DEPARTMENT OF THE INTERIOR

Conservation Helium Sale

AGENCY: Bureau of Land Management (BLM), Interior.

ACTION: Notice implementing fourth conservation helium sale.

SUMMARY: The purpose of this action is to continue implementation of the terms of the Helium Privatization Act (HPA) of 1996 dealing with the disposal of the Conservation Helium Reserve. The HPA requires the Department of the Interior (DOI) to offer for sale, beginning no later than 2005, a portion of the Conservation Helium stored underground at the Cliffside Field, north of Amarillo, Texas. The DOI, in consultation with the private helium industry, has determined that private companies, with refining capacity along the crude helium pipeline, will need a supply of helium in excess of that available from their own storage accounts and that available from crude helium extractors in the region. This is the fourth in a series of sales that the Department will conduct to dispose of the Conservation Helium stored underground at the Cliffside Field. The annual sales are being conducted in a manner intended to prevent pure helium market disruptions from occurring to end users: shortages of crude helium to pure helium refiners; and an oversupply of crude helium on the market for crude helium extractors. Subsequent sales may be adjusted as needed.

1.02 What Terms Do I Need To Know To Understand This Sale?

Allocated Sale—That portion of the annual sale volume of Conservation Helium that will be set aside for purchase by the Crude Helium Refiners.

Annual Conservation Helium Sale—The sale of a certain volume of Conservation Helium to private entities conducted annually beginning no later than 2005.

Bidder—Any entity or person who submits a request for purchase of a volume of the Annual Conservation Helium Sale and has met the qualifications contained in part 1.05 in this Notice.

BLM—The Bureau of Land Management.

Conservation Helium—The crude helium purchased by the U.S. Government under the authority of the Helium Act of 1960 and stored underground in the Cliffside Field.

Crude Helium—A partially refined gas containing about 70 percent helium and 30 percent nitrogen. However, the helium concentration may vary from 50 to 95 percent.

Crude Helium Refiners—Those entities with a capability of refining crude helium and having a connection point on the crude helium pipeline and a valid Helium Storage Contract as of the date of a Conservation Helium Sale.

Excess Volumes—Allocated sale volumes not requested by the Crude Helium Refiners.

Helium Storage Contract—A contract between the BLM and a private entity allowing the private entity to store crude helium in underground storage at the Cliffside Field.

BEGINNING NO LATER THAN 2005, A PORTION OF THE CONSERVATION HELIUM STORED UNDERGROUND AT THE CLIFFSIDE FIELD, NORTH OF AMARILLO, TEXAS, THE DOI, IN CONSULTATION WITH THE PRIVATE HELIUM INDUSTRY, HAS DETERMINED THAT PRIVATE COMPANIES, WITH REFINING CAPACITY ALONG THE CRUDE HELIUM PIPELINE, WILL NEED A SUPPLY OF HELIUM IN EXCESS OF THAT AVAILABLE FROM THEIR OWN STORAGE ACCOUNTS AND THAT AVAILABLE FROM CRUDE HELIUM EXTRACTORS IN THE REGION. THIS IS THE FOURTH IN A SERIES OF SALES THAT THE DEPARTMENT WILL CONDUCT TO DISPOSE OF THE CONSERVATION HELIUM STORED UNDERGROUND AT THE CLIFFSIDE FIELD. THE ANNUAL SALES ARE BEING CONDUCTED IN A MANNER INTENDED TO PREVENT PURE HELIUM MARKET DISRUPTIONS FROM OCCURRING TO END USERS: SHORTAGES OF CRUDE HELIUM TO PURE HELIUM REFINERS; AND AN OVERSUPPLY OF CRUDE HELIUM ON THE MARKET FOR CRUDE HELIUM EXTRACTORS. SUBSEQUENT SALES MAY BE ADJUSTED AS NEEDED.

1.02 WHAT TERMS DO I NEED TO KNOW TO UNDERSTAND THIS SALE?

ALLOCATED SALE—THAT PORTION OF THE ANNUAL SALE VOLUME OF CONSERVATION HELIUM THAT WILL BE SET ASIDE FOR PURCHASE BY THE CRUDE HELIUM REFINERS.

ANNUAL CONSERVATION HELIUM SALE—THE SALE OF A CERTAIN VOLUME OF CONSERVATION HELIUM TO PRIVATE ENTITIES CONDUCTED ANNUALLY BEGINNING NO LATER THAN 2005.

BIDDER—ANY ENTITY OR PERSON WHO SUBMITS A REQUEST FOR PURCHASE OF A VOLUME OF THE ANNUAL CONSERVATION HELIUM SALE AND HAS MET THE QUALIFICATIONS CONTAINED IN PART 1.05 IN THIS NOTICE.

BLM—THE BUREAU OF LAND MANAGEMENT.


CRUDE HELIUM—A PARTIALLY REFINED GAS CONTAINING ABOUT 70 PERCENT HELIUM AND 30 PERCENT NITROGEN. HOWEVER, THE HELIUM CONCENTRATION MAY VARY FROM 50 TO 95 PERCENT.

CRUDE HELIUM REFINERS—THOSE ENTITIES WITH A CAPABILITY OF REFINING CRUDE HELIUM AND HAVING A CONNECTION POINT ON THE CRUDE HELIUM PIPELINE AND A VALID HELIUM STORAGE CONTRACT AS OF THE DATE OF A CONSERVATION HELIUM SALE.

EXCESS VOLUMES—ALLOCATED SALE VOLUMES NOT REQUESTED BY THE CRUDE HELIUM REFINERS.

HELIUM STORAGE CONTRACT—A CONTRACT BETWEEN THE BLM AND A PRIVATE ENTITY ALLOWING THE PRIVATE ENTITY TO STORE CRUDE HELIUM IN UNDERGROUND STORAGE AT THE CLIFFSIDE FIELD.