

Methodology for calculating the Reserve Price and Conservation Helium Price for the FY 2017 Auction and Sales

Definitions:

- *RP* – The Reserve Price determined by the BLM as the opening bid for Auction sales of conservation crude helium.
- *CHP* – The Conservation Helium Price, starting October 1, 2016, Posted for FY 2017 which is \$107 per Mcf.
- *AWP* – Auction Price weighted average
- *Mcf* – One-thousand cubic feet at 14.65 pounds per square inch and 60 degrees Fahrenheit.

Calculation for Reserve Price:

- $RP = \text{Previous year CHP as compared to Market Price Survey Analysis}$
- $RP = \$104 \text{ compared to Market Price Survey Analysis range of } \$100\text{-}\$107$
- $RP = \$100/\text{Mcf, as determined by the BLM}$

Calculation for Auction Price weighted average:

- $AWP \text{ is calculated by dividing the Total Auction Sales Revenue by Total Auction Volumes Sold in Mcf}$
- $AWP = \$42,840,000 / (400 * 1,000)$
- $AWP = \$107/\text{Mcf}$

Calculation for Conservation Helium Price:

- $CHP \text{ is calculated by dividing the Total Auction Sales Revenue by Total Auction Volumes Sold in Mcf}$
- $CHP = \$42,840,000 / (400 * 1,000)$
- $CHP = \$107/\text{Mcf}$

$$AWP = CHP$$

Reference: Helium Stewardship Act of 2013

SEC. 6. SALE OF CRUDE HELIUM.

(7) PRICES.-The Secretary shall annually establish, as applicable, separate sale and minimum auction prices under subsection (a)(1) and paragraphs (1) and (2) using, if applicable and in the following order of priority:

(A) The sale price of crude helium in auctions held by the Secretary under paragraph (2).

(B) Price recommendations and disaggregated data from a qualified, independent third party who has no conflict of interest, who shall conduct a confidential survey of qualifying domestic helium transactions.

(C) The volume-weighted average price of all crude helium and pure helium purchased, sold, or processed by persons in all qualifying domestic helium transactions.

(D) The volume-weighted average cost of converting gaseous crude helium into pure helium.