

Pipeline Pressure and Helium Production for Limited Delivery Situations:

The Bureau of Land Management (BLM) is issuing a new policy for helium allocations and pipeline pressure. This replaces the existing policy released in 2012 since the pipeline operating conditions and demand have changed.

The lowest operating pipeline pressure will be 600 psia, as measured at Cliffside. This pressure still allows the Third Party helium to be distributed using the Government's conservation pipeline. The low pressure case is considered only in emergency situations or plant outages. The Third Party companies are to be contacted by their purchasers of helium so that plant outages are reported quickly thereby reducing as soon as possible the pure helium production associated with the lost 3rd party production. The BLM understands that this may take a while, however the over production of helium is to be made up quickly to maintain pipeline pressure.

From 600 psia to 900 psia, the Government will hold back a minimum 200 Mcf per day of Crude Helium Enrichment Unit (CHEU) production. The BLM will attempt to maintain the maximum production possible to insure that all customers along the pipeline are able to pull their "allocated helium" (as determined under Article II, 2.6 (a) and 2.6 (b)) from the conservation pipeline. The Government will decrease this hold back a minimum of 100 Mcf per day of CHEU production from 900 psia to 1,350 psia.

The helium allocation will be released when the pipeline reaches 1,350 psia as recorded at the discharge of the helium production into the conservation pipeline at Cliffside. The BLM will allow the pressure to drop from 1,350 psia down to 900 psia without intervention. When the pressure at Cliffside reaches 900 psia, the Government will initiate allocations and the helium withheld on allocations to a minimum 50 Mcf per day.

The exception to the release of helium allocations at 1,350 psia will be planned CHEU outages. In these cases, the pipeline pressure will be allowed to build to 1,500 psia. This enables the delivery of a higher volume of helium from the conservation pipeline while the CHEU is off line. The Government will calculate a delivery volume from the conservation pipeline based on draw down of the pipeline pressure to 600 psia as related to the expected days of outage.

The BLM is placing a 200 Mcf cap on the amount of under pull carry over helium from month to month. A Force Majeure may be claimed by sending in an official statement on company letterhead. The BLM will consider an e-mail reply which will hold your allocations for 48 hours. After such time without the delivery of an official letter, the portion on an average per day helium production under pull will be distributed among the companies that can produce and deliver the helium. An incident outside of an act of God will have to be justified, again on official company letter head and received within 48 hours. Again, helium will be offered as above to other customers. The substantiation is upon the customer(s) to relay why the maximum carryover of 200 Mcf of helium should be waived.

The companies will be able to control their helium production during a month, but must be close to allocated amount of helium at the end of the month. The BLM will release a table showing a company's over or under pull of allocated helium, on approximately the 15th of the month. If during daily tracking of helium allocation after that point the BLM finds an excessive under pull of allocated helium, the BLM will make an official request of expectations for the remainder of the month. This will be no later than 9 days prior to the end of the month (please see above exceptions). Communications between BLM and customers is an integral part of this process. Unless exceptions are met a maximum of 200 Mcf of helium can carry over into the next month.

The over pulling of helium will be handled per Article II, 2.6 (c). "If person overdraws during a shortage for with companies are under an allocation by the Authorized Officer, the United States will reduce delivery to Person in the next month by a volume equal to Person's overdrawn volume."

This policy will be reviewed at least annually to insure that it is still applicable to the current helium environment.

Once helium allocations cease during a month or otherwise, all over/under helium ceases and goes to zero (0). If helium allocations are began again during a month, the over /under helium starts over. The 200 Mcf of helium carry over is still in effect, notwithstanding the before stated exceptions.

Notes:

This policy will be reviewed at least annually to insure that it is still applicable to the current helium environment.

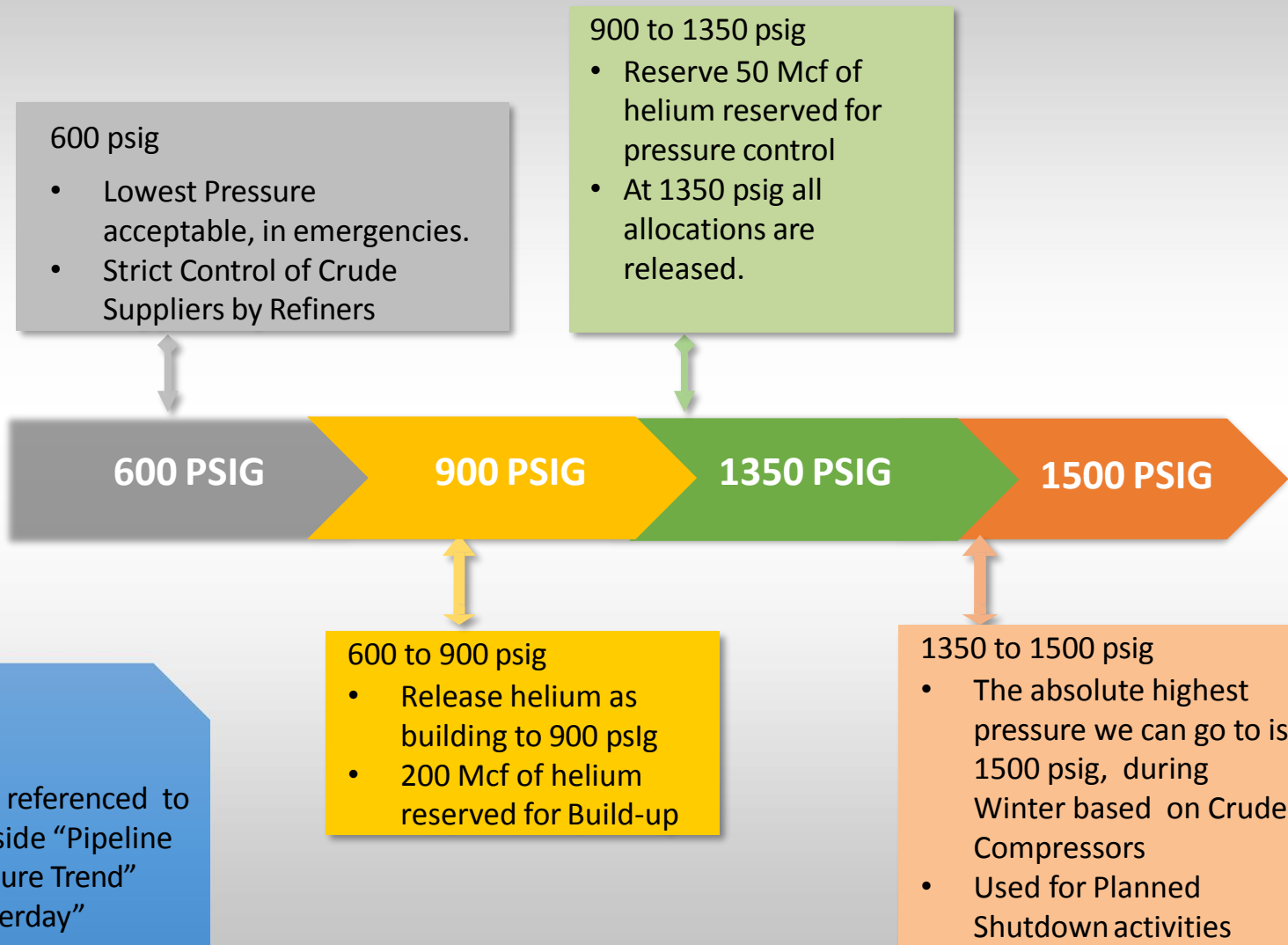
All pressures referenced from the "Yesterday" map on Amarillo Field Office home page.

<https://www.blm.gov/programs/energy-and-minerals/helium/federal-helium-operations>

Direct Link to map:

https://www.blm.gov/sites/blm.gov/files/pipeflow_yesterday.pdf

Federal Helium Pipeline Pressure Graph



Notes:

PSIG referenced to Cliffside "Pipeline Pressure Trend" "Yesterday"