

Expiration Date: June 30, 2014

**INVITATION FOR OFFER –CRUDE HELIUM FROM THE FEDERAL
HELIUM RESERVE
IFO NO. BLM-2014-OMCHS-002
January 2014 – June 2014**

Introduction

The purpose of this Invitation for Offer (IFO) is to offer additional volume of helium for FY2014, known as Phase A, Part B sales. Prices and conditions of IFO No. BLM-2014-OMCHS-001 is still in effective for this offer.

The volume of helium available for this sale is 210 million cubic feet (MMcf) at a price of \$95 per thousand cubic feet (Mcf) 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 May 5, 2014 by 5 pm CDT and may be sent by fax, email, 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) 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 (with offer) –
- For Refiners: Updated excess refining capacity for FY2014 and projected FY2015
- For Non-Refiners: Updated Amount of Helium tolled from January 2014 Sale and In-Kind Sales
- All other Information with Offer

On May 6, 2014 all offers to purchase helium from the Federal Helium Reserve will be opened and evaluated. Upon evaluation of all offers, volumes of this Phase A, part 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 May 7, 2014, and invoiced on or before May 9, 2014.

Offers

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.
- 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.**

Consideration of Offers

Participants must have an existing storage contract on record as of January 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:

All offerors (Non-IFO NO. BLM-2014-OMCHS-001 participates only):

(i) Updated volumes and associated prices in dollars per thousand cubic feet of all crude and pure helium purchased, sold, or processed by persons in qualifying domestic helium transactions, as defined in the HSA, 50 U.S.C. § 167(10) for FY 2014 and projected FY 2015;

(ii) Updated volumes and associated costs in dollars per thousand cubic feet of converting crude helium into pure helium FY 2014 and projected FY 2015.

Non-Allocated IFO NO. BLM-2014-OMCHS-001 participates only:

(i) Updated tolling volumes for all In-kind sales and associated tolling price

(ii) Updated tolling volumes and associated price for volumes purchased in January 2014 Sale.

Allocated sales participants only (Provide with offer):

(iii) Updated excess refinery capacity for FY 2014 and projected FY 2015 excess refining capacity estimates from plants only connected to the Federal Helium Pipeline. **If no excess capacity is available, explain why.**

This information, excluding cost and pricing information, will be aggregated and posted to the BLM's Helium website.

All entities participating must also provide the following as a condition of purchasing helium in this Phase A, Part B sale:

All participants (Provide with offer):

- The number of tolling agreements in place during FY 2014 between Refiner and Non-Refiners not connected to the Federal Helium Reserve Pipeline.

This information will not be posted to the BLM's Helium website.

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

The BLM does not discourage buyers who may wish to pay earlier than requested. Make checks payable to the BLM using the address above.

The BLM must receive payment for helium purchased by a company during this IFO offering before the company is allowed to participate in the FY2015 Auction and Sales and FY2016 Advance Sale which is scheduled in late June to early July 2014. 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 (same conditions apply as BLM-2014-OMCHS-001)

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 189,000 Mcf, *i.e.*, approximately 90 percent of the total volume available in this sale specified on page 1 of this IFO.

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 1/10th 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 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 and could be awarded if any volumes remained after all non-allocated sales are awarded. All percentages used in the calculation will be rounded to the nearest 1/10th 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 21,000 Mcf 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 it's 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 1/10th 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.

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.

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 60⁰ F.

Mcf - One thousand cubic feet of gas measured at standard conditions of 14.65 psia and 60⁰ 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.

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.

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.

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.