

*Expiration Date: September 30, 2015*

**INVITATION FOR OFFER –CRUDE HELIUM FROM THE FEDERAL  
HELIUM RESERVE  
IFO NO. BLM-2014-OMCHS-003  
For delivery from October 2014 to September 2015**

**Introduction**

The purpose of this Invitation for Offer (IFO) is to offer volumes of helium for FY2015 delivery and Partial FY2016 delivery.

The volume of helium available for this sale is 835.315 million cubic feet (MMcf) for FY2015 delivery, and 250 million cubic feet (MMcf) for FY2016 delivery at a price of \$106 per thousand cubic feet (Mcf). This consists of 90percent of the reserve price (\$100) and 10 percent of the weighted average received at the July 30, 2014 auction (\$161) at 14.65 psi and 60 degrees Fahrenheit.

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 is due in the Bureau of Land Management, Amarillo Field Office on or before August 14, 2014 by 5 pm CDT and may be sent by fax, email [dreeves@blm.gov](mailto:dreeves@blm.gov), or 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 David Reeves, (806) 356-1052 (or email: [dreeves@blm.gov](mailto:dreeves@blm.gov)) with questions about this IFO.

## Offers

All offers are due by 5 p.m. CDT at the BLM Amarillo Field Office. On August 15, all offers to purchase helium from the Federal Helium Reserve will be opened and evaluated. Upon evaluation of all offers, volumes from this 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 August 15, 2014, and invoiced within 3 business days after notification, with payments due net 30. Any payments, plus late fees, not received by September 26, 2014 will be considered nonresponsive and the sales will be voided.

You must submit the following information with your offer to the BLM, Amarillo Field Office:

### All offerors:

- Email address to send information on the awarded quantity.
- The volume (in Mcf) of helium from the Federal Helium Reserve requested for each delivery year separately.
- 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 July 30, 2014 auction, then no payment is necessary since the \$1,000 was paid at that time.

### **Consideration of Offers**

Participants for this IFO must be considered a Refiner as defined in the Helium Stewardship Act of 2013 as of August 1, 2014.

### **Conditions of Sale**

Pursuant to the HSA, at 50 U.S.C §167d(b)(8)(A), all offerors must disclose, on a strictly confidential basis, the following information:

- The FY2015 sale and the FY2016 sales are considered separate and may not be combined together. Therefore, participants must submit their request for FY2015 and FY2016 on two separate forms but may be sent to the BLM Amarillo Field Office at the same time.

**All data in this IFO from individual entities will be kept confidential to the extent permitted by law. Failure to provide this data prior to the bidding process will result in the rejection of your bid.**

## Payment

The purchaser is required to pay for the full amount of the helium awarded according to the following schedule:

- 100 percent of the awarded volume must be paid within 30 days after Invoice;
- Ownership transfer occurs the first day of the month following payment.

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.

## Crude Helium Sale

As stated above only 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 this sale.

The volume of helium from the Federal Helium Reserve available for this 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 October 1, 2000.

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 amount requested not awarded from the FY2015 delivery sale will not be carried over to the FY2016 delivery Sale.
- The same process will be used for the FY2016 Sale.

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

500,000 Mcf.

Bidder - Allocated Sale	Installed refining capacity	Refiner bid volume*	Allocated volume*	Excess volume requested*	Proration percent	Excess Allocated*	Total Allocated*	Amount not awarded
Refiner A	10 %	60,000	50,000	50,000	20 %	10,000	60,000	0
Refiner B	50 %	250,000	250,000	0	0 %	0	250,000	0
Refiner C	40 %	300,000	150,000	150,000	80 %	40,000	190,000	110,000
Total	100 %	610,000	450,000	200,000	100 %	59,250	500,000	110,000

\* All volumes in Mcf

After the initial allocation, Refiner B has received all requested. However, 50,000 Mcf is deemed excess of the total in the first iteration of the FY2015 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 110,000Mcf, which is not awarded for this 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.

### **Definitions and other useful terms**

BLM – The Bureau of Land Management.

Cliffside Field - the helium storage reservoir in the Bush Dome near Amarillo, Texas, 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.

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

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

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

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. (50 U.S.C. § 167(4).)

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.

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>o</sup> F.

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

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.

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.