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## Helium supply outlook more optimistic for second half of 2022

By [Phil Kornbluth](#) | 4 May 2022

**After a series of events that had negative implications for helium supply since the beginning of 2022, there have been several recent developments that bode well for improved supply during the second half of 2022.**

One of the major causal factors behind Helium Shortage 4.0 has been the outage of the US Bureau of Land Management's (BLM) Crude Helium Enrichment Unit (CHEU) which upgrades the purity of crude helium removed from Federal Helium Reserve before sending it down to BLM Pipeline for delivery to four privately owned helium refining facilities that depend on the BLM System for feed gas.

**Read more:** [Helium markets now experiencing 'Helium Shortage 4.0'](#)

The CHEU has been down since mid-January, forcing the BLM to limit crude helium withdrawals from their pipeline, reducing the supply of feed gas to the helium refining facilities and reducing global supply by more than 10%. In recent weeks, the BLM has signed a contract with Messer to outsource operation of the CHEU. While Messer has just taken over this responsibility and has not yet announced a target date for restarting the CHEU, the transfer of responsibility for operating the CHEU to Messer provides reason for optimism that the CHEU could be back in operation sometime within the next month or two. This would increase the world's helium supply by greater than 10% compared to recent levels.

Another positive development is the recent cancellation of ExxonMobil's planned maintenance outage at their Shute Creek, Wyoming plant which is the largest US source and accounts for greater than 20% of global supply. The Shute Creek Plant, which produces roughly 1.4 billion cubic feet of helium per year had been scheduled for a significant outage in August that would have temporarily negated much of the benefit of the BLM's return to normal operation.

While detailed information is not available, it is also believed that Air Products is close to completing their Arzew Expansion Project, which would tie-in feed gas from the GL1Z and GL3Z LNG plants to the

existing helium plant. This project should increase the flow of feed gas to the helium plant and result in increased helium production at some point.

While these developments provide reason for cautious optimism, I am not predicting the end of Helium Shortage 4.0 anytime soon. However, barring further negative surprises, the shortage should become less severe during the second half of the year and we could very well look back on Q1/Q2 as the peak of Helium Shortage 4.0.

The real transition to more plentiful supply is still expected to be delayed until Gazprom's Amur project restarts and ramps up production. The estimates of when that might happen remain very uncertain due to the impact of the war in Ukraine, but it is considered highly improbable that Amur will restart before 2023.

One final note on Helium Shortage 4.0. We tend to focus a lot of attention on the supply side of the Helium Business. However, with increased risk of a recession later this year, or in 2023, it is also possible that reduced demand for helium could help to restore a tight balance between supply and demand.

While it is difficult to make accurate predictions about the future balance between helium supply and demand, it is fair to say that there is finally reason for cautious optimism.

### About the author

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