

Helium: BLM reschedules FY 2019 Crude Helium Auction following postponement



PHIL KORNBLOTH
Kornbluth Helium
Consulting, LLC

The US Bureau of Land Management's (BLM) FY 2019 Crude Helium Auction that was originally scheduled to take place on July 18 but was postponed due to a lawsuit by Weil Group Resources, has been rescheduled to take place in Amarillo, Texas at 1:00pm on August 31.

A total of 210 million cubic feet (MMscf) of crude helium will be sold in the auction, with five lots of 25 MMscf each, five lots of 15 MMscf each, and two lots of 5 MMscf each. This is a reduction of 30 MMscf from the quantity that was going to be sold if the auction had taken place as originally scheduled on July 18.

An additional 90 MMscf of crude helium will also be sold in the BLM's Conservation Helium Sale, which will require that bids be submitted by September 4. This quantity has been reduced by 15 MMscf from the amount of crude helium that the BLM originally planned to include in the Conservation Sale.

The reduction in the total quantity of crude helium to be sold (300 MMscf) is the result of updated geological information related to the status of the BLM's helium reserve and the quantity of

crude helium the BLM expects to be able to deliver into the BLM Pipeline during FY 2019.

At the time of writing, there is ongoing speculation that the BLM's Crude Helium Auction and Conservation Sale could yet be delayed again due to the Weil lawsuit.

The lawsuit

The BLM's FY 2019 Crude Helium Auction as originally scheduled was abruptly cancelled the night prior due to a temporary restraining order obtained by Weil Group Resources (Weil) in the US District Court For the Northern District Of Texas, Amarillo Division, earlier that afternoon.

Weil, who had purchased crude helium in the previous year's BLM auction and Conservation Sale, had filed a complaint against the BLM on July 11 due to its dissatisfaction with the BLM's methodology for allocating crude helium deliveries to the

various companies who hold crude helium inventory within the BLM's Crude Helium Pipeline & Storage System. Without being overly precise or legalistic, or passing judgement on the merits,

the gist of Weil's arguments could be summarized as follows:

- Weil argued that the BLM's methodology for allocating crude helium is unfair to

those companies who hold relatively modest quantities of crude helium in storage because it limits them to allocation quantities that prevent those companies from commercializing their crude helium.

- Weil further argued that the BLM's allocation methodology is inconsistent with the intent of the Helium Stewardship Act of 2013 to make the Federal Helium Stockpile more easily accessible to companies other than the major helium refiners.
- Weil argued that the process utilized by the BLM to establish its allocation policy did not comply with US government guidelines.
- Weil argued that the BLM should revise its crude helium allocation process to provide increased allocations to those companies who hold modest quantities of crude helium inventory.
- Finally, Weil argued that the FY 2019 Crude Helium Auction should not proceed until such time as the BLM's crude helium allocation methodology has been clarified.

Based on these arguments, Weil was granted a temporary restraining order at a hearing mid-afternoon on July 17.

This auction will be the BLM's final auction/sale to private industry because, at the conclusion of the FY 2019 sale, the BLM will have reached the 3 BCF minimum inventory level specified in the Helium Stewardship Act of 2013. After the conclusion of the FY 2019 sale, the BLM's crude helium inventory will be reserved exclusively for government helium users until such time as the BLM's helium assets, including its remaining crude helium inventory, are privatized by no later than September 30, 2021. 

HELIUM SUMMIT 2018

With the theme *Transitioning To Life Beyond The BLM*, **gasworld's** Global Helium Summit 2018 will provide insight into the major issues facing the global helium business, from October 3 – 4 at the Marriott Marquis Hotel in Houston, Texas. Places are selling fast, ensure you don't miss out by visiting gasworldconferences.com

210
A total of 210 MMscf of crude helium will be sold in the upcoming auction