

# EUROPE2018

Bringing industry pro  
Join us to benefit from

## Breaking: Helium supply tightens again

By [Rob Cockerill](#) | 7 February 2018

**Midway through the second quarter of 2018, and helium markets are again experiencing tight supply conditions, according to Phil Kornbluth, President of Kornbluth Helium Consulting.**

While it might yet be a bit premature to declare a shortage, and helium market conditions might not even reach that point, **gasworld** understands at least two of the major global helium suppliers are now allocating supply in some geographic markets.

Allocations have so far been limiting helium customers to 100% of their historical consumption, as opposed to reducing their supply, to prevent stockpiling.

The current tight supply conditions have come as a bit of surprise to some market participants, and clear explanations for the current tight supply are currently described as 'elusive'.

One factor that everyone agrees on, is that the US Bureau of Land Management's (BLM) continuing allocation of crude helium feedgas to the helium refining facilities linked to the BLM Pipeline has significantly reduced US production. The BLM has been allocating supply at varying levels since the Qatar embargo caused a three-week shutdown of Qatar production back in June 2017, Kornbluth says.

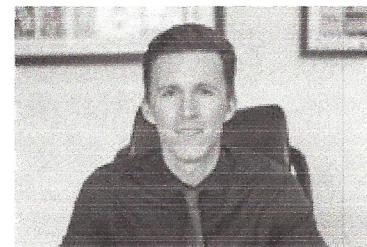
### [Helium: The importance of Plan B](#)

"While the Qatar shutdown only lasted for three weeks and the resulting supply shortage seemed to be resolved by around the end of September, the BLM Pipeline never reached the point where it was able to end its allocations," he explained. "The BLM has already informed the helium refiners (Air Products, IACX Energy, Keyes Helium, Linde and Praxair) and other BLM storage contract holders that it will continue to allocate crude helium supply at least through mid-March when they plan to tie-in new compressors that are expected to boost the BLM's crude helium deliverability."

Besides the BLM allocation, other factors contributing to the current tight supply are supply shortfalls at other non-BLM sources, both in the US and overseas, and delays of new sources that were expected to enter the market in 2018.

### Here we go again, potentially

For the second time in less than 12 months, we are staring at the prospect of another global helium shortage.



While last year's feared shortage – brought about by the rather abrupt Qatar embargo situation in the summer – was short-lived at just a three-week shutdown, this new warning appears to have the hallmarks of a potentially more sustained impact.

What does bring this new fluctuation into perspective a little, however, is the fact that **a)** shortages in this business are nothing new and **b)** those in the industry are already familiar with the fact that the clock is ticking on a new era in this market.

It has long been known that the world's biggest helium resource, the BLM Pipeline is on a timer to depletion and that by 2020 we will face the reality of a new-look helium business altogether. The industry has been scrambling to bring new capacity online around the world and unearth innovative new means of sourcing, while end-users have been actively pursuing recovery and recycling technologies.

[Continue reading Helium: Here we go again, potentially](#)

At the very least, it further highlights the market's fragilities and reliance upon the BLM-operated US Federal Helium Reserve in Amarillo (Texas), so soon after its exposure to geopolitical events had been starkly underlined.

Another contributor to the tight supply situation, Kornbluth says, may be an uptick in helium demand. The helium business experienced significant demand destruction during the helium shortage of 2011 – 2013 (Helium Shortage 2.0) and there had been meagre demand growth during the ensuing years. With all of the major economies now in growth mode, helium demand growth finally seems to be returning to the market.

While this may be a short-term negative, the return of demand growth would certainly be a long-term positive for the helium business.

## Helium heatmap

With the only material boost to supply coming from the BLM's installation of central compression, no other significant new supply expected to enter the helium market before 2019 and the expectation of continued demand growth, Kornbluth warned that global helium markets may experience a tenuous balance between supply and demand for the remainder of 2018.

### More information

Phil Kornbluth is the President of Kornbluth Helium Consulting, LLC and is a member of **gasworld's** US Editorial Advisory Board.

Kornbluth has worked in the helium business for the last 35 years, including stints running the global businesses of both BOC Gases and the MATHESON subsidiary of Taiyo Nippon Sanso Corporation (TNSC).

He can be reached at [Phil@KornbluthHeliumConsulting.com](mailto:Phil@KornbluthHeliumConsulting.com) or +1 (908) 745-9779.



Source: gasworld