, federal demand did not live up to expectations and by the 1990s the Reserve had accrued a \$1.3 billion debt. In 1996 Congress passed reforms to require the sale and privatization of the Federal Helium Reserve by 2015.

The Reserve is expected to pay off the debt earlier than expected, by October 2013, without having sold off all the helium. As a result, the Reserve, by law, will no longer have the

authority to sell the remaining 11 billion cubic feet of helium. This will create an immediate worldwide helium shortage and cut the domestic supply in half. Recent demands and shortages for helium have also caused the market price of helium to rise at a price higher than the federal government pricing formula. As recently as early November, the Department of the Interior Inspector General issued a report highlighting that the low federal price means that taxpayers aren't getting the best return for this resource. In addition, current law essentially restricts sales to only a few companies through an allotment system.

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