

**[DISCUSSION DRAFT]**113<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**H. R.** \_\_\_\_\_

To complete the privatization of the Federal helium reserve in a competitive market fashion that ensures stability in the helium markets while protecting the interests of the American Taxpayer, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. HASTINGS of Washington introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To complete the privatization of the Federal helium reserve in a competitive market fashion that ensures stability in the helium markets while protecting the interests of the American Taxpayer, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Responsible Helium  
5 Administration and Stewardship Act”.

1 **SEC. 2. DEFINITIONS.**

2 Section 2 of the Helium Act (50 U.S.C. 167) is  
3 amended—

4 (1) in paragraph (1), by striking the semicolon  
5 at the end and inserting a period;

6 (2) in paragraph (2), by striking “; and” and  
7 inserting a period; and

8 (3) by adding at the end the following:

9 “(4) FEDERAL HELIUM RESERVE.—

10 “(A) IN GENERAL.—The term ‘Federal  
11 Helium Reserve’ means the Bureau of Land  
12 Management Cliffside Gas Field and supporting  
13 infrastructure.

14 “(B) INCLUSIONS.—The term ‘Federal He-  
15 lium Reserve’ includes—

16 “(i) the Cliffside Field helium storage  
17 reservoir; and

18 “(ii) all associated infrastructure  
19 owned, leased, or managed under contract  
20 by the Secretary for storage, transpor-  
21 tation, withdrawal, purification, or man-  
22 agement of helium.

23 “(5) QUALIFYING DOMESTIC HELIUM TRANS-  
24 ACTION.—The term ‘qualifying domestic helium  
25 transaction’—

1           “(A) except as provided in subparagraph  
2           (B), means any new or newly negotiated agree-  
3           ment for the purchase or sale of at least  
4           15,000,000 standard cubic feet of crude helium  
5           or bulk liquid helium delivered in the United  
6           States in the most recent 2-fiscal-year period;  
7           and

8           “(B) does not include any purchase of  
9           crude helium from the Secretary.”.

10 **SEC. 3. SALE AND AUCTION OF CRUDE HELIUM.**

11       (a) IN GENERAL.—Section 6 of the Helium Act (50  
12 U.S.C. 167d) is amended to read as follows:

13 **“SEC. 6. SALE OF HELIUM.**

14       “(a) PHASE A: FINALIZING DEBT PAYOFF.—

15           “(1) IN GENERAL.—Subject to paragraph (2),  
16           the Secretary shall offer for sale crude helium for  
17           Federal, medical, scientific, and commercial uses in  
18           such quantities, at such times, and under such con-  
19           ditions as the Secretary determines necessary to  
20           carry out this subsection with minimum market dis-  
21           ruption.

22           “(2) MINIMUM QUANTITY.—The Secretary shall  
23           offer for sale during each fiscal year under para-  
24           graph (1) a quantity of crude helium that is not less

1 than the quantity of crude helium offered for sale by  
2 the Secretary during fiscal year 2012.

3 “(3) PURCHASE BY FEDERAL AGENCIES.—Fed-  
4 eral agencies, and holders of 1 or more Federal re-  
5 search grants, may purchase refined helium under  
6 this subsection for Federal, medical, and scientific  
7 uses from persons who have entered into enforceable  
8 contracts to purchase an equivalent quantity of  
9 crude helium from the Secretary.

10 “(4) DURATION.—This subsection applies dur-  
11 ing the period—

12 “(A) beginning on the date of enactment of  
13 this Act; and

14 “(B) ending on the later of—

15 “(i) October 1, 2013; or

16 “(ii) the date on which all amounts  
17 required to be repaid to the United States  
18 under this Act as of October 1, 1995, are  
19 repaid in full, whichever is later.

20 “(b) PHASE B: MAXIMIZING TOTAL RECOVERY OF  
21 HELIUM AND INCREASING RETURNS TO THE AMERICAN  
22 TAXPAYER.—

23 “(1) IN GENERAL.—The Secretary shall offer  
24 for sale at auction, as described in subsection (d),  
25 crude helium for Federal, medical, scientific, and

1 commercial uses in such quantities, at such times,  
2 and under such conditions as the Secretary deter-  
3 mines necessary—

4 “(A) to maximize total recovery and con-  
5 servation of helium from the Federal Helium  
6 Reserve;

7 “(B) to manage crude helium sales accord-  
8 ing to the ability of the Secretary to extract and  
9 produce helium from the Federal Helium Re-  
10 serve;

11 “(C) to respond to helium market supply  
12 and demand and minimize market disruption;  
13 and

14 “(D) to give priority to meeting the helium  
15 demand of Federal users in event of any disrup-  
16 tion to the Federal Helium Reserve.

17 “(2) PURCHASE BY FEDERAL AGENCIES AND  
18 GRANTEES.—Federal agencies, and holders of 1 or  
19 more Federal research grants related to helium or  
20 the use of helium, may purchase refined helium  
21 under this subsection for Federal, medical, and sci-  
22 entific uses from persons who have entered into en-  
23 forceable contracts to purchase an equivalent quan-  
24 tity of crude helium from the Secretary.

1           “(3) DURATION.—This subsection applies dur-  
2           ing the period—

3                   “(A) beginning on the day after the date  
4                   described in subsection (a)(4)(B); and

5                   “(B) ending on the date on which the vol-  
6                   ume of recoverable crude helium at the Federal  
7                   Helium Reserve (other than privately owned  
8                   quantities of crude helium stored temporarily at  
9                   the Federal Helium Reserve under section 5  
10                  and this section) is 3,000,000,000 standard  
11                  cubic feet.

12          “(c) PHASE C: ACCESS FOR FEDERAL USERS.—

13                  “(1) IN GENERAL.—The Secretary may offer  
14                  for sale crude helium for Federal uses (including  
15                  medical and scientific uses) in such quantities, at  
16                  such times, and under such conditions as the Sec-  
17                  retary determines necessary to carry out this sub-  
18                  section.

19                  “(2) PURCHASE BY FEDERAL AGENCIES AND  
20                  GRANTEES.—Federal agencies, and holders of 1 or  
21                  more Federal research grants related to helium or  
22                  the use of helium, may purchase refined helium  
23                  under this subsection for Federal uses (including  
24                  medical and scientific uses) from persons who have  
25                  entered into enforceable contracts to purchase an

1 equivalent quantity of crude helium from the Sec-  
2 retary.

3 “(3) EFFECTIVE DATE.—This subsection ap-  
4 plies beginning on the day after the date described  
5 in subsection (b)(3)(B).

6 “(d) AUCTION AND MINIMUM PRICES DETERMINA-  
7 TION.—

8 “(1) IN GENERAL.—Sales of crude helium by  
9 the Secretary shall be conducted at auction under  
10 the conditions described in this section and at no  
11 less than the minimum price established by the Sec-  
12 retary.

13 “(2) AUCTION.—The Secretary shall conduct  
14 quarterly auctions of crude helium in the Federal  
15 Helium Reserve as soon as practical or no later than  
16 beginning 180 days after the first day of the period  
17 described in subsection (b)(3) under the following  
18 conditions:

19 “(A) 60 percent of the volume of crude he-  
20 lium made available in each auction shall be  
21 made available to entities that can show the  
22 Secretary they have either adequate refining ca-  
23 pacity or tolling agreements for refining in  
24 place, in accordance with the conditions set  
25 forth in paragraph (3) of this subsection.

1           “(B) 20 percent of the volume of crude he-  
2           lium made available in each auction shall be  
3           made available to any bidder, in accordance  
4           with the conditions set forth in paragraph (3)  
5           of this subsection.

6           “(C) If the Secretary certifies there is  
7           proven adequate refining capacity or tolling  
8           agreements in place for the amount purchased  
9           under subparagraph (B), an equivalent amount  
10          shall be made available in each auction to enti-  
11          ties that can show the Secretary they have ei-  
12          ther adequate refining capacity or tolling agree-  
13          ments in place, in accordance with the condi-  
14          tions set forth in paragraph (3) of this sub-  
15          section.

16          “(3) AUCTION CONDITIONS.—

17                 “(A) BIDDING METHOD.—The Secretary  
18                 shall conduct each auction by sealed bid for  
19                 predetermined volume lots, unless the Secretary  
20                 determines that an alternative bidding method  
21                 may result in more revenue to the Federal Gov-  
22                 ernment.

23                 “(B) BIDDER QUALIFICATIONS AND LIM-  
24                 ITS.—To carry out the auction the Secretary



1 shall pre-approve bidders based on proven need  
2 for helium or role in the helium market.

3 “(C) STORAGE FEES.—In each auction the  
4 Secretary—

5 “(i) shall begin charging each winning  
6 bidder a storage fee for crude helium pur-  
7 chased by the bidder that remains in the  
8 Federal Helium Reserve, beginning on the  
9 date the Secretary receives payment of the  
10 purchase price for the helium; and

11 “(ii) beginning 270 days after the  
12 date of the auction, shall charge increasing  
13 storage fees that will encourage the with-  
14 drawal of the helium no later than 2 years  
15 after the date of the auction.

16 “(4) DETERMINATION OF MINIMUM SALE  
17 PRICE.—The Secretary shall make a determination  
18 of the minimum sale price for sales described in  
19 paragraph (1) using—

20 “(A) a confidential survey of qualifying do-  
21 mestic helium transactions to which any holder  
22 of a contract with the Secretary for the accept-  
23 ance, storage, and redelivery of crude helium in  
24 the Cliffside Field helium storage reservoir is a  
25 party;

1           “(B) current market crude helium prices  
2           as represented by the sale price at any auction  
3           held by the Secretary in the last 2 years;

4           “(C) the volume-weighted average cost  
5           among helium refiners, producers, and lique-  
6           fiers, in dollars per thousand cubic feet, of con-  
7           verting gaseous crude helium into bulk liquid  
8           helium; and

9           “(D) the additional layer of cost and profit  
10          associated with the sale or resale of bulk liquid  
11          helium.

12          “(5) AUTHORITY OF SECRETARY.—The Sec-  
13          retary shall—

14                 “(A) require all persons that are parties to  
15                 a contract with the Secretary for the accept-  
16                 ance, storage, and redelivery of crude helium to  
17                 disclose, on a strictly confidential basis in dol-  
18                 lars per thousand cubic feet, the weighted aver-  
19                 age price of all crude helium and bulk liquid he-  
20                 lium purchased, sold, or processed by the per-  
21                 sons in all qualifying domestic helium trans-  
22                 actions during the fiscal year;

23                 “(B) appoint a qualified independent third  
24                 party to perform data collection and analysis

1 for the purposes of the confidential survey  
2 under paragraph (4)(A); and

3 “(C) adopt such administrative policies  
4 and procedures as the Secretary considers nec-  
5 essary and reasonable to ensure robust protec-  
6 tion of the confidentiality of data submitted by  
7 private persons.

8 “(6) CHANGES IN MINIMUM PRICE.—If the Sec-  
9 retary believes that the minimum price as deter-  
10 mined by the survey under paragraph (4)(A) may  
11 not be reflective of the current market value of he-  
12 lium, or if a higher minimum price may result in  
13 greater conservation of the Federal crude helium re-  
14 source, the Secretary may change the minimum  
15 price charged for crude helium sold under this sec-  
16 tion by up to 10 percent of the price determined  
17 under paragraph (4). If at any sale in which the  
18 minimum price is increased under this paragraph all  
19 crude helium offered is sold at the increased price,  
20 the Secretary shall consider that increased price to  
21 be the minimum price determined under paragraph  
22 (4) for all future sales of crude helium under this  
23 section unless that price is further changed in ac-  
24 cordance with this paragraph.

25 “(e) HELIUM PRODUCTION FUND.—

1           “(1) IN GENERAL.—All amounts received under  
2 this Act shall be credited to the Helium Production  
3 Fund, which shall be available without fiscal year  
4 limitation for purposes considered necessary by the  
5 Secretary to carry out this subsection.

6           “(2) ADMINISTRATIVE EXPENSES.—Amounts in  
7 the Helium Production Fund may be used by the  
8 Secretary to conduct helium auctions and otherwise  
9 administer this Act.

10           “(3) REPAYMENT AMOUNTS.—Amounts in the  
11 Helium Production Fund in excess of amounts the  
12 Secretary considers necessary to conduct helium auc-  
13 tions and otherwise administer this Act shall be paid  
14 to the Treasury and credited against all amounts re-  
15 quired to be repaid to the United States under this  
16 Act as of October 1, 1995.

17           “(4) CAPITAL INVESTMENTS AND MAINTEN-  
18 NANCE.—Amounts in the Helium Production Fund  
19 in excess of amounts the Secretary considers nec-  
20 essary to carry out paragraphs (1) through (3) may  
21 be used to fund the following capital investments in  
22 upgrades and maintenance at the Federal Helium  
23 reserve:

24                   “(A) Wellhead maintenance at the Cliffside  
25 Gas Field helium storage reservoir.

1           “(B) Capital investments in maintenance  
2           and upgrades of facilities that pressurize the  
3           Cliffside Gas Field helium storage reservoir.

4           “(C) Capital investments in maintenance  
5           and upgrades of equipment related to the stor-  
6           age, withdrawal, transportation, purification,  
7           and sale of crude helium at the Cliffside Gas  
8           Field helium storage reservoir.

9           “(D) Any other scheduled or unscheduled  
10          maintenance of the Cliffside Gas Field helium  
11          storage reservoir and helium pipeline.

12          “(5) EXCESS FUNDS.—Amounts in the Helium  
13          Production Fund in excess of amounts the Secretary  
14          considers necessary to carry out paragraphs (1)  
15          through (4) shall be paid to the general fund of the  
16          Treasury.

17          “(f) EXTRACTION OF HELIUM FROM DEPOSITS ON  
18          FEDERAL LAND.—All amounts received by the Secretary  
19          from the sale or disposition of crude helium on Federal  
20          land shall be paid to the Treasury and credited against  
21          all amounts required to be repaid to the United States  
22          under this Act as of October 1, 1995.”.

23          (b) REPORT.—Not later than 1 year after the date  
24          of enactment of this Act and annually thereafter, the Sec-  
25          retary of the Interior shall submit to the Committee on

1 Natural Resources of the House of Representatives and  
2 the Committee on Energy and Natural Resources of the  
3 Senate a report describing all expenditures by the Bureau  
4 of Land Management for operation and maintenance of  
5 the Federal Helium Reserve (as that term is defined in  
6 the amendment made by section 2(3)), investments made  
7 by the Bureau for such reserve, and scheduled or unsched-  
8 uled maintenance of such reserve or its infrastructure to  
9 be conducted by the Bureau.

10 **SEC. 4. BLM TRANSPARENCY REQUIREMENTS TO FACILI-**  
11 **TATE MARKET AND SUPPLY CHAIN INFORMA-**  
12 **TION.**

13 The Helium Act (50 U.S.C. 167 et seq.) is further  
14 amended by redesignating sections 15 through 17 as sec-  
15 tions 16 through 18, and by inserting after section 14 the  
16 following:

17 **“SEC. 15. BLM REPORTING REQUIREMENTS TO FACILITATE**  
18 **MARKET AND SUPPLY CHAIN INFORMATION.**

19 “(a) IN GENERAL.—In order to provide the market  
20 with appropriate and timely information affecting the he-  
21 lium resource, the Director of the Bureau of Land Man-  
22 agement shall establish, no later than 90 days after the  
23 date of enactment of the Responsible Helium Administra-  
24 tion and Stewardship Act, a real-time reporting process,  
25 including reporting over the Internet, to provide data that

1 will affect the helium industry, including such effects for  
2 all persons in such industry from crude helium suppliers  
3 to end users.

4 “(b) INCLUDED INFORMATION.—Information pro-  
5 vided under this section shall include the following:

6 “(1) Annual maintenance schedules and quar-  
7 terly updates thereof which shall be available on the  
8 internet, to the extent practicable, and shall include  
9 the following:

10 “(A) The date and duration of planned  
11 shutdown of the helium pipeline.

12 “(B) The nature of work to be undertaken,  
13 whether routine, extended, or extraordinary.

14 “(C) The anticipated impact on the helium  
15 supply.

16 “(D) The efforts to minimize any impact  
17 on the supply chain.

18 “(E) Any concerns regarding maintenance  
19 of the helium pipeline, pressure of the helium  
20 pipeline, or deviation from normal operation of  
21 the helium pipeline.

22 “(2) For each unplanned outage, the following:

23 “(A) The beginning of the outage:

24 “(B) Expected duration of outage.

25 “(C) Description of the problem.

1           “(D) Estimated impact on helium supply.

2           “(E) A plan to correct problem, an esti-  
3           mate of the potential timeframe for correction,  
4           and the likelihood of plan success within time-  
5           frame.

6           “(F) Efforts to minimize negative impacts  
7           on supply chain.

8           “(G) Updates on repair status and antici-  
9           pated online date.

10          “(3) Minutes of meetings between the Bureau  
11          of Land Management and the Cliffside Refiners  
12          Limited Partnership, including—

13               “(A) publication of the minutes of each  
14               meeting between the Bureau of Land Manage-  
15               ment and the Cliffside Refiners Limited Part-  
16               nership including attendees and their affili-  
17               ations on the Internet site of the Bureau within  
18               48 hours after the meeting; and

19               “(B) indication in the minutes of any ac-  
20               tion taken that could affect the supply, oper-  
21               ations, or revenues related to the Federal he-  
22               lium program.

23          “(4) Current predictions of the lifespan of the  
24          Federal Helium Reserve, including how much longer  
25          such crude helium supply will be available based on



1 current and forecasted demand and the projected  
2 maximum production capacity of the Federal Helium  
3 Reserve for the following calendar year.”.

4 **SEC. 5. HELIUM RESOURCE ASSESSMENT AND HELIUM-3**  
5 **SEPARATION.**

6 (a) HELIUM GAS RESOURCE ASSESSMENT.—Not  
7 later than 2 years after the date of enactment of this Act,  
8 the Secretary of the Interior shall—

9 (1) in coordination with appropriate heads of  
10 State geological surveys—

11 (A) complete a national helium gas assess-  
12 ment that identifies and quantifies the quantity  
13 of helium, including the isotope helium-3, in  
14 each reservoir, including assessments of the  
15 constituent gases found in each helium re-  
16 source, such as carbon dioxide, nitrogen, and  
17 natural gas; and

18 (B) make available the modern seismic and  
19 geophysical log data for characterization of the  
20 Bush Dome Reservoir;

21 (2) in coordination with appropriate inter-  
22 national agencies and the global geology community,  
23 complete a global helium gas assessment that identi-  
24 fies and quantifies the quantity of the helium, in-  
25 cluding the isotope helium-3, in each reservoir;

1           (3) in coordination with the Secretary of En-  
2           ergy, acting through the Administrator of the En-  
3           ergy Information Administration, complete—

4                   (A) an assessment of trends in global de-  
5                   mand for helium, including the isotope helium-  
6                   3;

7                   (B) a 10-year forecast of domestic demand  
8                   for helium across all sectors, including scientific  
9                   and medical research, commercial, manufac-  
10                  turing, space technologies, cryogenics, and na-  
11                  tional defense; and

12                  (C) an inventory of medical, scientific, in-  
13                  dustrial, commercial, and other uses of helium  
14                  in the United States, including Federal and  
15                  commercial helium uses, that identifies the na-  
16                  ture of the helium use, the amounts required,  
17                  the technical and commercial viability of helium  
18                  recapture and recycling in that use, and the  
19                  availability of material substitutes wherever  
20                  possible; and

21           (4) submit to the Committee on Natural Re-  
22           sources of the House of Representatives and the  
23           Committee on Energy and Natural Resources of the  
24           Senate a report describing the results of the assess-  
25           ments required under this subsection.

1 (b) HELIUM-3 SEPARATION.—

2 (1) INTERAGENCY COOPERATION.—The Sec-  
3 retary of the Interior shall cooperate with the Sec-  
4 retary of Energy, or a designee of the Secretary of  
5 Energy, on any assessment or research relating to  
6 the extraction and refining of the isotope helium-3  
7 from crude helium at the Federal Helium Reserve  
8 (as that term is defined in the amendments made by  
9 section 2) or along the helium pipeline system, in-  
10 cluding—

11 (A) gas analysis;

12 (B) infrastructure studies; and

13 (C) cooperation with private helium refin-  
14 ers.

15 (2) FEASIBILITY STUDY.—The Secretary of the  
16 Interior shall assess the feasibility of establishing a  
17 facility to separate the isotope helium-3 from crude  
18 helium at—

19 (A) the Federal Helium Reserve; or

20 (B) an existing helium separation or purifi-  
21 cation facility connected to the helium pipeline  
22 system.

23 (3) REPORT.—Not later than 1 year after the  
24 date of enactment of this Act, the Secretary of the  
25 Interior shall submit to the Committee on Natural

1 Resources of the House of Representatives and the  
2 Committee on Energy and Natural Resources of the  
3 Senate a report that contains a description of the re-  
4 sults of the assessments conducted under this sub-  
5 section.