

Chairman Costa – Opening Statement

“Up in the Air: BLM’s Disappearing Federal Helium Program”

Thursday, May 13, 10am

Before we begin, let me simply state our sympathy for the families who lost loved ones in the Gulf of Mexico disaster.

I want all of the Members of this Subcommittee and the entire Committee on Natural Resources to know that since several hours after the explosion, we—Chairman Rahall, and I, and the staff—have been monitoring the Joint Command’s efforts to contain the oil flow. We pray that the worst of the environmental impacts can be averted and we have already begun our own investigation into not only the cause of this catastrophe, but also the implications it has on our Nation’s energy policy.

As you all know, the Committee on Natural Resources has primary jurisdiction over offshore drilling. So, while other Committees hold hearings into the potential causes of this incident, if--I reiterate if-- changes are needed in the regulatory regime which governs offshore drilling, those changes will emanate from this Committee.

Meanwhile, we should not ignore our oversight responsibilities in other areas, including today’s issue -- the Federal Helium Program. I would note that this hearing was scheduled before the Gulf incident occurred on April 20. Still, even without the horrific accident we still see unfolding in the Gulf, one might reasonably ask “Why Helium? Why now?”

So, let’s begin with a little background on helium and its importance.

Helium, a box on the periodic table for me when I was a student, is more than just the party balloon with which we all associate it. Helium occurs as a constituent of natural gas in most natural gas fields in the United States---but not always in commercial quantities. Only some natural gas fields have high enough concentrations of helium to make its extraction economically attractive to private industry. Most of those fields--about two-thirds of our domestic supply of helium--reside in North Texas, Oklahoma, and Kansas. The rest is located in Wyoming, Colorado, and Utah.

You may be interested to know that the United States government stores significant tax payer-owned as well as privately-owned helium in a unique underground natural dome located just outside of Amarillo, Texas, maintained by the American taxpayer.

So, here's the thing----helium isn't just a gas used for party balloons and deep sea diving. In fact, helium is essential to a common medical diagnostic tool with which many of us are familiar -- MRIs, or "magnetic resonance imaging." Helium is also essential to numerous other applications, from optical fibers to space rockets to next-generation nuclear reactors. Our space agency, NASA, needs helium – 107 million cubic feet a year--to pressurize and purge the engines of space shuttles. The Department of Energy relies on helium in research laboratories to operate superconductors. In many scientific and medical uses, there is no substitute for helium because of its unique properties – a low boiling point, high thermal conductivity, and inertness.

We are fortunate in the United States to have major helium resources—at least 20% of the identified resources worldwide—and we are the number one producer. Our domestic helium assets include a Federal stockpile of helium, also known as the Federal Helium Reserve, which contains approximately 24 billion cubic feet of helium—enough helium to meet our diverse domestic needs for years, if managed wisely.

At a glance, this may sound like a rosy situation. Yet a new report by the National Academies, which we will hear more about today, has assessed supply and demand for helium and the Federal helium program and finds that:

- The 1996 Helium Act's directive to sell off the Federal Helium Reserve by 2015 is *detrimental* to the taxpayer.
- We would be selling off a valuable natural resource commodity too quickly and too cheaply.
- And, finally, and I think most importantly, the report warns that the U.S. is at risk of becoming a net importer of helium in the next 10-15 years if we do not amend the 1996 law.

These are stark warnings. Future shortages of affordable helium would be a major obstacle in the U.S. for advances in medicine, science, aerospace and many other critical applications.

Which brings us to the purpose of and need for today's hearing.

In 1996, it made sense to Congress to privatize and sell off its helium resources. Circumstances have changed, as the National Academies report so clearly illustrates. We should and will consider whether a new direction is needed for the Federal Helium Program, and discuss such key questions as:

- Whether the continued sell off of the Federal Helium Reserve is appropriate. If a stockpile should be maintained, how do we determine a prudent size?

- Whether the prices and fees for Federal helium and storage of private helium are appropriate.
- Whether government policies adequately encourage helium conservation.

We have a distinguished panel to help us address these questions, including the co-chairs of the National Academies' most recent report on the helium program---the former Director of the U.S. Geological Survey, Dr. Charles Groat, and Dr. Robert Richardson, winner of the Nobel Prize in Physics in 1996.

I look forward to all the witnesses' testimony, and now recognize the distinguished ranking member of the Subcommittee.