

Highlights of [GAO-13-351T](#), a testimony before the 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 twentieth century. The federal helium program is currently managed by the Department of the Interior's 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 this helium was used to meet federal needs, most of it was retained in storage. The funds used to purchase this helium became a debt owed by the program. BLM now sells crude helium from the reserve, and the proceeds go into the revolving Helium Fund, which is used to finance the program and payoff the program's debt.

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 program, and a 2010 report by the National Academies' National Research Council concluded that it is time to reassess the program. GAO testified on the helium program in May 2010 ([GAO-10-700T](#)). This testimony is an update of GAO's May 2010 testimony and discusses (1) how the Helium Privatization Act of 1996 addressed issues raised by GAO in the 1990s and (2) three urgent issues facing the helium program in the near future.

GAO is not making any recommendations in this testimony.

View [GAO-13-351T](#). For more information, contact Daniel Garcia-Diaz at (202) 512-3841 or [garciadiazd@gao.gov](mailto:garciadiazd@gao.gov).

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## HELIUM PROGRAM

### Urgent Issues Facing BLM's Storage and Sale of Helium Reserves

## What GAO Found

Since GAO's reports in the early 1990s, the Helium Privatization Act of 1996 has caused considerable changes to the helium program and addressed or altered GAO's prior concerns. In 1992, GAO reported on various aspects of the federal helium program including the helium debt, pricing, and alternatives for meeting federal helium needs.

- *Helium debt.* In 1992, GAO recommended that Congress cancel the helium program's debt since doing so would not adversely affect the federal budget, as the debt consisted of outlays that had already been appropriated and interest that was a paper transaction. As of September 1991, this 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 1996 act did not cancel the debt as GAO had recommended, but it did freeze the growth of the program's debt and, as a result, the debt should be paid off this year.
- *Helium pricing.* The helium debt was also a factor in setting the price of federal helium. In 1992, GAO recognized that, if the helium debt was cancelled, Congress might need to propose a new pricing scheme. The 1996 act requires a specific method for pricing helium. This, along with other changes in the supply and demand for helium, has resulted in the Bureau of Land Management's (BLM) price to be at or below the market price.
- *Alternatives for meeting federal helium needs.* In 1992, GAO recommended that Congress reassess the conservation objectives of the helium program and consider other alternatives to meet federal helium needs. In resetting the program's objectives, the 1996 act directed Interior to stop refining helium and established a modified in-kind approach for meeting federal helium needs. Agencies must purchase helium from refiners that then purchase an equivalent amount of crude helium from BLM.

Changes in the helium market have generated concerns about the future availability of helium for federal and other needs. The Helium Privatization Act of 1996 did not provide a specific direction for the federal helium program past 2015. Three urgent issues facing the program are as follows:

- *How will the helium program be funded after 2013?* If the helium program's debt is paid off this year, as expected, the revolving Helium Fund will be terminated as required by the 1996 act. When GAO last testified on this issue, the estimated payoff date was 5 years away in 2015. The schedule has accelerated primarily because of improved crude helium sales.
- *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 2013, the debt will be paid off, and the current price is at or below market.
- *How should the helium owned by the federal government be used?* BLM's effort to sell off the excess helium in storage will not be completed by January 1, 2015, as required by the 1996 act. As of September 30, 2012, there were 11.44 billion cubic feet of conservation helium in storage. After BLM is finished drawing down the reserve, some believe that the United States could become a net importer of helium.