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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

Opening Statement of
Chairman Doug Lamborn
Subcommittee on Energy and Mineral Resources
on Tuesday, July 15, 2014
1334 Longworth House Office Building

Oversight hearing on the "Implementation & Administration of the 2013 Helium Stewardship Act"

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I'd like to thank our witnesses for being with us today. The Subcommittee is meeting for an oversight hearing on the "Implementation and Administration of the 2013 Helium Stewardship Act." Today we will hear testimony regarding BLM's implementation of the Helium Stewardship Act of 2013. This bipartisan, bicameral legislation was signed into law by the President in October and for the first time injects free market reforms to the sale of helium from the Federal Helium Reserve. It also increases transparency and ensures the temporary continued operation of the Reserve before scheduling the final closure in 2021 - all this while providing American taxpayers with a fairer return on this valuable public resource.

We have all been waiting for the BLM to release the final helium notice of sale in preparation for the planned helium auction at the end of the month. This sale notice, which replaces the formal drafting of regulations due to the short time period necessary to meet the timeframes mandated in the legislation, reflects BLM's consideration of guidance from numerous stakeholders as well as multiple meetings with bipartisan House and Senate committee staff.

The goal of the Helium Stewardship Act is to ensure the taxpayers receive a fair value for this federal resource and to create a free-market for federal helium sales. This is a change to the status quo of the BLM selling cheap helium to a small handful of exclusive purchasers, without competition, resulting in taxpayers missing out of millions of dollars over the last decade.

BLM has a number of challenges, the primary challenge is breaking the hold that helium refiners located along the pipeline have had on access to the helium reserve. For more than a decade, BLM has actively collaborated with the helium refiners to deny access to the pipeline and eliminate competition for federal helium. This has allowed a small handful of refiners to limit access, depress prices, and stifle competition.

The Helium Stewardship Act requires BLM to eliminate this collusion between themselves and the refiners by requiring refiners to report to the BLM any excess refining capacity in their refinery and enforcing the mechanism in the act requiring refiners to toll federal helium for other purchasers at commercially reasonable rates. If helium refiners

inaccurately report their excess refining capacity or offer tolling at exorbitantly high prices, the law requires the BLM to withhold helium from any refiner or prohibit their participation in the auction. This is what the law says, this is the primary mechanism agreed to and I expect to hear in BLM's testimony today that they will actively enforce this mechanism by clearly prohibiting refiners who continue to game the system from purchasing helium if they do not obey the law.

Failure by BLM to actively engage and enforce the law will leave purchasers of crude helium without the security they must have when they purchase helium from the BLM. There must be firm assurances that purchasers will have access to the appropriate pipeline capacity to deliver that helium. I look forward to hearing BLM's plan to ensure that all purchasers of helium will have access to sufficient pipeline capacity to transport that helium and that these purchasers will not be left waiting years to move their helium from the reserve to market due to uncompetitive actions of the refiners.

Finally, BLM's successful implementation of this law will be measured by the amount of competition in the helium sale, the helium price, and the ability by non-refiners to process and toll their purchased helium. I appreciate the BLM and the GAO being here to testify for us today and I look forward to hearing their answers to several questions our Subcommittee has regarding effective implementation of the Helium Stewardship Act.

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