

103^D CONGRESS
2^D SESSION

H. R. 4919

To amend the Helium Act to require the Secretary of the Interior to sell Federal real and personal property held in connection with activities carried out under the Helium Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 8, 1994

Mr. COX (for himself and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To amend the Helium Act to require the Secretary of the Interior to sell Federal real and personal property held in connection with activities carried out under the Helium Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND FINDINGS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Helium Act of 1994”.

6 (b) **FINDINGS.**—The Congress finds that—

7 (1) the United States Government’s helium re-
8 covery program was instituted in 1925, when helium

1 conservation was deemed to be a matter of national
2 security and no private sector helium recovery indus-
3 try existed;

4 (2) today, as compared to 1925, there is little
5 likelihood that the United States will have to field a
6 fleet of blimps on an emergency basis;

7 (3) private sources of helium are more than
8 adequate for serving existing and foreseeable future
9 national needs;

10 (4) since 1925, there has been a dramatic in-
11 crease in private industry's involvement in helium
12 recovery, as a result of the free market discovery of
13 numerous commercial uses for helium;

14 (5) currently, private industry accounts for 90
15 percent of all helium extraction and consumption;

16 (6) the Government's helium recovery program
17 currently owes the Department of the Treasury
18 \$1,400,000,000 and in recent years has lost as
19 much as an additional \$120,000,000 yearly on inter-
20 est alone, and there is no prospect for repayment of
21 this debt without significant reform; and

22 (7) with combined public and private helium re-
23 serves considerably in excess of foreseeable national
24 helium needs, there is no longer any need for the

1 Federal Government to own and operate a helium
2 extraction and reserve program.

3 **SEC. 2. AMENDMENT OF HELIUM ACT.**

4 Except as otherwise expressly provided, whenever in
5 this Act an amendment or repeal is expressed in terms
6 of an amendment to, or repeal of, a section or other provi-
7 sion, the reference shall be considered to be made to a
8 section or other provision of the Helium Act (50 U.S.C.
9 167 to 167n).

10 **SEC. 3. AUTHORITY OF SECRETARY.**

11 Sections 3, 4, and 5 are amended to read as follows:

12 **“SEC. 3. AUTHORITY OF SECRETARY.**

13 “(a) EXTRACTION AND DISPOSAL OF HELIUM ON
14 FEDERAL LANDS.—(1) The Secretary may enter into
15 agreements with private parties for the recovery and dis-
16 posal of helium on Federal lands upon such terms and
17 conditions as he deems fair, reasonable and necessary. The
18 Secretary may grant leasehold rights to any such helium.
19 The Secretary may not enter into any agreement by which
20 the Secretary sells such helium other than to a private
21 party with whom the Secretary has an agreement for re-
22 covery and disposal of helium. Such agreements may be
23 subject to such rules and regulations as may be prescribed
24 by the Secretary.

1 “(2) Any agreement under this subsection shall be
2 subject to the existing rights of any affected Federal oil
3 and gas lessee. Each such agreement (and any extension
4 or renewal thereof) shall contain such terms and condi-
5 tions as deemed appropriate by the Secretary.

6 “(3) This subsection shall not in any manner affect
7 or diminish the rights and obligations of the Secretary and
8 private parties under agreements to dispose of helium pro-
9 duced from Federal lands in existence at the enactment
10 of the Helium Act of 1994 except to the extent that such
11 agreements are renewed or extended after such date.

12 “(b) STORAGE, TRANSPORTATION AND SALE.—The
13 Secretary is authorized to store, transport, and sell helium
14 only in accordance with this Act.

15 “(c) MONITORING AND REPORTING.—The Secretary
16 is authorized to monitor helium production and helium re-
17 serves in the United States and to periodically prepare re-
18 ports regarding the amounts of helium produced and the
19 quantity of crude helium in storage in the United States.

20 **“SEC. 4. STORAGE AND TRANSPORTATION OF CRUDE**
21 **HELIUM.**

22 “(a) STORAGE AND TRANSPORTATION.—The Sec-
23 retary is authorized to store and transport crude helium
24 and to maintain and operate existing crude helium storage

1 at the Bureau of Mines Cliffside Field, together with relat-
2 ed helium transportation and withdrawal facilities.

3 “(b) CESSATION OF PRODUCTION, REFINING, AND
4 MARKETING.—Effective one year after the date of enact-
5 ment of the Helium Act of 1994, the Secretary shall cease
6 producing, refining and marketing refined helium and
7 shall cease carrying out all other activities relating to he-
8 lium which the Secretary was authorized to carry out
9 under this Act before the date of enactment of the Helium
10 Act of 1994, except those activities described in subsection
11 (a). The amount of helium reserves owned by the United
12 States and stored in the Bureau of Mines Cliffside Field
13 at such date of cessation, less 600,000,000 cubic feet,
14 shall be the helium reserves owned by the United States
15 required to be sold pursuant to section 8(b) hereof.

16 “(c) DISPOSAL OF FACILITIES.—(1) Within one year
17 after the date of enactment of the Helium Act of 1994,
18 the Secretary shall dispose of all facilities, equipment, and
19 other real and personal property, together with all inter-
20 ests therein, held by the United States for the purpose
21 of producing, refining and marketing refined helium. The
22 disposal of such property shall be in accordance with the
23 provisions of law governing the disposal of excess or sur-
24 plus properties of the United States.

1 “(2) All proceeds accruing to the United States by
2 reason of the sale or other disposal of such property shall
3 be treated as moneys received under this chapter for pur-
4 poses of section 6(f). All costs associated with such sale
5 and disposal (including costs associated with termination
6 of personnel) and with the cessation of activities under
7 subsection (b) shall be paid from amounts available in the
8 helium production fund established under section 6(f).

9 “(3) Paragraph (1) shall not apply to any facilities,
10 equipment, or other real or personal property, or any in-
11 terest therein, necessary for the storage and transpor-
12 tation of crude helium or any equipment needed to main-
13 tain the purity, quality control, and quality assurance of
14 helium in the reserve.

15 “(d) EXISTING CONTRACTS.—All contracts which
16 were entered into by any person with the Secretary for
17 the purchase by such person from the Secretary of refined
18 helium and which are in effect on the date of the enact-
19 ment of the Helium Act of 1994 shall remain in force and
20 effect until the date on which the facilities referred to in
21 subsection (c) are disposed of. Any costs associated with
22 the termination of such contracts shall be paid from the
23 helium production fund established under section 6(f).

1 **“SEC. 5. FEES FOR STORAGE, TRANSPORTATION AND WITH-**
2 **DRAWAL.**

3 “Whenever the Secretary provides helium storage,
4 withdrawal, or transportation services to any person, the
5 Secretary is authorized and directed to impose fees on
6 such person to reimburse the Secretary for the full costs
7 of providing such storage, transportation, and withdrawal.
8 All such fees received by the Secretary shall be treated
9 as moneys received under this Act for purposes of section
10 6(f).”.

11 **SEC. 4. SALE OF CRUDE HELIUM.**

12 Section 6 is amended as follows:

13 (1) Subsection (a) is amended by striking out
14 “from the Secretary” and inserting “from persons
15 who have entered into enforceable contracts to pur-
16 chase an equivalent amount of crude helium from
17 the Secretary”.

18 (2) Subsection (b) is amended by inserting
19 “crude” before “helium” and by adding the follow-
20 ing at the end thereof: “Except as may be required
21 by reason of subsection (a), the Secretary shall not
22 make sales of crude helium under this section in
23 such amounts as will disrupt the market price of
24 crude helium.”.

25 (3) Subsection (c) is amended by inserting
26 “crude” before “helium” after the words “Sales of”

1 and by striking “together with interest as provided
2 in this subsection” and all that follows down
3 through the period at the end of such subsection and
4 inserting the following:

5 “all funds required to be repaid to the United States as
6 of October 1, 1993 under this section (hereinafter referred
7 to as ‘repayable amounts’). The price at which crude he-
8 lium is sold by the Secretary shall not be less than the
9 amount determined by the Secretary as follows:

10 “(1) Divide the outstanding amount of such re-
11 payable amounts by the volume (in mcf) of crude he-
12 lium owned by the United States and stored in the
13 Bureau of Mines Cliffside Field at the time of the
14 sale concerned.

15 “(2) Adjust the amount determined under para-
16 graph (1) by the Consumer Price Index for years be-
17 ginning after December 31, 1993.”.

18 (4) Subsection (d) is amended to read as fol-
19 lows:

20 “(d) EXTRACTION OF HELIUM FROM DEPOSITS ON
21 FEDERAL LANDS.—All moneys received by the Secretary
22 from the sale or disposition of helium on Federal lands
23 shall be paid to the Treasury and credited against the
24 amounts required to be repaid to the Treasury under sub-
25 section (c) of this section.”.

1 (5) Subsection (e) is repealed.

2 (6) Subsection (f) is amended by inserting
3 “(1)” after “(f)” and by adding the following at the
4 end thereof:

5 “(2) Within 7 days after the commencement of each
6 fiscal year after the disposal of the facilities referred to
7 in section 4(c), all amounts in such fund in excess of
8 \$2,000,000 (or such lesser sum as the Secretary deems
9 necessary to carry out this Act during such fiscal year)
10 shall be paid to the Treasury and credited as provided in
11 paragraph (1). Upon repayment of all amounts referred
12 to in subsection (c), the fund established under this sec-
13 tion shall be terminated and all moneys received under this
14 Act shall be deposited in the Treasury as General Reve-
15 nues.”.

16 **SEC. 5. ELIMINATION OF STOCKPILE.**

17 Section 8 is amended to read as follows:

18 **“SEC. 8. ELIMINATION OF STOCKPILE.**

19 “(a) REVIEW OF RESERVES.—The Secretary shall re-
20 view annually the known helium reserves in the United
21 States and make a determination as to the expected life
22 of the domestic helium reserves (other than federally
23 owned helium stored at the Cliffside Reservoir) at that
24 time.

1 “(b) STOCKPILE SALES.—Not later than January 1,
2 2004, the Secretary shall commence offering for sale crude
3 helium from helium reserves owned by the United States
4 in such minimum annual amounts as would be necessary
5 to dispose of all such helium reserves in excess of
6 600,000,000 cubic feet (mcf) on a straight-line basis be-
7 tween such date and January 1, 2014; provided that the
8 minimum price for all such sales, as determined by the
9 Secretary in consultation with the helium industry, shall
10 be such as will ensure repayment of the amounts required
11 to be repaid to the Treasury under section 6(c), and pro-
12 vided further that the minimum annual sales requirement
13 may be deferred only if, and to the extent that, the Sec-
14 retary is unable to arrange sales at the minimum price.
15 The sales shall be at such times during each year and in
16 such lots as the Secretary determines, in consultation with
17 the helium industry, are necessary to carry out this sub-
18 section with minimum market disruption.

19 “(c) DISCOVERY OF ADDITIONAL RESERVES.—The
20 discovery of additional helium reserves shall not affect the
21 duty of the Secretary to make sales of helium as provided
22 in subsection (b), as the case may be.”.

23 **SEC. 6. REPEAL OF AUTHORITY TO BORROW.**

24 Sections 12 and 15 are repealed.

1 **SEC. 7. REPORTS.**

2 Section 16 is amended by redesignating existing sec-
3 tion 16 as section 16(a) and inserting the following at the
4 end thereof:

5 “(b)(1) The Inspector General of the Department of
6 the Interior shall cause to be prepared, not later than
7 March 31 following each fiscal year commencing with the
8 date of enactment of the Helium Act of 1994, annual fi-
9 nancial statements for the Helium Operations of the Bu-
10 reau of Mines. The Director of the Bureau of Mines shall
11 cooperate with the Inspector General in fulfilling this re-
12 quirement, and shall provide him with such personnel and
13 accounting assistance as may be necessary for that pur-
14 pose. The financial statements shall be audited by the
15 General Accounting Office, and a report on such audit
16 shall be delivered by the General Accounting Office to the
17 Secretary of the Interior and Congress, not later than
18 June 30 following the end of the fiscal year for which they
19 are prepared. The audit shall be prepared in accordance
20 with generally accepted government auditing standards.

21 “(2) The financial statements shall be comprised of
22 the following:

23 “(A) A balance sheet reflecting the overall fi-
24 nancial position of the Helium Operations, including
25 assets and liabilities thereof;

1 “(B) the Statement of Operations, reflecting
2 the fiscal period results of the Helium Operations;

3 “(C) a statement of cash flows or changes in fi-
4 nancial position of the Helium Operations; and

5 “(D) a reconciliation of budget reports of the
6 Helium Operations.

7 “(3) The Statement of Operations shall include but
8 not be limited to the revenues from, and costs of, sales
9 of crude helium, the storage and transportation of crude
10 helium, the production, refining and marketing of refined
11 helium, and the maintenance and operation of helium stor-
12 age facilities at the Bureau of Mines Cliffside Field. The
13 term ‘revenues’ for this purpose shall exclude (A) royalties
14 paid to the United States for production of helium or other
15 extraction of resources, except to the extent that the He-
16 lium Operations incur direct costs in connection therewith,
17 and (B) proceeds from sales of assets other than inven-
18 tory. The term ‘expenses’ shall include, but not be limited
19 to (i) all labor costs of the Bureau of Mines Helium Oper-
20 ations, and of the Department of the Interior in connec-
21 tion therewith, and (ii) for financial reporting purposes
22 but not in connection with the determination of sales
23 prices in section 6(c), all current-period interest on out-
24 standing repayable amounts (as described in section 6(c))

1 calculated at the same rates as such interest was cal-
2 culated prior to the enactment of the Helium Act of 1994.

3 “(4) The balance sheet shall include, but not be lim-
4 ited to, on the asset side, the present discounted market
5 value of crude helium reserves; and on the liability side,
6 the accrued liability for principal and interest on debt to
7 the United States. For financial reporting purposes but
8 not in connection with the determination of sales prices
9 in section 6(c), the balance sheet shall also include accrued
10 but unpaid interest on outstanding repayable amounts (as
11 described in section 6(c)) through the date of the report,
12 calculated at the same rates as such interest was cal-
13 culated prior to the enactment of the Helium Act of
14 1994.”.

○