

**Expiration Date: September 30, 2015**

**INVITATION FOR OFFER  
CRUDE HELIUM FROM THE FEDERAL HELIUM RESERVE  
IFO NO. BLM-2015-OMCHS-001  
September 1, 2015 – September 30, 2015**

**Introduction**

The Helium Stewardship Act of 2013 (HSA), 50 U.S.C. §§ 167-167q, was enacted on October 2, 2013. The purpose of this Invitation for Offer (IFO) is to conduct a sale of 626 million cubic feet (MMcf) of crude helium to current storage contract holders.

This sale will be conducted in a manner intended to minimize market disruptions including, pure helium market disruptions for end users; shortages of crude helium to pure helium refiners; or an oversupply of crude helium on the market for crude helium extractors.

The volume of helium available for this sale is 626 million cubic feet (MMcf) at a price of \$104 per thousand cubic feet (Mcf) at 14.65 psi and 60 degrees Fahrenheit.

This IFO and the price specified above is valid for the FY 2016 delivery cycle.

Offers submitted pursuant to this IFO are subject to the terms, conditions, and definitions set forth in this document.

The request for purchase of helium from the Federal Helium Reserve and other documentation as required in this IFO must be sent by certified mail to:

Bureau of Land Management, Amarillo Field Office  
801 S. Fillmore, Suite 500  
Amarillo, TX 79101-3545  
Attention: Crude Helium Sales Analyst

You may call Carole James, (806) 356-1027 (or email: [cdjames@blm.gov](mailto:cdjames@blm.gov)), with questions about this IFO.

## Relevant Dates

Submit your offer to purchase helium from the Federal Helium Reserve and other documentation, as required, according to the following schedule:

- Required documentation (defined below)
- Offer Period– September 1, 2015 – September 30, 2015 – This offer period is unusually long due to the requirements to renegotiate expiring contracts.

On October 1, 2015, all offers to purchase helium from the Federal Helium Reserve will be opened and evaluated. Upon evaluation of all offers, volumes of this Phase B sale will be apportioned and allocated according to the sale rules described in this IFO.

Successful offerors will be notified by email before 5 pm (CST) on October 1, 2015, and invoiced on or before October 5, 2015.

## Offers

You must submit the following information with your offer to the BLM, Amarillo Field Office, not later than September 30, 2015:

- Email address to send information on the awarded quantity.
- Billing address information and name(s) of principle officers of the company.
- Proof of being an entity qualified to purchase helium from the Federal Helium Reserve at this sale as defined in **Consideration of Offers**. Documents such as invoices for sale or purchase of helium, or other relevant documents may be submitted as proof of qualification. Companies that have a current helium storage contract with the Federal Helium Reserve are already qualified and no documentation is needed.
- The volume (in Mcf) of helium from the Federal Helium Reserve requested.
- All bidders must agree to purchase and maintain a helium storage contract. Please contact the Amarillo Field Office for more details.
- Check, Credit Card, or money order in the amount of \$1,000 made payable to the Bureau of Land Management. **This money will be used to cover administrative expenses to conduct this sale and is nonrefundable.** If participants of this sale were successful at the August 26, 2015 auction, then no payment is necessary since the \$1,000 was paid at that time.

## **Consideration of Offers**

Any person, firm, partnership, joint stock association, corporation, or other domestic or foreign organization operating partially or wholly within the United States who meets one or more of the following requirements is qualified to submit a an offer to purchase:

- Operates a helium purification plant within the U.S., or
- Operates a crude helium extraction plant within the U.S., or
- Is a wholesaler of pure helium, or
- Purchases helium for resale within the U.S., or
- Is a consumer of pure helium within the U.S., or
- Has an agreement with a helium refiner to provide its helium processing needs, commonly referred to as a “tolling agreement.”

## **Payment**

The purchaser is required to pay for the full amount of the helium awarded upon invoice.

After receipt of payment, the BLM will transfer the helium to the purchaser’s account on the first day of the month following receipt of payment. Make checks payable to the BLM using the address above.

Additionally, the company will be assessed interest and penalties under the Debt Collection Act, 31 U.S.C. 3717, for payments received after the due dates for full payment.

## **Allocated Sale**

Those who meet the definition of “refiner” in 50 U.S.C. § 167(11) are allowed to purchase helium from the Federal Helium Reserve in the allocated sale portion of this sale. An allocated sale is that portion of the sales volume of helium from the Federal Helium Reserve that is set aside for purchase by the refiners. The amount of helium from the Federal Helium Reserve available for the allocated sale will be 538,000 Mcf.

The volume of helium from the Federal Helium Reserve available for the allocated sale under the preceding paragraph will be apportioned to each refiner based on the refiner’s percentage share (rounded to the nearest 1/10<sup>th</sup> of 1 percent) of the total refining capacity connected to the BLM crude helium pipeline as of August 14, 2015.

If one or more refiners request a volume other than its apportioned share or their respective apportioned shares, then:

- If one or more refiners request less than its apportioned share or their respective apportioned shares, any other refiner(s) that requested more than their respective apportioned shares will be allowed to purchase the excess volume based on proportionate shares of remaining refining capacities.

- Any excess volume not sold to the refiners will be added to the Non-Allocated Sale volume (see below).

Below is a hypothetical example of how an Allocated Sale would be conducted.

525,000 Mcf available for total sale with 90 percent available for Allocated Sale (472,500 Mcf).

Bidder – Allocated Sale	Installed refining capacity	Refiner bid volume*	Allocated volume*	Excess volume requested*	Proration percent	Excess Allocated*	Total Allocated*	Carry over to Non-Allocated Sale*
Refiner A	10%	56,250	49,350	6,900	20%	6,900	56,250	0
Refiner B	50%	166,500	166,500	0	0%	0	166,500	0
Refiner C	40%	256,000	197,400	58,600	80%	52,350	249,750	6,250
Total	100%	478,750	413,250	65,500	100%	59,250	472,500	0

\* All volumes in Mcf

After the initial allocation, Refiner B has received all requested. However, 65,500 Mcf is deemed excess of the total in the first iteration of the Allocated Sale and reallocated to the two remaining refiners based on the refining capacity between them. With the reallocation, Refiner A gets all requested, but Refiner C is still short by 6,250 Mcf, which is posted into the Non-Allocated Sale. All percentages used in the calculation will be rounded to the nearest 1/10<sup>th</sup> of 1 percent. All volumes calculated will be rounded to the nearest 1 Mcf.

### Non-Allocated Sale

The non-allocated sale is that portion of the annual sale volume of helium from the Federal Helium Reserve that will be offered first to all qualified offerors not eligible to participate in the allocated sales. Any non-allocated sale volumes that are not awarded may then be purchased by the participants in the allocated sales equally. The minimum volume that can be requested is 1,000 Mcf. The total volume available for the non-allocated portion of the sale is 88,000 Mcf per offering plus any additional helium that is not sold as part of the Allocated Sale.

The helium from the Federal Helium Reserve made available in the Non-Allocated Sale will be apportioned equally in 1 Mcf increments among the offerors with no prospective offeror receiving more than its request.

If a request is made for more than what is made available for sale then:

- If one or more offerors request less than their equally-apportioned volumes, any other non-refiner offeror(s) that requested more than their equally-apportioned volumes will be allowed to purchase equally – apportioned volumes of the remaining volume available for this sale.
- If all offerors request more than their equally-apportioned volumes, each offeror will receive at least their equally-apportioned volume.

- Refiner offerors in the non-allocated sale will only be awarded helium if there remain unallocated volumes not awarded to non-refiner offerors.

Below is a hypothetical example of a Non-Allocated Sale.

315 MMcf available for total sale with 10 percent available for Non-Allocated Sale (31,500 Mcf).

Bidder – Non-Allocated Sale	Bid volume*	Round 1*	Excess volume requested*	Round 2*	Excess Apportioned*	Round 3*	Amount requested not received*
Refiner C	6,250	N/A	6,250	N/A	6,250	1,500	4,750
Company D	20,000	5,000	15,000	15,000	0	0	0
Company E	5,000	5,000	0	0	0	0	0
Company F	5,000	5,000	0	0	0	0	0
Total	36,250	15,000	16,250	15,000	6,250	1,500	4,750
Left over for next round		16,500		1,500		0	

\* All volumes in Mcf

In this example, Company D, E, and F were able to get 100 percent, or 30,000 MCF, requested and the amount left over for allocated sales companies was about 5 percent or 1,500 MCF.

No more helium is available, Refiner C did not receive all that they requested, and the sale is complete. All percentages used in the calculation will be rounded to the nearest 1/10<sup>th</sup> of 1 percent. All volumes calculated will be rounded to the nearest 1 Mcf.

## **Definitions**

Allocated Sale – That portion of the annual sale volume of Federal Helium Reserve that will be set aside for purchase by the refiners.

Federal Helium Reserve Sale – The sale of a certain volume of the Federal Helium Reserve to private entities

Offeror – Any entity or person who submits a request for purchase of a volume of the Federal Helium Reserve and has met the qualifications as defined in this IFO.

BLM – The Bureau of Land Management.

Federal Helium Reserve – Helium reserves owned by the United States stored underground in the Cliffside Field.

Cliffside Field – the helium storage reservoir in which the Federal Helium Reserve is stored.

Crude Helium – A partially refined gas containing about 70 percent helium and 30 percent nitrogen. However, the helium concentration may vary from 50 to 95 percent.

Excess Volumes – Allocated sale volumes not requested by the Crude Helium Refiners.

Federal Helium Pipeline – the federally owned pipeline system through which helium for the Federal Helium Reserve may be transported.

Federal Helium Reserve – The term ‘Federal Helium Reserve’ means helium reserves owned by the United States.

Federal Helium System –

- (A) the Federal Helium Reserve;
- (B) the Cliffside Field;
- (C) the Federal Helium Pipeline; and
- (D) all other infrastructure owned, leased, or managed under contract by the Secretary for the storage, transportation, withdrawal, enrichment, purification, or management of helium.

Helium Storage Contract – A contract between the BLM and a private entity allowing the private entity to store crude helium in underground storage at the Cliffside Field.

HPA – The Helium Privatization Act of 1996.

HSA – The Helium Stewardship Act of 2013.

MMcf – One million cubic feet of gas measured at standard conditions of 14.65 pounds per square inch atmosphere (psia) and 60<sup>0</sup> F.

Mcf – One thousand cubic feet of gas measured at standard conditions of 14.65 psia and 60<sup>0</sup> F

Non-Allocated Sale – That portion of the sales volume of the Federal Helium Reserve that will be offered first to all entities that did not qualify under allocated sales then to all bidders.

Toll or tolling – As used herein, an agreement between a helium refiner and another party to process the other party's helium at an agreed upon price.

Qualifying Domestic Helium Transaction – any agreement entered into or renegotiated agreement during the preceding 1-year period in the United States for the purchase or sale of at least 15,000,000 standard cubic feet of crude or pure helium to which any holder of a contract with the Secretary for the acceptance, storage, delivery, or redelivery of crude helium from the Federal Helium System is a party.

Refiner – a person with the ability to take delivery of crude helium from the Federal Helium Pipeline and refine the crude helium into pure helium.