



Highlights of [GAO-10-700T](#), a testimony before the Subcommittee on Energy and Mineral Resources, Committee on Natural Resources, House of Representatives

Why GAO Did This Study

The federal government has been extensively involved in the production, storage, and use of helium since the early part of the 20th Century. The federal helium program is currently managed by the Department of the Interior's Bureau of Land Management (BLM). During the 1960s and early 1970s, Interior purchased about 34 billion cubic feet of crude helium for conservation purposes and to meet federal helium needs, such as for the space program and scientific research. Crude helium is a gas of 50 to 85 percent helium. While some of the helium was used to meet federal needs, most of it was retained in storage. The funds used to purchase the helium became a debt owed by the program. GAO reported on the management of the helium program in the 1990s ([GAO/RCED-92-44](#) and [GAO/RCED-93-1](#)).

Since GAO's reviews of the program in the 1990s, key changes have affected the federal helium program and a recent report by the National Academy of Sciences concluded that it is time to reassess the program. This testimony discusses (1) GAO's findings and recommendations in the early 1990s, (2) key changes that have occurred since the early 1990s, and (3) some of the issues facing the helium program in the near future.

To address these issues, GAO reviewed prior reports, applicable laws and regulations, National Academy of Sciences' reports, and BLM data. GAO is not making any new recommendations.

View [GAO-10-700T](#) or key components. For more information, contact Anu K. Mittal at (202) 512-3841 or mittala@gao.gov.

HELIUM PROGRAM

Key Developments Since the Early 1990s and Future Considerations

What GAO Found

In 1991 and 1992, GAO reported on various aspects of the federal helium program including the helium debt, pricing, purity, and alternatives for meeting federal helium needs, and made recommendations to the Congress. For example, in 1992 GAO recommended that the Congress cancel the helium program's debt. As of September 1991, the debt had grown to about \$1.3 billion, over \$1 billion of which was interest that had accrued on the original debt principal of about \$290 million. The debt was also a factor in setting the price of federal helium because the Helium Act Amendments of 1960 stipulated that the price of federal helium cover all program costs, including interest on the debt. In addition, in 1991, GAO recommended that Interior take action to preserve the purity of the helium in storage. GAO found that the unrestricted extraction of helium from the reserve was causing the purity of the crude helium to degrade faster than would otherwise occur, which in turn had increased the program's operating costs. In 1992, GAO also recommended that the Congress reassess the conservation objectives of the helium program and consider other alternatives to meet federal helium needs.

Since GAO's reports in the early 1990s, two key developments—the Helium Privatization Act of 1996 and the construction of the Cliffside Helium Enrichment Unit in 2003—have caused considerable changes to the helium program and addressed or altered GAO's prior concerns. Specifically, the 1996 act froze the program's debt and as a result over half the debt has been paid off and the remainder should be paid off by 2015. The 1996 act also required a specific method for pricing helium. This along with other changes in the supply and demand for helium, has resulted in BLM's price to be at or below the market price. Lastly, in resetting the program's objectives, the act directed Interior to stop refining helium and it established a modified in-kind approach for meeting federal helium needs. Agencies must purchase helium from refiners who then purchase an equivalent amount of crude helium from BLM. The Cliffside Helium Enrichment Unit has addressed concerns about helium purity by enriching the crude helium through extracting excess natural gas.

Changes in the helium market have generated concerns about the future availability of helium for federal and other needs. The 1996 act did not provide a specific direction for the federal helium program past 2015. Some of the uncertainties facing the program include:

- *How should the helium owned by the federal government be used?* BLM's effort to sell off the helium in storage is going slowly and will not be completed by 2015; and some believe that the United States could become a net importer of helium within the next 10 to 15 years.
- *How will the helium program be funded after 2015?* If the helium program's debt is paid off by 2015, the revolving Helium Fund that is used to pay for the program's day-to-day operations will be terminated.
- *At what price should BLM sell its helium?* In the past, the debt has been a factor in the price and the price has been above the market price. After 2015 the debt will be paid off and the current price is at or below market.