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Chairman Hastings Introduces Market-Driven Plan to Prevent Global Helium Shortage, Provide Fair Return for Taxpayers

WASHINGTON D.C. – House Natural Resources Committee Chairman Doc Hastings (R-WA), along with Ranking Member Ed Markey (D-MA), Rep. Bill Flores (R-TX) and Rep. Rush Holt (D-NJ), today introduced [H.R. 527, *The Responsible Helium Administration and Stewardship Act*](#). This bipartisan legislation would prevent the closure of the Federal Helium Reserve, which by law is scheduled to close later this year resulting in a 30 percent reduction in the global helium supply. The legislation applies free-market reforms to the sale of helium from the Reserve, ensuring its continued operation while providing American taxpayers with a fair return on the public's resources.

A global helium shortage would threaten America's global economic competitiveness and cost tens of thousands of American jobs. 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 MRIs, and is critical to national defense efforts.

"Without immediate reforms the world will soon face a global helium shortage, which will threaten tens of thousands of American jobs, make life-saving medical devices unreliable and disrupt national defense efforts. This impending helium shortage is completely avoidable if Congress enacts the necessary free-market reforms that will provide taxpayers with a fair return on their resources," said Chairman Hastings. "This common sense plan also implements critical transparency procedures, which add certainty to the helium supply. Congress must recognize the economic and national security importance of a domestic helium supply by ensuring the Reserve remains open, which will protect supply, while utilizing market pricing to help drive innovation and conservation of helium, rather than leaving us dependent on unstable regions of the world."

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 one year after the date of enactment.
 - [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 of the Interior and has a proven interest in helium. Ensures that those who purchase helium will have access to the existing pipeline infrastructure.
 - 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 auction prices. The Secretary has the authority to increase or decrease the minimum price based on market conditions. There are limits on the amount any one bidder can purchase to avoid disruption of supply.
 - 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 pay off the debt by requiring 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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