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RESPONSIBLE HELIUM ADMINISTRATION AND STEWARDSHIP ACT

APRIL 18, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 527]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 527) to amend the Helium Act to complete the privatization of the Federal helium reserve in a competitive market fashion that ensures stability in the helium markets while protecting the interests of American taxpayers, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Responsible Helium Administration and Stewardship Act".

SEC. 2. DEFINITIONS.

Section 2 of the Helium Act (50 U.S.C. 167) is amended—

(1) in paragraph (1), by striking the semicolon at the end and inserting a period;

(2) in paragraph (2), by striking "; and" and inserting a period; and

(3) by adding at the end the following:

"(4) FEDERAL HELIUM RESERVE.—

"(A) IN GENERAL.—The term 'Federal Helium Reserve' means the Bureau of Land Management Cliffside Gas Field and supporting infrastructure.

"(B) INCLUSIONS.—The term 'Federal Helium Reserve' includes—

"(i) the Cliffside Gas Field helium storage reservoir; and

"(ii) all associated infrastructure owned, leased, or managed under contract by the Secretary for storage, transportation, withdrawal, purification, or management of helium.

"(5) QUALIFYING DOMESTIC HELIUM TRANSACTION.—The term 'qualifying domestic helium transaction'—

"(A) except as provided in subparagraph (B), means any new or newly renegotiated agreement for the purchase or sale of at least 15,000,000 standard cubic feet of crude helium or bulk liquid helium delivered in the United States in the most recent full fiscal year; and

"(B) does not include any purchase of crude helium from the Secretary.

"(6) TOLLING AGREEMENT.—The term 'tolling agreement' means an agreement between a helium refiner and another party under which the helium refiner agrees to process the other person's helium at an agreed upon price.".

SEC. 3. SALE AND AUCTION OF CRUDE HELIUM.

(a) IN GENERAL.—Section 6 of the Helium Act (50 U.S.C. 167d) is amended to read as follows:

"SEC. 6. SALE OF HELIUM.

"(a) PHASE A: FINALIZING DEBT PAYOFF.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall offer for sale crude helium for Federal, medical, research, scientific, and commercial uses in such quantities, at such times, and under such conditions as the Secretary determines necessary to carry out this subsection with minimum market disruption.

"(2) MINIMUM QUANTITY.—The Secretary shall offer for sale during each fiscal year under paragraph (1) a quantity of crude helium equivalent to the quantity of crude helium produced from the Federal Helium Reserve during fiscal year 2012.

"(3) IN-KIND PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Federal agencies, and holders of 1 or more Federal research grants, may purchase refined helium under this subsection for Federal, medical, research and scientific uses from persons who have entered into enforceable contracts to purchase an equivalent quantity of crude helium from the Secretary.

"(4) PRICES AND DETERMINATIONS.—Sales of crude helium by the Secretary under this subsection shall be at prices established by the Secretary that shall not be less than the price in the last sale of crude helium from the Federal Helium Reserve before the date of enactment of the Responsible Helium Administration and Stewardship Act, except that any sale to a person referred to in paragraph (3) for a purchase authorized by that paragraph shall be at a price specified by the Secretary.

"(5) DURATION.—This subsection applies during the period—

"(A) beginning on the date of enactment of the Responsible Helium Administration and Stewardship Act; and

"(B) ending on the expiration of the one-year period following such date of enactment.

"(b) PHASE B: MAXIMIZING TOTAL RECOVERY OF HELIUM AND INCREASING RETURNS TO THE AMERICAN TAXPAYER.—

"(1) IN GENERAL.—The Secretary shall offer for sale at auction, as described in subsection (d), crude helium for medical, research, scientific, and commercial uses in such quantities, at such times, and under such conditions as the Secretary determines necessary—

"(A) to maximize total recovery and conservation of helium from the Federal Helium Reserve;

"(B) to manage crude helium sales according to the ability of the Secretary to extract and produce helium from the Federal Helium Reserve;

"(C) to respond to helium market supply and demand and minimize market disruption; and

"(D) to give priority to meeting the helium demand of Federal users through purchases under paragraph (2).

"(2) IN-KIND PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Any Federal agency, and any holder of 1 or more Federal research grants, may purchase refined helium for Federal, medical, research, and scientific uses from an eligible person. The Secretary shall then provide an equivalent volume of crude helium to the eligible person as if the eligible person was the successful bidder for the helium at auction. Provision of helium by the Secretary under this paragraph shall not be considered a sale of helium by the Secretary at auction. The Secretary shall provide such helium at the minimum price established by the Secretary for the most recent auction held under this subsection or such other price as may be specified by the Secretary.

"(3) ELIGIBLE PERSON.—For purposes of this subsection, the term 'eligible person' means a helium distributer who is registered as such with the Secretary.

"(4) DURATION.—This subsection applies during the period—

"(A) beginning on the expiration of the period described in subsection (a)(5)(B); and

"(B) ending on the date on which the volume of recoverable crude helium at the Federal Helium Reserve (other than privately owned quantities of crude helium stored temporarily at the Federal Helium Reserve under section 5 and this section) is 3,000,000,000 standard cubic feet.

"(5) MAXIMUM ANNUAL SALES.—Notwithstanding any provision of subsection (d), for each fiscal year, the Secretary may not offer or provide for sale under this subsection a total volume of crude helium that exceeds the lesser of—

"(A) the projected maximum total production capacity of the Federal Helium Reserve during that fiscal year; and

"(B) the maximum refining capacity of persons connected by pipeline to the Federal Helium Reserve during that fiscal year.

"(c) PHASE C: ACCESS FOR FEDERAL USERS.—

"(1) IN GENERAL.—The Secretary may offer for sale crude helium for Federal uses (including medical, research, and scientific uses) in such quantities, at such times, and under such conditions as the Secretary determines necessary to carry out this subsection.

"(2) PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Federal agencies, and holders of 1 or more Federal research grants related to helium or the use of helium, may purchase refined helium under this subsection for Federal uses (including medical, research, and scientific uses) from persons who have entered into enforceable contracts to purchase an equivalent quantity of crude helium from the Secretary.

"(3) EFFECTIVE DATE.—This subsection applies beginning on the day after the date described in subsection (b)(4)(B).

"(d) AUCTION AND MINIMUM PRICES DETERMINATION.—

"(1) IN GENERAL.—Sales of crude helium by the Secretary in auctions under subsection (b) shall be conducted under the conditions described in this section and at no less than the minimum price established by the Secretary.

"(2) AUCTION.—The Secretary shall conduct such auctions of crude helium as soon as practical but no later than beginning 180 days after the first day of the period described in subsection (b)(4), under the following conditions:

"(A) 60 percent of the volume of crude helium made available in each auction shall be made available to entities that can show the Secretary they have either adequate refining capacity or tolling agreements for refining in place, in accordance with the conditions set forth in paragraph (3).

"(B) 20 percent of the volume of crude helium made available in each auction shall be made available to any bidder, in accordance with the conditions set forth in paragraph (3).

"(C) In each auction after the first auction under this subsection after the date of the enactment of the Responsible Helium Administration and Stewardship Act, the Secretary shall make available an additional volume of crude helium, in an amount equivalent to the amount made available under subparagraph (B) that the Secretary certifies can be refined, through tolling agreements or otherwise. Of such additional volume, a person may not acquire in the auction a volume in excess of the volume they demonstrate to the Secretary they have the ability to refine through either refining capacity or tolling agreements.

"(D) The Secretary shall conduct such auctions at such times as the Secretary determines necessary to ensure a reliable supply of helium and a fair return to taxpayers, but no less frequently than 2 times each fiscal year.

"(E) For purposes of the first auction under this subsection after the date of the enactment of the Responsible Helium Administration and Stewardship Act, the Secretary may revise the percentage under subparagraph (A) so as to make available for auction 100 percent of the volume of crude helium intended to be offered.

"(F) The Secretary may adjust the percentages and amount specified in subparagraphs (A) through (C), respectively, in any auction if the Secretary determines the adjustment is necessary to—

"(i) respond to market supply and demand and minimize market disruption; or

"(ii) increase participation in helium auctions.

"(G) The Secretary may conduct an auction no more frequently than once each fiscal year of an amount of helium equal to up to 10 percent of the volume of crude helium to be made available at auction during the fol-

lowing fiscal year. Such amount of crude helium shall be made available to any bidder, in accordance with the conditions set forth in paragraph (3). Notwithstanding paragraph (3)(C), for crude helium sold in such an auction the Secretary shall begin charging a storage fee under clause (i) of that paragraph beginning 1 year after the date of such auction, and shall begin charging increasing storage fees under clause (ii) of that paragraph beginning 270 days after beginning charging storage fees under clause (i) of that paragraph.

"(3) AUCTION CONDITIONS.—

"(A) BIDDING METHOD.—The Secretary shall conduct each auction by sealed bid for predetermined volume lots, unless the Secretary determines that an alternative bidding method may result in more revenue to the Federal Government or may increase participation in the auction.

"(B) BIDDER QUALIFICATIONS AND LIMITS.—In carrying out an auction under subsection (b), the Secretary—

"(i) may accept bids only from persons the Secretary determines are seeking to purchase helium for their own use, for refining, or for delivery to users; and

"(ii) may not award to a person more than 30 percent of the total volume of crude helium offered in that auction, except that the Secretary may adjust such limitation based on the number of bidders in the auction.

"(C) STORAGE FEES.—In each auction the Secretary—

"(i) shall begin charging each winning bidder a storage fee for crude helium purchased by the bidder that remains in the Federal Helium Reserve, beginning on the date the Secretary receives payment of the purchase price for the helium; and

"(ii) beginning 270 days after the date of the auction, shall charge increasing storage fees that will encourage the withdrawal of the helium no later than 2 years after the date of the auction.

"(4) DETERMINATION OF MINIMUM SALE PRICE.—The Secretary shall make a determination of the minimum sale price for sales described in paragraph (1) using—

"(A) a confidential survey of qualifying domestic helium transactions to which any holder of a contract with the Secretary for the acceptance, storage, and redelivery of crude helium in the Cliffside Gas Field helium storage reservoir is a party;

"(B) current market crude helium prices as represented by the sale price at any auction held by the Secretary in the preceding 2 years;

"(C) the volume-weighted average cost among helium refiners, producers, and liquefiers, in dollars per thousand cubic feet, of converting gaseous crude helium into bulk liquid helium;

"(D) the additional layer of cost and profit associated with the sale or resale of bulk liquid helium; and

"(E) the sale price for crude helium offered in the most recent auction under paragraph (2)(G).

"(5) AUTHORITY OF SECRETARY.—The Secretary shall—

"(A) require all persons that are parties to a contract with the Secretary for the acceptance, storage, and redelivery of crude helium to disclose, on a strictly confidential basis in dollars per thousand cubic feet, the weighted average price of all crude helium and bulk liquid helium purchased, sold, or processed by the persons in all qualifying domestic helium transactions during the fiscal year;

"(B) appoint a qualified independent third party to perform data collection and analysis for the purposes of the survey under paragraph (4)(A); and

"(C) adopt such administrative policies and procedures as the Secretary considers necessary and reasonable to ensure robust protection of the confidentiality of data submitted by private persons.

"(6) CHANGES IN MINIMUM PRICE.—If the Secretary believes that the minimum price as determined by the survey under paragraph (4)(A) may not be reflective of the current market value of helium, or if a higher minimum price may result in greater conservation of the Federal crude helium resource, the Secretary may change the minimum price charged for crude helium sold under this section by up to 10 percent of the price determined under paragraph (4). If at any sale in which the minimum price is increased under this paragraph all crude helium offered is sold at the increased price, the Secretary shall consider that increased price to be the minimum price determined under paragraph (4) for all future

sales of crude helium under this section unless that price is further changed in accordance with this paragraph.

"(7) ENSURING FAIR AND NONDISCRIMINATORY ACTS AND PRACTICES.—The Secretary may issue such rules and regulations with respect to ensure bidding, transfer, and refining of helium produced from or held in the Federal Helium Reserve as may be necessary to ensure fair and nondiscriminatory acts and practices.

"(8) AUCTION RECORDS.—

"(A) FURNISHING RECORDS.—Every person participating in auctions of helium from the Federal Helium Reserve shall furnish to the Secretary on request such records of transactions in helium auctions as the Secretary may require to reconstruct bidding or trading in the course of a particular inquiry or investigation being conducted by the Secretary for enforcement or surveillance purposes. In requiring information pursuant to this paragraph, the Secretary shall specify the information required, the period for which it is required, and the time and date on which the information must be furnished.

"(B) REPORTING REQUIREMENTS.—The Secretary may issue rules to require persons participating in helium auctions to file such reports as the Secretary determines to be necessary for purposes of this Act.

"(C) RECORDKEEPING REQUIREMENTS.—Rules under this subsection may require specified persons to make and keep for prescribed periods such records as the Secretary determines are necessary or appropriate to ensure that such persons can comply with reporting requirements under this subsection.

"(D) LIMITATION ON DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Secretary shall not be compelled to disclose any proprietary information required to be kept or reported under this subsection. Nothing in this subsection authorizes the Secretary to withhold information from Congress, prevents the Secretary from complying with a request for information from any other Federal department or agency requesting information for purposes within the scope of its jurisdiction, or prevents the Secretary from complying with an order of a court of the United States in an action brought by the United States or by the Secretary.

"(e) HELIUM PRODUCTION FUND.—

"(1) IN GENERAL.—All amounts received under this Act shall be credited to the Helium Production Fund, which shall be available without fiscal year limitation for purposes considered necessary by the Secretary to carry out this subsection.

"(2) ADMINISTRATIVE EXPENSES.—Amounts in the Helium Production Fund may be used by the Secretary to conduct helium auctions and otherwise administer this Act.

"(3) REPAYMENT AMOUNTS.—During the period described in subsection (a)(4), amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to conduct helium auctions and otherwise administer this Act shall be paid to the general fund of the Treasury and credited against all amounts required to be repaid to the United States under this Act as of October 1, 1995.

"(4) CAPITAL INVESTMENTS AND MAINTENANCE.—Amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to carry out paragraphs (1) through (3) may be used to fund the following capital investments in upgrades and maintenance at the Federal Helium reserve:

"(A) Wellhead maintenance at the Cliffside Gas Field helium storage reservoir.

"(B) Capital investments in maintenance and upgrades of facilities that pressurize the Cliffside Gas Field helium storage reservoir.

"(C) Capital investments in maintenance and upgrades of equipment related to the storage, withdrawal, transportation, purification, and sale of crude helium at the Cliffside Gas Field helium storage reservoir.

"(D) Any other scheduled or unscheduled maintenance of the Cliffside Gas Field helium storage reservoir and helium pipeline.

"(5) EXCESS FUNDS.—Amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to carry out paragraphs (1) through (4) shall be paid to the general fund of the Treasury.

"(f) EXTRACTION OF HELIUM FROM DEPOSITS ON FEDERAL LAND.—All amounts received by the Secretary from the sale or disposition of crude helium on Federal land shall be paid to the general fund of the Treasury and credited against all amounts required to be repaid to the United States under this Act as of October 1, 1995.

"(g) MAINTENANCE OF HELIUM SUPPLY.—The Secretary shall ensure that there is no disruption in the supply of helium from the Federal Helium Reserve during the transition between phases of helium sales under subsections (a), (b), and (c).".

(b) REPORT.—Not later than 1 year after the date of enactment of this Act and annually thereafter, the Secretary of the Interior shall submit to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report describing all expenditures by the Bureau of Land Management for operation and maintenance of the Federal Helium Reserve (as that term is defined in the amendment made by section 2(3)), investments made by the Bureau for such reserve, and scheduled or unscheduled maintenance of such reserve or its infrastructure to be conducted by the Bureau.

SEC. 4. BLM TRANSPARENCY REQUIREMENTS TO FACILITATE MARKET AND SUPPLY CHAIN INFORMATION.

The Helium Act (50 U.S.C. 167 et seq.) is further amended by redesignating sections 15 and 17 as sections 17 and 18, and by inserting after section 14 the following:

"SEC. 15. PIPELINE ACCESS.

"(a) ANNUAL REPORT.—The Secretary, acting through the Bureau of Land Management, shall make available on the Internet the current refining capacity on the Federal Helium Reserve pipeline, including—

"(1) refinery capacity and future capacity estimates;

"(2) ownership of federally auctioned helium held in the Federal Helium Reserve;

"(3) volume of helium delivered to individual buyers through such pipeline;

"(4) for each helium refiner—

"(A) the number of tolling agreements entered into before October 1, 2013; and

"(B) for each fiscal year thereafter—

"(i) the number of tolling agreements entered into;

"(ii) the number of tolling requests received; and

"(iii) the total volume of helium refined under each tolling agreement entered into;

"(5) pipeline pressure constraints; and

"(6) other factors that will increase transparency for persons interested in entering refining contracts with existing refiners.

"(b) NEW REFINING CAPACITY.—The Secretary shall take any applications for new refining capacity on the Federal Helium Reserve pipeline. To create more competition, any new refining capacity added to the Federal Helium Reserve pipeline system shall be granted access to crude helium that is equal to the access provided to existing refining facilities.

"(c) ACCESS BY PURCHASERS OF HELIUM.—The Secretary shall manage Federal Helium Reserve pipeline access in a competitive manner to ensure that all persons purchasing helium have equal access to timing and delivery of the helium, subject to the capacity of the system.

"(d) SCHEDULING DELIVERIES.—The Secretary shall, to the greatest extent practicable, make the scheduling of crude helium deliveries through the Federal Helium Reserve pipeline open and transparent to all purchasers of helium through the auction process, and to the public if the Secretary believes that it is in the national interest.

"(e) SCHEDULING PRIORITY.—

"(1) IN GENERAL.—In scheduling crude helium deliveries through the Federal Helium Reserve pipeline the Secretary shall grant pipeline access in the following order of priority:

"(A) Helium held in the Reserve as a result of a purchase under subsection (b)(2).

"(B) Helium sold at auction being delivered to fulfill a tolling agreement.

"(C) Other helium sold at auction.

"(D) Helium held in the Reserve as a result of a crude helium exchange resulting from any temporary shutdown of the Reserve or of a refinery on the Reserve pipeline.

"(E) Helium held in inventory in the Reserve before the date of enactment of the Responsible Helium Administration and Stewardship Act.

"(2) In scheduling such deliveries of helium described in each of subparagraphs (A) through (E) of paragraph (1), the Secretary shall grant pipeline access based on the following order of priority:

"(A) The price paid to the United States for the helium, giving higher priority to helium for which a greater price was paid.

"(B) The date the helium was purchased from the Secretary, giving higher priority to helium purchased on an earlier date.

"(C) Any other factor the Secretary considers appropriate to prioritize delivery.

"SEC. 16. BLM REPORTING REQUIREMENTS TO FACILITATE SUPPLY CHAIN INFORMATION.

"(a) IN GENERAL.—In order to provide the market with appropriate and timely information affecting the helium resource, the Director of the Bureau of Land Management shall establish, no later than 90 days after the date of enactment of the Responsible Helium Administration and Stewardship Act, a real-time reporting process, including reporting over the Internet, to provide data that will affect the helium industry, including such effects for all persons in such industry from crude helium suppliers to end users.

"(b) INCLUDED INFORMATION.—Information provided under this section shall include the following:

"(1) Annual maintenance schedules and quarterly updates thereof, which shall be available on the Internet, to the extent practicable, and shall include the following:

"(A) The date and duration of planned shutdowns of the Federal Helium Reserve pipeline.

"(B) The nature of work to be undertaken, whether routine, extended, or extraordinary.

"(C) The anticipated impact on the helium supply.

"(D) The efforts to minimize any impact on the supply chain.

"(E) Any concerns regarding maintenance of the Federal Helium Reserve pipeline, pressure of such pipeline, or deviation from normal operation of such pipeline.

"(2) For each unplanned outage, the following:

"(A) The beginning of the outage.

"(B) The expected duration of outage.

"(C) A description of the problem.

"(D) The estimated impact on helium supply.

"(E) A plan to correct problems, an estimate of the potential timeframe for correction, and the likelihood of plan success within the timeframe.

"(F) Efforts to minimize negative impacts on the helium supply chain.

"(G) Updates on repair status and the anticipated online date.

"(3) Minutes of meetings between the Bureau of Land Management and the Cliffside Refiners Limited Partnership, including—

"(A) publication of the minutes of each meeting between the Bureau of Land Management and the Cliffside Refiners Limited Partnership, including attendees and their affiliations, on the Internet site of the Bureau within 1 week after the meeting; and

"(B) indication in the minutes of any action taken that could affect the supply or operating status related to the Federal helium program.

"(4) Current predictions of the lifespan of the Federal Helium Reserve, including how much longer such crude helium supply will be available based on current and forecasted demand and the projected maximum production capacity of the Federal Helium Reserve for the following fiscal year.".

SEC. 5. HELIUM RESOURCE ASSESSMENT AND HELIUM–3 SEPARATION.

(a) HELIUM GAS RESOURCE ASSESSMENT.—Not later than 2 years after the date of enactment of this Act, the Secretary of the Interior shall—

(1) in coordination with appropriate heads of State geological surveys—

(A) complete a national helium gas assessment that identifies and quantifies the quantity of helium, including the isotope helium-3, in each reservoir, including assessments of the constituent gases found in each helium resource, such as carbon dioxide, nitrogen, and natural gas; and

(B) make available the modern seismic and geophysical log data for characterization of the Bush Dome Reservoir;

(2) in coordination with appropriate international agencies and the global geology community, complete a global helium gas assessment that identifies and quantifies the quantity of the helium, including the isotope helium-3, in each reservoir;

(3) in consultation with the Secretary of Energy, acting through the Administrator of the Energy Information Administration, complete—

(A) an assessment of trends in global demand for helium, including the isotope helium-3;

(B) a 10-year forecast of domestic demand for helium across all sectors, including scientific and medical research, commercial, manufacturing, space technologies, cryogenics, and national defense; and

(C) an inventory of medical, research, scientific, industrial, commercial, and other uses of helium in the United States, including Federal and commercial helium uses, that identifies the nature of the helium use, the amounts required, the technical and commercial viability of helium recapture and recycling in that use, and the availability of material substitutes wherever possible; and

(4) submit to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report describing the results of the assessments required under this subsection.

(b) HELIUM-3 SEPARATION.—

(1) INTERAGENCY COOPERATION.—The Secretary of the Interior shall cooperate with the Secretary of Energy, or a designee of the Secretary of Energy, on any assessment or research relating to the extraction and refining of the isotope helium-3 from crude helium at the Federal Helium Reserve (as that term is defined in the amendments made by section 2) or along the Federal Helium Reserve pipeline system, including—

(A) gas analysis;

(B) infrastructure studies; and

(C) cooperation with private helium refiners.

(2) FEASIBILITY STUDY.—The Secretary of the Interior shall assess the feasibility of establishing a facility to separate the isotope helium-3 from crude helium at—

(A) the Federal Helium Reserve; or

(B) an existing helium separation or purification facility connected to the Federal Helium Reserve pipeline system.

(3) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Interior shall submit to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report that contains a description of the results of the assessments conducted under this subsection.

PURPOSE OF THE BILL

The purpose of H.R. 527 is to amend the Helium Act to complete the privatization of the Federal helium reserve in a competitive market fashion that ensures stability in the helium markets while protecting the interests of American taxpayers.

BACKGROUND AND NEED FOR LEGISLATION

The Responsible Helium Administration and Stewardship Act (H.R. 527) would address the impending closure of the Federal Helium program later this year by allowing the Federal Reserve to continue supplying helium while also reforming our nation's helium policy. In reforming the program, this legislation applies free-market principles to the sale of helium from the Reserve, ensuring its continued operation while providing American taxpayers with a more transparent and fairer return on the public's resources. In addition, by establishing a market and market pricing for helium, the legislation will drive conservation and new exploration and development of helium.

HISTORY OF DOMESTIC HELIUM

The United States government initially became interested in helium during World War I. The U.S. Army valued it as a safe, non-combustible alternative to hydrogen for use in buoyant aircraft.

In 1925, Congress created the Federal Helium Program to ensure that helium would be available to the government for defense needs. The Bureau of Mines constructed and operated a large helium extraction and purification plant north of Amarillo, Texas, that went into operation in 1929. From 1929 to 1960 the federal government was the only domestic producer of helium. During and

after World War II the demand for helium increased. In response, Congress passed amendments to the Helium Act in 1960. The amendments provided incentives for private natural gas producers to strip helium from natural gas and sell it to the government. The Secretary of the Interior was given authority to borrow money from the U.S. Treasury to buy helium and pump it into the reserve, which eventually led to a supply large enough to provide for all of the U.S. helium needs and allowed some to be sold overseas. Some of this helium was used for research, NASA's space program, and defense and medical purposes, but most was injected into a storage facility at the Cliffside Gas Field helium storage reservoir known as the Federal Helium Reserve. The 1960 amendments required the Bureau of Mines to set prices on the helium it sold that would cover all of the Helium Program's costs and repay its debts. As a result of the tremendous quantities of federal helium available, the U.S. federal government became the largest single global supplier of helium, and the global price of helium was established based on the price set by the federal government.

Federal demand for helium did not live up to post-war expectations, and by the 1990s, private demand for helium far exceeded federal demand. The government had accrued more than $1.3 billion in federal debt from the construction of the Reserve, the purchase of helium, and the construction of pipelines in Texas, Kansas, and Oklahoma. In an attempt to pay off the debt and ease the federal government out of the helium business, in 1996 Congress passed the Helium Privatization Act of 1996 (Public Law 104–273), which redefined the government's role in helium production. It sought to ease the transition of the federal government from an active purchaser and producer of helium to simply a distributer of what was currently held in the reserve. The 1996 law redefined the primary functions of the federal government as simply operating and maintaining the helium storage reservoir and pipeline system and providing crude helium gas by contract with private companies. It also ordered the sale of all but 600 million cubic feet of helium by 2015 at a price that would recoup the debt. In accordance with the 1996 law, in 2005 Bureau of Land Management (BLM) began offering for sale an annual set amount of helium at a fixed price. BLM was made responsible for operating the Federal Helium Reserve and providing enriched crude helium to the refiners located along the helium pipeline. It is these refiners that refine the crude helium and distribute it to downstream users and helium suppliers around the country.

CURRENT STATUS

Today, helium is vital in a variety of industries other than defense. It is essential to cooling and maintaining superconductive magnets on MRI machines, which accounts for more than a quarter of helium used in the United States. It is also used in semiconductor manufacturing, fiber optics, welding, LCD screens, rocket fuel, medical lasers, as a cooling medium for nuclear reactors and in scientific and other research. The BLM Federal Helium Reserve continues to be the largest supplier of helium to U.S. industry.

The federal government currently supplies about 30 percent of the world's supply of helium. Originally created as a federal helium extraction and purification plant, the BLM Reserve is today man-

aged in a single reservoir and pipeline system located in Texas, Oklahoma and Kansas. As noted above, the 1996 Helium Privatization Act called for the shutdown of federal helium refining operations and dismantling of the facility by 1999. It also called for the sale and complete privatization of the Helium Reserve by 2015.

The 1996 law established a formula for pricing the helium based not on the market price, but on the minimum price necessary to recover the $1.3 billion federal debt to build the Helium Reserve. As a result of the federal pricing formula, users had no incentive to preserve helium, recover it, or search for new sources. BLM will be able to pay off the debt sooner than expected without selling off all of the helium. When the debt is paid off, which is predicted to occur in October 2013, the Reserve will close with helium still remaining in the Reserve and no way to access it. Without new domestic sources of helium available, U.S. industries will be forced to look overseas to other helium supplying countries such as Algeria, Qatar, and Russia.

Further, the 1996 legislation did not adequately conform to free market principles and inadvertently created a monopoly system where the largest beneficiaries of the federal helium were a small number of refiners who received annual allotments of helium at prices significantly below market value.

In 2010, and more recently at a Full Committee hearing on February 14, 2013, the Government Accountability Office testified that BLM is selling crude helium for nearly half the market price of refined Grade A helium. Helium refiners connected to the pipeline have repeatedly refused to answer numerous Committee inquiries regarding the prices they charge for BLM refined helium.

NATIONAL ACADEMY OF SCIENCES REPORT

In 2010, the National Academy of Sciences issued a report analyzing the consequences of selling off the helium reserve and the relationship between supply and demand for helium on a domestic and international basis. The report concluded the current helium allotment system at below market value prices was having negative impacts on the needs of both current and future users of helium in the United States. It concluded that the 1996 pricing structure has led to significant increases in the price of helium for end users and "[i]f the reserve continues to be so managed, a national, essentially nonrenewable resources of increasing importance to research, industry, and national security will be dissipated." It recommended the BLM expand helium sales to a broader array of purchases and make the price more transparent.

The report also concluded the mandated sell-off was negatively impacting the needs of both current and future users of helium in the United States. The Academy suggested the government open the Reserve to wider array of buyers, extend the 2015 operating deadline, increase the helium price, extend the in-kind program, promote helium recycling programs, and develop other helium sources.

INSPECTOR GENERAL REPORTS

In 2008, a U.S. Department of the Interior (DOI) Inspector General report showed that due to lack of oversight of the federal helium program, BLM had circumvented the procurement process by

entering into improper cooperative agreements with the refiners along the pipeline. This "improper relationship" between BLM and the refiners could cost the government and U.S. taxpayers over $100 million by 2015.

In 2010, a follow-up Inspector General report recommended more transparency regarding costs and billing processes between BLM and the Cliffside Refiners' Limited Partnership. In 2012, the DOI Inspector General issued a report concluding BLM is selling helium at rates well below market value, the agency does not currently have the information or capability to determine a fair market price, and that taxpayers would be denied millions of dollars in additional revenue if action is not taken to correct these inconsistencies.

HELIUM-3

Helium-3 (H-3) is an isotope of helium that is frequently used in applications related to national security, medicine, industry, and science. H-3 absorbs neutrons, and it is this neutron detection that allows the defense industry to use H-3 to prevent the smuggling of nuclear and radiological materials into the U.S. The oil and gas industry also uses neutron detectors for well logging. The world is currently experiencing an acute shortage of H-3 and if alternative or additional supplies are not found this shortage will impact federal investments in homeland security, scientific research and other areas.

The most common source of H-3 in the United States is the nuclear weapons program. H-3 is a byproduct of the decay of tritium, a radioactive isotope of hydrogen. Since the federal government produces tritium for use in nuclear warheads, the tritium needs of the nuclear weapons program is the determining factor for how much H-3 is produced.

Until 2001, H-3 production by the nuclear weapons program exceeded the demand, and the program accumulated a stockpile. After the terrorist attacks of September 11, 2001, the federal government began deploying neutron detectors at the U.S. border to help secure the nation against smuggled nuclear and radiological material. This created a significant new federal demand for H-3 while at the same time the use of H-3 in medical imaging also increased. As annual demand exceeds the annual supply, the stockpile shrinks. Federal officials have projected that there is insufficient H-3 to meet likely increasing future demand and industry is currently working with the Department of Energy to manage future predicted shortfalls.

THE RESPONSIBLE HELIUM ADMINISTRATION AND STEWARDSHIP ACT

H.R. 527 will ensure a consistent supply of helium for U.S. manufacturers, consumers and researchers while guaranteeing American taxpayers receive the best return for the federal helium resource. It implements a new auction-based helium program that requires no less than two auctions a year. As introduced, H.R. 527 had the Secretary conducting more sales. Increased numbers of sales will better track and establish a market price for helium. However, concerns were raised that frequent pricing adjustments would interfere with long term contracting. While long term contracts include the ability for refiners to impose multiple price increases in any given year, taxpayers would be shortchanged as he-

lium refiners increase prices to respond to demand while the limited frequency of federal auctions may leave taxpayers blind to the real value of the helium sold on the market.

The legislation will also allow all new refiners access to the BLM helium pipeline, rather than giving the refiners along the pipeline exclusive access to its capacity. One of the most detrimental decisions by BLM was the agreements signed in 2000 that locked in allotment capacity on the pipeline to specific refiners. These allotments have stifled competition and left only a small handful of companies as the gatekeepers of the helium from the Federal Helium Reserve. These gatekeepers have been the beneficiaries of the BLM's inability to track market pricing for helium and have reaped hundreds of millions of dollars in benefits from the sale of BLM helium at prices below market value. The legislation directs BLM to guarantee pipeline access to helium purchasers to schedule delivery of their helium and directs BLM to allow access to the pipeline system for new refining capacity to allow greater competition and ensure a better price for the taxpayer.

H.R. 527 will also increase transparency to ensure all parties in the helium market will be aware of the current price of BLM helium and all planned maintenance operations and shut downs of the Federal Helium Reserve. The need for these provisions became clear during the summer of 2012 when a month-long planned BLM shutdown of operations coincided with a decrease in production by other private helium sources. This "perfect storm" of helium supply reductions came as a surprise to many of the end users of helium who were not informed of the coming shutdown until receiving force majeure letters from their suppliers informing them their helium deliveries would be significantly below contracted levels. The lack of transparency by the refiners and BLM over the months between the planning for the shutdown and the actual shutdown left many helium users with few options for securing helium supply and forced many to seek supply from the spot market, in which prices are much higher. There is an obligation to keep the public, not just the handful of refiners, informed on the status and operations of the BLM reserve. As we have seen, failure to do so can lead to disruption of the helium markets and additional unnecessary costs to helium users.

Finally, H.R. 527 would ensure the continued and long-term use of this federal helium resource by federal users and researchers. The legislation includes provisions to ensure that federal users and researchers can receive priority delivery of taxpayer-owned helium supplies and can purchase this helium at reasonable prices. The legislation would also establish a long-term supply for federal users as the helium in the Reserve dwindles.

COMMITTEE ACTION

H.R. 527 was introduced on February 6, 2013, by Congressman Doc Hastings (R–WA), and referred to the Committee on Natural Resources. On February 14, 2013, the Full Natural Resources Committee held a hearing on the bill. On March 20, 2013, the Full Natural Resources Committee held a markup of the bill. Chairman Doc Hastings (R–WA) offered an amendment in the nature of a substitute to the bill. Congressman Glenn Thompson (R–PA) offered an amendment designated .007 to the Hastings amendment in the na-

ture of a substitute. The Thompson amendment to the Hastings amendment was withdrawn. Congressman Alan S. Lowenthal (D–CA) offered an amendment designated .003 to the Hastings amendment in the nature of a substitute. The Lowenthal amendment to the Hastings amendment was withdrawn. Congressman Matthew A. Cartwright (D–PA) offered an amendment designated .009 to the Hastings amendment in the nature of a substitute. The Cartwright amendment to the Hastings amendment was withdrawn. The amendment in the nature of a substitute was then adopted by voice vote. The bill, as amended, was ordered favorably reported to the House of Representatives by voice vote.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section designates the bill as the "Responsible Helium and Stewardship Act of 2012."

Section 2. Definitions

This section provides definitions for terms used in the bill.

Section 3. Sale and auction of crude helium

This section continues and completes the privatization of the Helium Reserve over a three stage process during the next decade until the Reserve is emptied of helium. The first stage is between enactment of the bill and the final debt payoff to the Treasury, expected around October 1, 2013.

The second stage will continue the selloff of the crude helium remaining in the Reserve until BLM estimates there is only 3 billion cubic feet remaining. During this stage, BLM shall implement a new sale and pricing structure to ensure that taxpayers get the best return for our valuable resource. Specifically, the bill establishes a new system for sealed bid auctions for predetermined volumes unless the Secretary of the Interior determines an alternative sales method will result in more revenue. The Secretary will conduct the auctions when determined necessary for a reliable supply of helium, but no less frequently than two times a year. In these sales,

1. 60% of the volume of crude being sold will be available for refiners along the pipeline and for entities with refining tolling agreements in place prior to the auction;
2. 20% of the crude helium will be available to any bidder under specific conditions and with drawdown requirements; and
3. Up to an additional 20% will be made available equal to the amount withdrawn from the Reserve under those amounts sold in section 2 above at the previous auction.

The third stage will provide helium solely for federal users and researchers and begins when the remaining Reserve volume equals 3 billion cubic feet. This stage will continue until the recoverable helium in the reserve is expended.

The Secretary may conduct a forward auction once per fiscal year for up to 10 percent of the volume of crude helium to be made available in the following year to ensure a consistent supply of helium and allow users to plan for future business conditions.

The Secretary will require that all participants in the auction are involved in the helium industry and will not allow any entity to purchase more than 20 percent of the helium available for auction. The Secretary has the authority to adjust this limitation based upon number of bidders in the auction.

The Secretary will charge a storage fee for helium that remains in the helium reserve 180 days after the helium has been auctioned. This fee will increase in a way that will encourage the withdrawal of the purchased helium no later than one year after the date of the auction.

The Secretary will determine a minimum sale price for auctions based on a confidential survey performed by a qualified independent third party, current market crude helium prices and the average cost among helium refiners. The Secretary has the authority to increase the minimum price by an additional 10% if a higher minimum price will result in greater conservation of the Federal Helium Reserve.

The Secretary will take any steps necessary to prevent fraudulent acts in the auctions and may require any records the Secretary deems necessary to ensure entities are complying with reporting requirements.

Funds from the auction will be credited to the Helium Production Fund. The funds will be used for administration of the Federal Helium Program, debt repayment, and capital investments and maintenance of the Helium Reserve. Excess funds will be deposited into the Treasury.

Section 4. BLM transparency requirements to facilitate market and supply chain information

BLM will open up additional pipeline capacity to entities who wish to open refining capacity on the pipeline and ensure that anyone who purchases helium at auction will have access to delivery of their helium.

The Secretary will grant pipeline access to helium purchasers using priority planning, taking into consideration price paid for the helium, auction order of the purchase, and helium sold as a result of in-kind purchases, among other factors.

BLM will increase transparency by posting on its website planned maintenance, closures of the Helium Reserve, duration of closure, and recordings of minutes of meetings between the BLM and the Cliffside Refiners Limited Partnership.

Section 5. Helium resource assessment and helium-3 separation

This section authorizes the Secretary of the Interior to conduct a national helium assessment within two years of enactment that includes a 10-year forecast of domestic demand for helium and an inventory of uses of helium in the United States. The Secretary will also issue a report on the feasibility of increasing helium-3 production.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 527—Responsible Helium Administration and Stewardship Act

Summary: H.R. 527 would authorize the Bureau of Land Management (BLM) to retain proceeds from the sale of helium from the Federal Helium Reserve to pay for the costs of operating the reserve. The bill also would require BLM to conduct domestic and global assessments of the supply of helium and to prepare several reports related to helium production on federal lands.

Based on information provided by BLM, CBO estimates that enacting H.R. 527 would increase net offsetting receipts (a credit against direct spending) by $340 million over the 2014–2023 period; therefore, pay-as-you-go procedures apply. In addition, CBO estimates that completing the assessments and additional reports required under the bill would cost $11 million over the 2014–2023 period, assuming appropriation of the necessary amounts. Enacting H.R. 527 would not affect revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 527 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014–2018	2014–2023
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	−150	−105	−80	−55	−30	−5	25	20	20	20	−420	−340
Estimated Outlays	−150	−105	−80	−55	−30	−5	25	20	20	20	−420	−340
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	5	5	*	*	*	*	*	*	*	*	10	11
Estimated Outlays	5	5	*	*	*	*	*	*	*	*	10	11

Note: * = less than $500,000.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted during fiscal year 2013 and that the necessary amounts will be appropriated for each fiscal year.

DIRECT SPENDING

H.R. 527 would authorize BLM to retain proceeds from the sale of helium from the Federal Helium Reserve to pay for the costs of operating the reserve. Under current law, CBO expects that the agency's authority to retain those proceeds will end in 2013. After 2013, any funds necessary to operate the Federal Helium Reserve (and sell helium) would need to be appropriated by the Congress. Thus, under current law, any offsetting receipts from those sales would be contingent on the appropriation of such funds.

Because the legislation would authorize BLM to retain proceeds from helium sales to cover the costs of operating the Federal Helium Reserve after 2013, CBO estimates that enacting H.R. 527 would lead to additional helium sales, increasing net offsetting receipts by $340 million over the 2014–2023 period.

Under the bill, BLM would be authorized to sell helium to private entities for commercial uses until the volume of recoverable helium at the Federal Helium Reserve is drawn down to a specified level. After that date, BLM would be authorized to sell helium only to other federal entities for medical and scientific uses. Based on information provided by BLM, CBO expects that commercial sales would cease at the end of 2019. Over the 2014–2019 period, we estimate that gross proceeds from the commercial sale of helium would total $585 million and the costs to operate the Federal Helium Reserve would total $160 million, resulting in a net increase in offsetting receipts totaling $425 million.

Because CBO expects that BLM would no longer receive funds from the sale of helium to nonfederal sources after 2019, we expect that the agency would spend some of the remaining proceeds to fund the operation of the Federal Helium Reserve over the 2020–2023 period. Based on information provided by BLM, CBO estimates that the agency would spend about $85 million over that period to operate the reserve.

SPENDING SUBJECT TO APPROPRIATION

H.R. 527 would require BLM, in coordination with other agencies, to conduct assessments that would quantify the amount of helium resources in the United States and worldwide. The bill also would require the agency to complete various reports related to helium production on federal lands. Based on information from the Department of the Interior regarding the costs of carrying out similar activities, CBO estimates that conducting the assessments would cost $10 million over the 2014–2015 period and completing the reports would cost less than $100,000 a year over the 2014–2023 period, assuming appropriation of the necessary amounts.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 527 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON MARCH 20, 2013

	By fiscal year, in millions of dollars—												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013–2018	2013–2023
	NET INCREASE OR DECREASE (−) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	−150	−105	−80	−55	−30	−5	25	20	20	20	−420	−340

Intergovernmental and private-sector impact: H.R. 527 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Jeff LaFave; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo; Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. Based on information provided by Bureau of Land Management, CBO estimates that enacting H.R. 527 would increase net offsetting receipts (a credit against direct spending) by $340 million over the 2014–2023 period; therefore, pay-as-you-go procedures apply. In addition, CBO estimates that completing the assessments and additional reports required under the bill would cost $11 million over the 2014–2023 period, assuming appropriation of the necessary amounts. Enacting H.R. 527 would not affect revenues.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to amend the Helium Act to complete the privatization of the Federal helium reserve in a competitive market fashion that ensures stability in the helium markets while protecting the interests of American taxpayers.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. The Chairman does not believe that this bill directs any executive branch official to conduct any specific rule-making proceedings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be du-

plicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HELIUM ACT

* * * * * * *

SEC. 2. As used in this Act:

(1) The term "Secretary" means the Secretary of the Interior**[**;**]**.

(2) The term "person" means any individual, corporation, partnership, firm, association, trust, estate, public or private institution, or State or political subdivision thereof**[**; and**]**.

(3) The terms "helium-bearing natural gas" and "helium-gas mixture" mean, respectively, natural gas and gas mixtures containing three-tenths of 1 per centum or more of helium by volume.

(4) FEDERAL HELIUM RESERVE.—

(A) IN GENERAL.—The term "Federal Helium Reserve" means the Bureau of Land Management Cliffside Gas Field and supporting infrastructure.

(B) INCLUSIONS.—The term "Federal Helium Reserve" includes—

(i) the Cliffside Gas Field helium storage reservoir; and

(ii) all associated infrastructure owned, leased, or managed under contract by the Secretary for storage, transportation, withdrawal, purification, or management of helium.

(5) QUALIFYING DOMESTIC HELIUM TRANSACTION.—The term "qualifying domestic helium transaction"—

(A) except as provided in subparagraph (B), means any new or newly renegotiated agreement for the purchase or sale of at least 15,000,000 standard cubic feet of crude helium or bulk liquid helium delivered in the United States in the most recent full fiscal year; and

(B) does not include any purchase of crude helium from the Secretary.

(6) TOLLING AGREEMENT.—The term "tolling agreement" means an agreement between a helium refiner and another

party under which the helium refiner agrees to process the other person's helium at an agreed upon price.

* * * * * * *

[SEC. 6. (a) The Department of Defense, the Atomic Energy Commission, and other agencies of the Federal Government, to the extent that supplies are readily available, shall purchase all major requirements of helium from persons who have entered into enforceable contracts to purchase an equivalent amount of crude helium from the Secretary.

[(b) The Secretary is authorized to sell crude helium for Federal, medical, scientific, and commercial uses in such quantities and under such terms and conditions as he determines. Except as may be required by reason of subsection (a), sales of crude helium under this section shall be in amounts as the Secretary determines, in consultation with the helium industry, necessary to carry out this subsection with minimum market disruption.

[(c) Sales of crude helium by the Secretary shall be at prices established by him which shall be adequate to cover all costs incurred in carrying out the provisions of this chapter and to repay to the United States by deposit in the Treasury, all funds required to be repaid to the United States as of October 1, 1995 under this section (referred to in this subsection as "repayable amounts"). The price at which crude helium is sold by the Secretary shall not be less than the amount determined by the Secretary by—

[(1) dividing the outstanding amount of such repayable amounts by the volume (in million cubic feet) of crude helium owned by the United States and stored in the Bureau of Mines Cliffside Field at the time of the sale concerned, and

[(2) adjusting the amount determined under paragraph (1) by the Consumer Price Index for years beginning after December 31, 1995.

[(d) EXTRACTION OF HELIUM FROM DEPOSITS ON FEDERAL LANDS.—All moneys received by the Secretary from the sale or disposition of helium on Federal lands shall be paid to the Treasury and credited against the amounts required to be repaid to the Treasury under subsection (c).

[(e)(1) All moneys received under this Act, including moneys from sale of helium or other products resulting from helium operations and from the sale of excess property shall be credited to the helium production fund, which shall be available without fiscal year limitation, for carrying out the provisions of this Act, including any research relating to helium carried out by the Department of the Interior. Amounts accumulating in said fund in excess of amounts the Secretary deems necessary to carry out this Act and contracts negotiated hereunder shall be paid to the Treasury and credited against the amounts required to be repaid to the Treasury under subsection (c) of this section.

[(2)(A) Within 7 days after the commencement of each fiscal year after the disposal of the facilities referred to in section 4(c), all amounts in such fund in excess of $2,000,000 (or such lesser sum as the Secretary deems necessary to carry out this Act during such fiscal year) shall be paid to the Treasury and credited as provided in paragraph (1).

[(B) On repayment of all amounts referred to in subsection (c), the fund established under this section shall be terminated and all

moneys received under this Act shall be deposited in the general fund of the Treasury.]

SEC. 6. SALE OF HELIUM.

(a) PHASE A: FINALIZING DEBT PAYOFF.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall offer for sale crude helium for Federal, medical, research, scientific, and commercial uses in such quantities, at such times, and under such conditions as the Secretary determines necessary to carry out this subsection with minimum market disruption.

(2) MINIMUM QUANTITY.—The Secretary shall offer for sale during each fiscal year under paragraph (1) a quantity of crude helium equivalent to the quantity of crude helium produced from the Federal Helium Reserve during fiscal year 2012.

(3) IN-KIND PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Federal agencies, and holders of 1 or more Federal research grants, may purchase refined helium under this subsection for Federal, medical, research and scientific uses from persons who have entered into enforceable contracts to purchase an equivalent quantity of crude helium from the Secretary.

(4) PRICES AND DETERMINATIONS.—Sales of crude helium by the Secretary under this subsection shall be at prices established by the Secretary that shall not be less than the price in the last sale of crude helium from the Federal Helium Reserve before the date of enactment of the Responsible Helium Administration and Stewardship Act, except that any sale to a person referred to in paragraph (3) for a purchase authorized by that paragraph shall be at a price specified by the Secretary.

(5) DURATION.—This subsection applies during the period—

(A) beginning on the date of enactment of the Responsible Helium Administration and Stewardship Act; and

(B) ending on the expiration of the one-year period following such date of enactment.

(b) PHASE B: MAXIMIZING TOTAL RECOVERY OF HELIUM AND INCREASING RETURNS TO THE AMERICAN TAXPAYER.—

(1) IN GENERAL.—The Secretary shall offer for sale at auction, as described in subsection (d), crude helium for medical, research, scientific, and commercial uses in such quantities, at such times, and under such conditions as the Secretary determines necessary—

(A) to maximize total recovery and conservation of helium from the Federal Helium Reserve;

(B) to manage crude helium sales according to the ability of the Secretary to extract and produce helium from the Federal Helium Reserve;

(C) to respond to helium market supply and demand and minimize market disruption; and

(D) to give priority to meeting the helium demand of Federal users through purchases under paragraph (2).

(2) IN-KIND PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Any Federal agency, and any holder of 1 or more Federal research grants, may purchase refined helium for Federal, medical, research, and scientific uses from an eligible person. The Secretary shall then provide an equivalent volume of crude helium to the eligible person as if the eligible person was the suc-

cessful bidder for the helium at auction. Provision of helium by the Secretary under this paragraph shall not be considered a sale of helium by the Secretary at auction. The Secretary shall provide such helium at the minimum price established by the Secretary for the most recent auction held under this subsection or such other price as may be specified by the Secretary.

(3) ELIGIBLE PERSON.—For purposes of this subsection, the term "eligible person" means a helium distributer who is registered as such with the Secretary.

(4) DURATION.—This subsection applies during the period—

(A) beginning on the expiration of the period described in subsection (a)(5)(B); and

(B) ending on the date on which the volume of recoverable crude helium at the Federal Helium Reserve (other than privately owned quantities of crude helium stored temporarily at the Federal Helium Reserve under section 5 and this section) is 3,000,000,000 standard cubic feet.

(5) MAXIMUM ANNUAL SALES.—Notwithstanding any provision of subsection (d), for each fiscal year, the Secretary may not offer or provide for sale under this subsection a total volume of crude helium that exceeds the lesser of—

(A) the projected maximum total production capacity of the Federal Helium Reserve during that fiscal year; and

(B) the maximum refining capacity of persons connected by pipeline to the Federal Helium Reserve during that fiscal year.

(c) PHASE C: ACCESS FOR FEDERAL USERS.—

(1) IN GENERAL.—The Secretary may offer for sale crude helium for Federal uses (including medical, research, and scientific uses) in such quantities, at such times, and under such conditions as the Secretary determines necessary to carry out this subsection.

(2) PURCHASE BY FEDERAL AGENCIES AND GRANTEES.—Federal agencies, and holders of 1 or more Federal research grants related to helium or the use of helium, may purchase refined helium under this subsection for Federal uses (including medical, research, and scientific uses) from persons who have entered into enforceable contracts to purchase an equivalent quantity of crude helium from the Secretary.

(3) EFFECTIVE DATE.—This subsection applies beginning on the day after the date described in subsection (b)(4)(B).

(d) AUCTION AND MINIMUM PRICES DETERMINATION.—

(1) IN GENERAL.—Sales of crude helium by the Secretary in auctions under subsection (b) shall be conducted under the conditions described in this section and at no less than the minimum price established by the Secretary.

(2) AUCTION.—The Secretary shall conduct such auctions of crude helium as soon as practical but no later than beginning 180 days after the first day of the period described in subsection (b)(4), under the following conditions:

(A) 60 percent of the volume of crude helium made available in each auction shall be made available to entities that can show the Secretary they have either adequate refining capacity or tolling agreements for refining in place, in accordance with the conditions set forth in paragraph (3).

(B) 20 percent of the volume of crude helium made available in each auction shall be made available to any bidder, in accordance with the conditions set forth in paragraph (3).

(C) In each auction after the first auction under this subsection after the date of the enactment of the Responsible Helium Administration and Stewardship Act, the Secretary shall make available an additional volume of crude helium, in an amount equivalent to the amount made available under subparagraph (B) that the Secretary certifies can be refined, through tolling agreements or otherwise. Of such additional volume, a person may not acquire in the auction a volume in excess of the volume they demonstrate to the Secretary they have the ability to refine through either refining capacity or tolling agreements.

(D) The Secretary shall conduct such auctions at such times as the Secretary determines necessary to ensure a reliable supply of helium and a fair return to taxpayers, but no less frequently than 2 times each fiscal year.

(E) For purposes of the first auction under this subsection after the date of the enactment of the Responsible Helium Administration and Stewardship Act, the Secretary may revise the percentage under subparagraph (A) so as to make available for auction 100 percent of the volume of crude helium intended to be offered.

(F) The Secretary may adjust the percentages and amount specified in subparagraphs (A) through (C), respectively, in any auction if the Secretary determines the adjustment is necessary to—

(i) respond to market supply and demand and minimize market disruption; or

(ii) increase participation in helium auctions.

(G) The Secretary may conduct an auction no more frequently than once each fiscal year of an amount of helium equal to up to 10 percent of the volume of crude helium to be made available at auction during the following fiscal year. Such amount of crude helium shall be made available to any bidder, in accordance with the conditions set forth in paragraph (3). Notwithstanding paragraph (3)(C), for crude helium sold in such an auction the Secretary shall begin charging a storage fee under clause (i) of that paragraph beginning 1 year after the date of such auction, and shall begin charging increasing storage fees under clause (ii) of that paragraph beginning 270 days after beginning charging storage fees under clause (i) of that paragraph.

(3) AUCTION CONDITIONS.—

(A) BIDDING METHOD.—The Secretary shall conduct each auction by sealed bid for predetermined volume lots, unless the Secretary determines that an alternative bidding method may result in more revenue to the Federal Government or may increase participation in the auction.

(B) BIDDER QUALIFICATIONS AND LIMITS.—In carrying out an auction under subsection (b), the Secretary—

(i) may accept bids only from persons the Secretary determines are seeking to purchase helium for their own use, for refining, or for delivery to users; and

(ii) may not award to a person more than 30 percent of the total volume of crude helium offered in that auction, except that the Secretary may adjust such limitation based on the number of bidders in the auction.

(C) STORAGE FEES.—In each auction the Secretary—

(i) shall begin charging each winning bidder a storage fee for crude helium purchased by the bidder that remains in the Federal Helium Reserve, beginning on the date the Secretary receives payment of the purchase price for the helium; and

(ii) beginning 270 days after the date of the auction, shall charge increasing storage fees that will encourage the withdrawal of the helium no later than 2 years after the date of the auction.

(4) DETERMINATION OF MINIMUM SALE PRICE.—The Secretary shall make a determination of the minimum sale price for sales described in paragraph (1) using—

(A) a confidential survey of qualifying domestic helium transactions to which any holder of a contract with the Secretary for the acceptance, storage, and redelivery of crude helium in the Cliffside Gas Field helium storage reservoir is a party;

(B) current market crude helium prices as represented by the sale price at any auction held by the Secretary in the preceding 2 years;

(C) the volume-weighted average cost among helium refiners, producers, and liquefiers, in dollars per thousand cubic feet, of converting gaseous crude helium into bulk liquid helium;

(D) the additional layer of cost and profit associated with the sale or resale of bulk liquid helium; and

(E) the sale price for crude helium offered in the most recent auction under paragraph (2)(G).

(5) AUTHORITY OF SECRETARY.—The Secretary shall—

(A) require all persons that are parties to a contract with the Secretary for the acceptance, storage, and redelivery of crude helium to disclose, on a strictly confidential basis in dollars per thousand cubic feet, the weighted average price of all crude helium and bulk liquid helium purchased, sold, or processed by the persons in all qualifying domestic helium transactions during the fiscal year;

(B) appoint a qualified independent third party to perform data collection and analysis for the purposes of the survey under paragraph (4)(A); and

(C) adopt such administrative policies and procedures as the Secretary considers necessary and reasonable to ensure robust protection of the confidentiality of data submitted by private persons.

(6) CHANGES IN MINIMUM PRICE.—If the Secretary believes that the minimum price as determined by the survey under paragraph (4)(A) may not be reflective of the current market value of helium, or if a higher minimum price may result in

greater conservation of the Federal crude helium resource, the Secretary may change the minimum price charged for crude helium sold under this section by up to 10 percent of the price determined under paragraph (4). If at any sale in which the minimum price is increased under this paragraph all crude helium offered is sold at the increased price, the Secretary shall consider that increased price to be the minimum price determined under paragraph (4) for all future sales of crude helium under this section unless that price is further changed in accordance with this paragraph.

(7) ENSURING FAIR AND NONDISCRIMINATORY ACTS AND PRACTICES.—The Secretary may issue such rules and regulations with respect to ensure bidding, transfer, and refining of helium produced from or held in the Federal Helium Reserve as may be necessary to ensure fair and nondiscriminatory acts and practices.

(8) AUCTION RECORDS.—

(A) FURNISHING RECORDS.—Every person participating in auctions of helium from the Federal Helium Reserve shall furnish to the Secretary on request such records of transactions in helium auctions as the Secretary may require to reconstruct bidding or trading in the course of a particular inquiry or investigation being conducted by the Secretary for enforcement or surveillance purposes. In requiring information pursuant to this paragraph, the Secretary shall specify the information required, the period for which it is required, and the time and date on which the information must be furnished.

(B) REPORTING REQUIREMENTS.—The Secretary may issue rules to require persons participating in helium auctions to file such reports as the Secretary determines to be necessary for purposes of this Act.

(C) RECORDKEEPING REQUIREMENTS.—Rules under this subsection may require specified persons to make and keep for prescribed periods such records as the Secretary determines are necessary or appropriate to ensure that such persons can comply with reporting requirements under this subsection.

(D) LIMITATION ON DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Secretary shall not be compelled to disclose any proprietary information required to be kept or reported under this subsection. Nothing in this subsection authorizes the Secretary to withhold information from Congress, prevents the Secretary from complying with a request for information from any other Federal department or agency requesting information for purposes within the scope of its jurisdiction, or prevents the Secretary from complying with an order of a court of the United States in an action brought by the United States or by the Secretary.

(e) HELIUM PRODUCTION FUND.—

(1) IN GENERAL.—All amounts received under this Act shall be credited to the Helium Production Fund, which shall be available without fiscal year limitation for purposes considered necessary by the Secretary to carry out this subsection.

(2) ADMINISTRATIVE EXPENSES.—Amounts in the Helium Production Fund may be used by the Secretary to conduct helium auctions and otherwise administer this Act.

(3) REPAYMENT AMOUNTS.—During the period described in subsection (a)(4), amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to conduct helium auctions and otherwise administer this Act shall be paid to the general fund of the Treasury and credited against all amounts required to be repaid to the United States under this Act as of October 1, 1995.

(4) CAPITAL INVESTMENTS AND MAINTENANCE.—Amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to carry out paragraphs (1) through (3) may be used to fund the following capital investments in upgrades and maintenance at the Federal Helium reserve:

(A) Wellhead maintenance at the Cliffside Gas Field helium storage reservoir.

(B) Capital investments in maintenance and upgrades of facilities that pressurize the Cliffside Gas Field helium storage reservoir.

(C) Capital investments in maintenance and upgrades of equipment related to the storage, withdrawal, transportation, purification, and sale of crude helium at the Cliffside Gas Field helium storage reservoir.

(D) Any other scheduled or unscheduled maintenance of the Cliffside Gas Field helium storage reservoir and helium pipeline.

(5) EXCESS FUNDS.—Amounts in the Helium Production Fund in excess of amounts the Secretary considers necessary to carry out paragraphs (1) through (4) shall be paid to the general fund of the Treasury.

(f) EXTRACTION OF HELIUM FROM DEPOSITS ON FEDERAL LAND.—All amounts received by the Secretary from the sale or disposition of crude helium on Federal land shall be paid to the general fund of the Treasury and credited against all amounts required to be repaid to the United States under this Act as of October 1, 1995.

(g) MAINTENANCE OF HELIUM SUPPLY.—The Secretary shall ensure that there is no disruption in the supply of helium from the Federal Helium Reserve during the transition between phases of helium sales under subsections (a), (b), and (c).

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SEC. 15. PIPELINE ACCESS.

(a) ANNUAL REPORT.—The Secretary, acting through the Bureau of Land Management, shall make available on the Internet the current refining capacity on the Federal Helium Reserve pipeline, including—

(1) refinery capacity and future capacity estimates;

(2) ownership of federally auctioned helium held in the Federal Helium Reserve;

(3) volume of helium delivered to individual buyers through such pipeline;

(4) for each helium refiner—

(A) the number of tolling agreements entered into before October 1, 2013; and

(B) for each fiscal year thereafter—

(i) the number of tolling agreements entered into;

(ii) the number of tolling requests received; and

(iii) the total volume of helium refined under each tolling agreement entered into;

(5) pipeline pressure constraints; and

(6) other factors that will increase transparency for persons interested in entering refining contracts with existing refiners.

(b) NEW REFINING CAPACITY.—The Secretary shall take any applications for new refining capacity on the Federal Helium Reserve pipeline. To create more competition, any new refining capacity added to the Federal Helium Reserve pipeline system shall be granted access to crude helium that is equal to the access provided to existing refining facilities.

(c) ACCESS BY PURCHASERS OF HELIUM.—The Secretary shall manage Federal Helium Reserve pipeline access in a competitive manner to ensure that all persons purchasing helium have equal access to timing and delivery of the helium, subject to the capacity of the system.

(d) SCHEDULING DELIVERIES.—The Secretary shall, to the greatest extent practicable, make the scheduling of crude helium deliveries through the Federal Helium Reserve pipeline open and transparent to all purchasers of helium through the auction process, and to the public if the Secretary believes that it is in the national interest.

(e) SCHEDULING PRIORITY.—

(1) IN GENERAL.—In scheduling crude helium deliveries through the Federal Helium Reserve pipeline the Secretary shall grant pipeline access in the following order of priority:

(A) Helium held in the Reserve as a result of a purchase under subsection (b)(2).

(B) Helium sold at auction being delivered to fulfill a tolling agreement.

(C) Other helium sold at auction.

(D) Helium held in the Reserve as a result of a crude helium exchange resulting from any temporary shutdown of the Reserve or of a refinery on the Reserve pipeline.

(E) Helium held in inventory in the Reserve before the date of enactment of the Responsible Helium Administration and Stewardship Act.

(2) In scheduling such deliveries of helium described in each of subparagraphs (A) through (E) of paragraph (1), the Secretary shall grant pipeline access based on the following order of priority:

(A) The price paid to the United States for the helium, giving higher priority to helium for which a greater price was paid.

(B) The date the helium was purchased from the Secretary, giving higher priority to helium purchased on an earlier date.

(C) Any other factor the Secretary considers appropriate to prioritize delivery.

SEC. 16. BLM REPORTING REQUIREMENTS TO FACILITATE SUPPLY CHAIN INFORMATION.

(a) IN GENERAL.—In order to provide the market with appropriate and timely information affecting the helium resource, the Director

of the Bureau of Land Management shall establish, no later than 90 days after the date of enactment of the Responsible Helium Administration and Stewardship Act, a real-time reporting process, including reporting over the Internet, to provide data that will affect the helium industry, including such effects for all persons in such industry from crude helium suppliers to end users.

(b) INCLUDED INFORMATION.—Information provided under this section shall include the following:

(1) Annual maintenance schedules and quarterly updates thereof, which shall be available on the Internet, to the extent practicable, and shall include the following:

(A) The date and duration of planned shutdowns of the Federal Helium Reserve pipeline.

(B) The nature of work to be undertaken, whether routine, extended, or extraordinary.

(C) The anticipated impact on the helium supply.

(D) The efforts to minimize any impact on the supply chain.

(E) Any concerns regarding maintenance of the Federal Helium Reserve pipeline, pressure of such pipeline, or deviation from normal operation of such pipeline.

(2) For each unplanned outage, the following:

(A) The beginning of the outage.

(B) The expected duration of outage.

(C) A description of the problem.

(D) The estimated impact on helium supply.

(E) A plan to correct problems, an estimate of the potential timeframe for correction, and the likelihood of plan success within the timeframe.

(F) Efforts to minimize negative impacts on the helium supply chain.

(G) Updates on repair status and the anticipated online date.

(3) Minutes of meetings between the Bureau of Land Management and the Cliffside Refiners Limited Partnership, including—

(A) publication of the minutes of each meeting between the Bureau of Land Management and the Cliffside Refiners Limited Partnership, including attendees and their affiliations, on the Internet site of the Bureau within 1 week after the meeting; and

(B) indication in the minutes of any action taken that could affect the supply or operating status related to the Federal helium program.

(4) Current predictions of the lifespan of the Federal Helium Reserve, including how much longer such crude helium supply will be available based on current and forecasted demand and the projected maximum production capacity of the Federal Helium Reserve for the following fiscal year.

SEC. [15] *17.* REPORT ON HELIUM.

(a) NAS STUDY AND REPORT.—Not later than three years before the date on which the Secretary commences offering for sale crude helium under section 8, the Secretary shall enter into appropriate arrangements with the National Academy of Sciences to study and report on whether such disposal of helium reserves will have a sub-

stantial adverse effect on United States scientific, technical, biomedical, or national security interests.

(b) TRANSMISSION TO CONGRESS.—Not later than 18 months before the date on which the Secretary commences offering for sale crude helium under section 8, the Secretary shall transmit to the Congress—

(1) the report of the National Academy under subsection (a);

(2) the findings of the Secretary, after consideration of the conclusions of the National Academy under subsection (a) and after consultation with the United States helium industry and with heads of affected Federal agencies, as to whether the disposal of the helium reserve under section 8 will have a substantial adverse effect on the United States helium industry, United States, helium market or United States, scientific, technological, biomedical, or national security interests; and

(3) if the Secretary determines that selling the crude helium reserves under the formula established in section 8 will have a substantial adverse effect on the United States helium industry, the United States helium market or United States scientific, technological, biomedical, or national security interest, the Secretary shall make recommendations, including recommendations for proposed legislation, as may be necessary to avoid such adverse effects.

SEC. [17] *18*. If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

EXCHANGE OF COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATURAL RESOURCES,
Washington, DC, April 16, 2013.

Hon. LAMAR SMITH, *Chairman,*
Committee on Science, Space and Technology,
Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I am writing regarding the jurisdictional interest of the Committee on Science, Space and Technology over provisions in H.R. 527, the Responsible Helium Administration and Stewardship Act. This bill was solely referred to the Committee on Natural Resources, and the Committee ordered it reported with an amendment on March 20, 2013, by voice vote.

A bipartisan bill, H.R. 527 amends the Helium Act to complete the privatization of the Federal Helium Reserve created under that Act in a competitive market fashion that ensures stability in the helium markets while protecting the interests of the American taxpayer.

Because of the importance of advancing this legislation to the House Floor in an expeditious manner, the Committee on Natural Resources requests that you waive a jurisdictional claim of the Committee on Science, Space, and Technology on this bill. By waiving a claim on H.R. 527, the jurisdictional prerogatives of the Committee on Science, Space and Technology will not be prejudiced in any way. Moreover, if a conference on the bill becomes necessary, I would support your request to have conferees named from your committee to protect your jurisdictional interests.

Thank you for your consideration of my request. I would be happy to include this letter and your response in the written report on H.R. 527 or included in the Congressional Record during debate on the bill.

Sincerely,

DOC HASTINGS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY,
Washington, DC, April 18, 2013.

Hon. DOC HASTINGS, *Chairman,*
Committee on Natural Resources,
Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN HASTINGS: I am writing to you concerning the jurisdictional interest of the Committee on Science, Space, and Technology in H.R. 527, the "Responsible Helium Administration and Stewardship Act." The bill contains provisions that fall within the jurisdiction of the Committee on Science, Space, and Technology.

I recognize and appreciate the desire to bring this legislation before the House of Representatives in an expeditious manner, and accordingly, I will waive further consideration of this bill in Committee, notwithstanding any provisions that fall within the jurisdiction of the Committee on Science, Space, and Technology. This waiver, of course, is conditional on our mutual understanding that agreeing to waive consideration of this bill should not be construed as waiving, reducing, or affecting the jurisdiction of the Committee on Science, Space, and Technology.

Additionally, the Committee on Science, Space, and Technology expressly reserves its authority to seek conferees on any provision within its jurisdiction during any House-Senate conference that may be convened on this, or any similar legislation. I ask for your commitment to support any request by the Committee for conferees on H.R. 527 as well as any similar or related legislation.

I ask that a copy of this letter and your response be included in the report on H.R. 527.

Sincerely,

LAMAR SMITH,
Chairman,
Committee on Science, Space, and Technology.

ADDITIONAL VIEWS

H.R. 527: "THE RESPONSIBLE HELIUM ADMINISTRATION AND STEWARDSHIP ACT"

We support H.R. 527 as reported out of Committee because it would update our nation's helium policy to ensure a continued supply of helium for our high-tech, medical, research and defense industries while also maximizing market transparency and return to American taxpayers.

H.R. 527 would address the two impending crises we are facing with respect to our nation's supply of helium. If Congress fails to act during the next seven months, our nation's supply of helium could be disrupted as soon as October of this year, when the authority for the Interior Department to continue funding and operating our nation's helium reserve is set to expire. This could result in nearly half of the United States' supply of helium being cut-off, leading to significant price spikes and supply disruptions for American businesses, consumers and researchers.

In the longer term, if we do not update our nation's helium policy, in a few short years we may find ourselves facing even more disruption in domestic helium supplies and even larger price spikes when the dwindling stockpile in the Federal Helium Reserve is exhausted. H.R. 527 would create price transparency and enhanced competition in helium markets, thereby incentivizing private investment in new domestic supplies of helium. H.R. 527 would increase access to our nation's helium reserve to entities beyond the four refining companies currently connected to the helium pipeline, as the National Academies of Science has recommended. It would also ensure a steady helium supply for federal users and researchers for many years.

We must also continue to examine our nation's helium policy going forward. It may be in the best long-term interests of American industry and our national security to keep this important federal helium storage facility functioning, and to examine ways to maximize American sourcing of helium in the decades ahead.

We should continue to examine and evaluate the best way to use this important asset and whether we should be treating helium as a strategic resource so that we are not forced to rely on insecure and irregular helium supplies from foreign countries and pay dramatically higher prices to meet American scientific and industrial needs. Indeed, the attack on the Algerian natural gas plant in January 2013 demonstrated the potential vulnerability associated with relying on helium production from unstable regions. Given the increasingly volatile and unpredictable political climate in the Middle

East and Persian Gulf, which is another large and growing source of the world's helium supply, the United States should put a very high priority on finding helium sources closer to home and in more stable regions.

EDWARD J. MARKEY,
Ranking Member, Natural Resources Committee.
RUSH D. HOLT,
Ranking Member, Subcommittee on Energy & Mineral Resources.

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