

Congress of the United States
Washington, DC 20515

March 13, 2014

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

Since 1996, the Bureau of Land Management (BLM) has been directed to close down and sell off the Federal Helium Reserve. The sale of the helium contained in the Reserve has been subject to multiple Department of the Interior Inspector General reports, an examination by the Government Accountability Office, and a major National Academy of Sciences report. All of these reports raise significant concerns over the ability of the BLM to obtain a fair market price for helium and protect the interests of taxpayers.

Last year, Congress enacted the Helium Stewardship Act (Public Law No. 113-40), a central tenant of which is a new auction-based program designed to inject more competition into helium sales from the Reserve, and establish a fair market price for helium to ensure a fair return to the taxpayer. A key component of facilitating new competition into the helium program is the condition that current refiners who hold access to the Reserve make available tolling capacity at commercially reasonable rates (Sec. 6 (b)(8)(B) of the Helium Act, as amended). The ability for new participants to access tolling capacity is central to ensuring buyers have the security of knowing they will be able to access and refine crude helium from the Reserve, thus increasing auction participation and ensuring a better return for American taxpayers. Failure by BLM to enforce these provisions will result in fewer auction participants, lower prices for helium, and a loss of revenues for taxpayers.

The Helium Stewardship Act directs the BLM to conduct the first sale of helium under the new program no later than August 1, 2014, for the full volume of helium to be sold in 2015 and approximately 25% of the helium scheduled for sale in 2016. As a result, this sale will auction nearly 20% of the total helium remaining in the Reserve. In order to allow for the broadest participation and best price for the taxpayer, non-refiner buyers must have full confidence that BLM is properly enforcing the provisions related to fair tolling. Rigorous enforcement by BLM is essential as helium refiners on the pipeline that are currently granted a non-competitive allotment of an overwhelming majority of helium from the Reserve have a significant incentive to drive buyers out of the auction and encourage lower prices. This subjugates the interests of the federal government, taxpayers, the fair market, and the competitive spirit embodied in the Helium Stewardship Act.

As a result of the significant government financial and helium resources at risk, we are asking that GAO initiate an examination of BLM's plans for helium sales, enforcement of

tolling conditions, and general oversight of the Helium Stewardship Act, prior to the first sale later this year. In particular, we would like GAO to determine, to the extent possible:

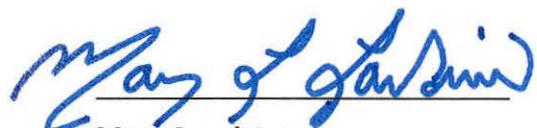
1. What is the process BLM is using to assess excess tolling capacity, what is the current refinery capacity, and what is the current supply of helium carried by the BLM pipeline system?
2. What are the tools and processes that BLM is establishing to ensure fair tolling requirements are being enforced?
3. Does BLM have the tools to adequately protect taxpayer interests in the case of a refiner failing to offer fair commercially reasonable rates for tolling and refusing to make excess capacity available?
4. What are the responses from refiners to requests for tolling services and do those responses represent “commercially reasonable” rates and conditions for the tolling of helium from the Reserve?

Thank you for your prompt attention to this request. Questions concerning this request should be directed to Tim Charters, Staff Director for the House Natural Resources Subcommittee on Energy and Mineral Resources, at (202) 225-9297 and Steve Feldgus, Senior Energy Policy Advisor for the House Natural Resources Committee Minority, at 202-225-6065.

Sincerely,



Doc Hastings
Chair
Natural Resources Committee



Mary Landrieu
Chair
Energy and Natural Resources Committee



Peter DeFazio
Ranking Member
Natural Resources Committee



Lisa Murkowski
Ranking Member
Energy and Natural Resources Committee