

Today, the Subcommittee meets to consider the discussion draft of the Helium Extraction Act of 2017. This legislation allows for helium production on federal lands where corresponding hydrocarbon production is not profitable.

Currently, the Mineral Leasing Act only allows for helium extraction as a byproduct of an existing natural gas lease. If the terms of the lease are not met by saleable amounts of a hydrocarbon, the lease will expire, regardless of the revenue brought in by helium sales. This straightforward legislative proposal would fix that, incentivizing helium production on federal lands and helping secure the future of the American helium supply.

The issue of helium production should not be taken lightly. The unique qualities of this element have made it an irreplaceable part of our medical, space, and defense industries in a variety of applications, including MRI machines, semiconductors, and air-to-air missile guidance.

Congress recognized the value of this finite natural resource in 2013, passing the Helium Stewardship Act to extend and improve upon the Bureau of Land Management's helium program. The legislation detailed a gradual privatization process of the BLM-managed Federal Helium Reserve, aiming to responsibly oversee the sale of this valuable commodity and also acquire a fair return to the taxpayer.

Unfortunately, major concerns remain regarding the future of the domestic helium market. The Helium Stewardship Act specifies that all helium in the Federal Reserve must be auctioned off by September 30, 2021 and the facility closed. With the shutdown of the Reserve, a major source of helium that has existed for nearly a century will no longer be available. In turn, Congress has created another “helium cliff” – and we need to ensure our country will have access to such a necessary resource.

Without a domestic source of helium, American industries will be forced to rely on foreign sourced helium. Unfortunately, each of the other major supply countries of helium implicates national security concerns. After the United States, the chief producers of helium are Qatar, Algeria, and Russia, in that order. In the event of a shortage, interested buyers may need to turn to foreign producers to meet their needs. In fact, given the sell-off of the Federal Helium Reserve and the expansion of helium plants abroad, the U.S. Geological Survey predicts that international facilities will be the main source of the resource by the end of the decade.

The importance of securing an American supply of helium has been emphasized by recent global events. Earlier this month, Saudi Arabia and three of its allies severed diplomatic relations with Qatar over allegations of sponsoring terrorism.

Among the multitude of economic activities suspended or stopped by this geopolitical crisis, Qatar's helium production has also been majorly interrupted. Two of its plants have already halted operations. As the second largest producer in the world, a prolonged supply shortage from Qatar could have severe impacts on the stability of the market.

Today, we will hear testimony discussing the importance of this statute in addressing the future needs of American industries, the current state of the helium supply, and the need to provide federal users with certainty in the helium market.

By authorizing the BLM to lease land for helium production, the Helium Extraction Act facilitates production of a valuable, nonrenewable resource on federal lands. In doing so, this legislation would raise revenue for the benefit of the taxpayer, ease helium access for federal and non-federal users alike, and help secure the future of the American helium supply.