

From: Whitfield, Peter C. [peter.whitfield@hoganlovells.com]
Sent: 6/22/2017 9:25:52 PM
To: Schwab, Justin [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=eed0f609c0944cc2bbdb05df3a10aadb-Schwab, Jus]
Subject: Helium

Figured you would enjoy this news piece given our relation to securing America's helium supply

Fix to secure steady helium supply gets broad backing

Dylan Brown, E&E News reporter

Published: Thursday, June 22, 2017

With a one-sentence fix, Congress hopes to preserve a steady supply of American helium and eliminate uncertainty shrouding the global market for an element key to medical and military science.

Helium companies and federal regulators backed the "Helium Extraction Act" [discussion draft](#) yesterday at a House Natural Resources Subcommittee on Energy and Mineral Resources hearing.

The bill would add a provision to the Mineral Leasing Act that allows helium production on federal land "as if the extracted helium were oil and gas."

Helium is currently produced as a byproduct of natural gas drilling. Its unique properties as a nonreactive gas and super-cooling liquid make it invaluable to MRI machines and rocket fuel.

"Helium as a rare element is much more than balloons," said Walter Nelson, vice president and general manager of Pennsylvania-based Air Products and Chemicals Inc.

Of roughly 1.7 billion cubic feet of helium consumed in the U.S. last year, 17 percent was used as lifting gas, but 30 percent was used for MRIs and the rest went toward various engineering and scientific applications.

The U.S. is already the world's top helium producer, but the sudden political crisis in Qatar, the next largest helium producer, has imperiled roughly 30 percent of global supply. The embargo, led by Saudi Arabia, triggered the shutdown of Qatar's two major helium plants. Algeria and Russia are the next largest sources of helium, raising national security concerns.

"If this disruption continues for any substantial period of time, there will be shortages," Nelson said.

The Bureau of Land Management responded by increasing allocations from the Federal Helium Reserve, the source of 40 percent of all U.S. helium.

Since 1925, the federal government has stored helium in a natural geologic formation called the Bush Dome at the Cliffside Storage Facility northwest of Amarillo, Texas. Five private plants were later built to recover helium from natural gas, filling the reservoir via a 450-mile pipeline.

But buying helium left the federal government more than \$1 billion in debt by 1996 when Congress passed the Helium Privatization Act.

BLM has since been selling off the reserve to refiners connected to the pipeline, with Air Products being the largest.

In 2013, concerns about a long-term supply and price spikes caused Congress to delay closure of the Cliffside facility until 2021 (*E&E Daily*, July 9, 2015).

"We're reading that as come 2021, the government will be out of the helium storage business," said Tim Spisak, BLM's senior adviser for minerals and realty management.

That has jump-started the push for extraction beyond the existing pipeline.

Jason Demers, president of Canadian energy firm Tacitus Ventures Corp., said yesterday the company has already identified 3 billion to 7 billion cubic feet of helium.

Spisak said six federal contracts for helium production at natural gas sites already yield more than 1 billion cubic feet, with roughly 8 percent royalty on liquid helium.

Another option is recycling helium. University of California, Los Angeles, physics professor Stuart Brown said an investment can pay for itself over the years but is too substantial upfront for many academics and smaller companies.

In his testimony, Brown said: "This subcommittee should consider legislation that provides support to federal agencies to sponsor programs aimed at reducing researchers' helium consumption and expenditures without compromising the vitality of their research programs."

Peter Whitfield

Senior Associate

Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004

Tel: +1 202 637 6600
Direct: **Ex. 6**
Fax: +1 202 637 5910
Email: peter.whitfield@hoganlovells.com
www.hoganlovells.com

Please consider the environment before printing this e-mail.

About Hogan Lovells

Hogan Lovells is an international legal practice that includes Hogan Lovells US LLP and Hogan Lovells International LLP. For more information, see www.hoganlovells.com.

CONFIDENTIALITY. This email and any attachments are confidential, except where the email states it can be disclosed; it may also be privileged. If received in error, please do not disclose the contents to anyone, but notify the sender by return email and delete this email (and any attachments) from your system.