



Kornbluth: Latest Amur fire tightens helium supply for 2022

By Phil Kornbluth | 17 January 2022

New information about the explosion and fire that took place at Gazprom's Amur natural gas processing facility on 5th January indicates that helium production will remain offline for at least the next six months.

Largely driven by expectations for significant production from two of Amur's eventual three 700 MMCF per year helium tranches, 2022 was expected to be the year where the helium market finally transitioned from the tight supply conditions experienced in recent years to a sustained period of more plentiful supply. Given the



Source: Gazprom

revised and highly uncertain outlook for production from Amur, helium markets are now likely to remain tight throughout 2022, with the transition to plentiful supply pushed out by at least one year to 2023.

Amur actually produced helium from its first helium plant for several weeks in September before taking a planned shutdown that was originally expected to last for a month or two. Gazprom had also been planning to start-up its second helium plant in the first quarter (Q1). During the shutdown period, there was a fire at the gas processing plant on 8th October, which apparently was a factor in delaying the plant restart. Amur was expected to restart helium production soon, when the 5th January explosion and fire occurred. As word has got out that helium production will be delayed until at least Q3, Gazprom's customers have begun to redeploy the 100+ empty containers sitting in Russia to other sources.

Going forward, there is now considerable uncertainty about when Amur will restart helium production and how quickly it will ramp up. Given how recently the explosion took place, Gazprom is probably still in the process of assessing the extent of damage and putting their plan together for repairing the plant. It is too early to know if Amur's helium production will be delayed by six months, 12 months, or even longer.

Longer term, there is also increased scepticism about whether Amur will eventually become a reliable source of close to its 2.1 BCF per year nameplate capacity. What is clear, however, is that 2022 is going to be very different year for the global helium business than most market participants, including me, were expecting only a short time ago. We are also reminded that the helium supply chain is complex and, at times, highly unpredictable.

About the author

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