

Oversight hearing on "the Helium Stewardship Act and the path forward"

Witnesses

Anne-Marie Fennell

Director, Natural Resource and Environment Team

Government Accountability Office

Dr. William Halperin

Professor of Physics, Northwestern University

David Joyner

President, Air Liquide Helium America, Inc.

Walter Nelson

General Manager, Global Helium Air Products & Chemicals. Inc.

Tim Spisak

Senior Advisor for Minerals and Realty Management, Bureau of Land Management

Members in Attendance

Doug Lamborn (R-CO), Chairman

Alan Lowenthal (D-CA), Ranking Member

Cynthia Lummis (R-WY)

Matt Cartwright (D-PA)

Garret Graves (R-LA)

Don Beyer (D-VA)

Ryan Zinke (R-MT)

Crescent Hardy (R-NV)

On July 8, the House Natural Resources subcommittee on Energy and Mineral Resources held a hearing reviewing the year-old Helium Stewardship Act's (HSA) implementation. The Helium Stewardship Act charges the Bureau of Land Management (BLM) with auctioning off part of the helium held in storage by the federal government to raise money and provide stability in the helium market. The hearing reviewed the results of the first federal helium auction, which earned the federal government substantial revenue for the helium, but angered private sector consumers.

To enable private market competition, the Act allows refiners to buy raw helium from government storage, process it, and then sell it. It also allows helium merchants to buy the raw helium from the federal government and create "tolling" agreements with refiners wherein refiners use excess capacity in their refineries to process helium. This mechanism, while allowing those without the refining ability to bid on raw helium, leads to tension between refiners and merchants. Tolling agreements are essential for allowing merchants to produce helium. This places refiners in a monopolistic state where they can force competitors from the market by charging excessively for tolling services. Without access to refineries, merchants cannot use the helium from the federal government.

At the auction, eleven out of thirteen plots of helium were bought by two refiners, signaling a failure of the HSA to provide adequate competition. According to David Joyner, who represented merchants, the refiners were able to outbid all competitors because they were able to corner the market. Joyner also argued that the tolling agreements that were required to be negotiated under the Helium Stewardship Act included unreasonable terms, effectively shutting out merchants from the federal supply of helium.

The United States' helium supply is unique because it can be held in storage indefinitely until the purchaser desires it. This adds another layer of complexity to the HSA of providing timely delivery of the purchased helium. All of the witnesses agreed BLM needed to honor its contracts and deliver the bought helium when demanded.

Nelson, representing refiners, said that refiners chose to invest in refining technology so they should be allowed to charge what they want for tolling. In the past, BLM canceled some contracts with refiners. The uncertainty brought on by that event has caused distrust between the private sector and the BLM, according to Nelson.

Much of the hearing was spent trying to understand the merits and problems with implementation. Everyone agreed that a steady supply of helium is vital to the science community. Dr. William Halperin stressed that fluctuations in the price of helium have the ability to disrupt scientific research by pricing researchers away from helium's unique cooling properties.

Under the HSA, the United States made a record amount on its recent sale of helium, pleasing all of the members present.
