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DEPARTMENT OF THE INTERIOR

Bureau of Land Management

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Crude Helium Auction and Sale for Fiscal Year 2019 Delivery

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of auction and sale.

SUMMARY: The Secretary of the Interior (Secretary), through the Bureau of Land Management (BLM) New Mexico State Office, is issuing this Notice to conduct an auction and sale from the Federal Helium Program, administered by the BLM New Mexico, Amarillo Field Office. The Helium Stewardship Act of 2013 (HSA) requires the BLM to conduct an annual auction and sale of crude helium. The BLM will use the auction and sale process that was established for a previous sale in a Federal Register notice dated June 20, 2017.

DATES: The schedule for the auction and sale process is:

July 18, 2018 – FY 2019 helium auction held in Amarillo, Texas

July 20, 2018 – FY 2019 helium auction results published on the BLM website

July 25, 2018 – Invoices for auction sent on or before this date; payments due 30 days from invoice

July 27, 2018 – Invitation for offers (IFO) posted for helium sale

August 3, 2018 – Bids due from IFO

August 6, 2018 – Award announcements published on the BLM website

August 10, 2018 – Invoices for sale sent on or before; payments due 30 days from invoice

September 30, 2018 – Helium transferred to buyers' storage accounts

If a high bidder does not submit its payment for helium won at auction by September 15, 2018, volumes will be offered for sale proportionally to the bidders who participated in the Conservation Helium Sale, but who did not receive their requested volume of helium.

ADDRESSES: The July 18, 2018, helium auction will be held in the main conference room of the Amarillo Field Office, 801 South Fillmore, Suite 500, Amarillo, TX 79101.

Supplementary documents referenced in this Notice are available at the BLM helium operations website at: www.blm.gov/programs/energy-and-minerals/helium, see the Helium Stewardship, HSA Implementation page of the website.

FOR FURTHER INFORMATION CONTACT: Samuel R.M. Burton, Amarillo Field Manager, telephone: 806-356-1000, email: sburton@blm.gov. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service (FRS) at 1-800-877-8339. The FRS is available 24 hours a day, 7 days a week, to leave a message. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION

A. Purpose and Background:

In October 2013, Congress passed the HSA. The HSA requires the Department of the Interior, through the BLM Director, to offer for auction and sale annually a portion of the helium reserves owned by the United States and stored underground at the Cliffside Gas Field near Amarillo, Texas.

On July 23, 2014, the BLM published a "Final Notice for Implementation of Helium Stewardship Act Sales and Auctions" in the Federal Register (79 FR 42808) (2014 Final

Notice). The 2014 Final Notice contained information about the HSA, definitions of terms used in the Notice, the reasons for the action, and a process for conducting the auctions and sales in FY 2014.

On August 24, 2015, the BLM published a “Notice of Final Action: Crude Helium Sale and Auction for Fiscal Year 2016 Delivery” in the Federal Register (80 FR 51304) (2015 Final Notice). The Final Notices for FY 2015 and FY2016 further refined the process the BLM used in FY 2017 for conducting the auction and sale of crude helium. The BLM will use the process set forth in the June 20, 2017 Final Notice (82 FR 28090) for the auction and sale of crude helium to occur in FY 2018 for FY 2019 delivery.

All previous Final Notices are available from the Helium Stewardship, HSA Implementation page of the BLM helium website at www.blm.gov/programs/energy-and-minerals/helium.

B. Volumes Offered in the FY 2019 Helium Auction and Sale:

Table 1 identifies the volumes to be offered for auction and sale in FY 2018 for FY 2019 delivery.

Table 1. Projected Volumes for Auction and Sales for FY 2019 Delivery

Fiscal Year (FY)	Forecasted Production Capability (NITEC Study)	In-Kind Sales (Sales to Federal Users)	Total Remaining Production Available for Sale/ Auction or Delivery	Volume Available for Auction	Volume Available for Non-Allocated Sale	Volume Available for Sale
	MMcf*	MMcf	MMcf	MMcf	MMcf	MMcf
FY 2019	825	130	345***	240**	10	95

* MMcf means one million cubic feet of gas measured at standard conditions of 14.65 per square inch atmosphere (psia) and 60 degrees Fahrenheit.

** 70 percent of total production capacity after deducting in-kind (rounded).

*** Volumes offered fulfill the requirement of the HSA to reach Phase C.

C. FY 2019 Helium Auction

1.01 What is the minimum FY 2019 auction price and the FY 2019 sales price? The minimum FY 2019 auction price is \$110 per Mcf (one thousand cubic feet of gas measured at standard conditions of 14.65 psia and 60 degrees Fahrenheit). The BLM will announce the FY 2019 sale price after the auction has concluded, and the BLM completes its analysis of the auction information. The BLM will use this information to publish the crude helium price for FY 2019. The BLM publishes this crude helium price, effective October 1, 2018, in order to provide a consistent index to the world-wide helium market.

1.02 What will happen to the helium offered but not sold in the helium auction?

Any volume of helium offered, but not sold in the FY 2019 auction, will be added to the helium available for sale and will be offered in the FY 2019 sale.

1.03 When will the auction and sale take place? The BLM will offer helium for FY 2019 according to the following schedule:

July 18, 2018 – FY 2019 helium auction held in Amarillo, Texas

July 20, 2018 – FY 2019 helium auction results published on the BLM website

July 25, 2018 – Invoices for auction sent on or before this date; payments due 30 days from invoice

July 27, 2018 – Invitation for offers (IFO) posted for helium sale

August 3, 2018 – Bids due from IFO

August 6, 2018 – Award announcements published on the BLM website

August 10, 2018 – Invoices for sale sent on or before; payments due 30 days from invoice

September 30, 2018 – Helium transferred to buyers' storage accounts (in accordance with Section 1.08)

If the high bidder does not submit its payment for helium won at auction by September 15, 2018, volumes will be offered for sale proportionally to the bidders who participated in the Conservation Helium Sale, but who did not receive their requested volume of helium.

1.04 What is the auction format? The auction will be a live auction, held in the main conference room of the Amarillo Field Office at 1 pm Central Time, on July 19, 2018. The address is 801 South Fillmore, Suite 500, Amarillo, TX 79101. Anyone meeting the HSA definition of a qualified bidder may participate in the auction. The logistics for the auction and the pre-bid qualification form is included in a document entitled, “FY 2019 Helium Auction Notice and Guide” on the Helium Stewardship page of the BLM Helium Program website at www.blm.gov/programs/energy-and-minerals/helium. Questions related to the auction can be submitted by phone to the BLM at 806-356-1000.

1.05 Who is qualified to purchase helium at the auction? Only qualified bidders, as defined in 50 U.S.C. 167(9), may participate in and purchase helium at the auction. The BLM will make the final determination of who is a qualified bidder using the HSA’s definition of a qualified bidder, regardless of whether or not that person was previously determined to be a qualified bidder.

1.06 How many helium lots does the BLM anticipate offering at the FY 2019 auction? The BLM anticipates auctioning 240 MMcf in a total of 14 lots for delivery in FY 2019. The lots would be divided as follows:

6 lots of 25 MMcf each; and

5 lots of 15 MMcf each; and

3 lots of 5 MMcf each

1.07 What must I do to bid at auction? The BLM has described the live auction procedures, including detailed bidding instructions and pre-bid registration requirements, in a document entitled, “FY 2019 Auction Notice and Guide” available on the BLM’s helium page at www.blm.gov/programs/energy-and-minerals/helium. The “FY 2019 Auction Notice and Guide” is located in the Helium Stewardship, HSA Implementation page of the BLM Federal Helium Program website.

1.08 When will helium that is purchased at sale or won at auction be available in the purchaser’s storage account? The BLM will transfer the volumes won in the FY 2019 auction or purchased at the FY 2019 sale to the buyer’s storage accounts on September 30, 2018.

D. FY 2019 Helium Sale

2.01 Who will be allowed to purchase helium in the FY 2019 sale? The crude helium sale will be separated into two distinct portions, a non-allocated portion and an allocated portion. The non-allocated portion will be ten percent of the total amount offered for sale for FY 2019, and will be available to those storage contract holders who do not have the ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)) as of May 30, 2018. The allocated portion will be 90 percent of the total amount offered for sale for FY 2019, and will be available to any person (including individuals, corporations, partnerships, or other entities) with the ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)).

2.02 How will helium sold in the FY 2019 sale be allocated among those participating in the non-allocated sale? The non-allocated sale will be made available to all qualified offerors not eligible to participate in the allocated sales. The minimum

volume that can be requested is 1 MMcf. The total volume available for the non-allocated portion of the sale is 10 MMcf. Any volumes not sold at auction will be distributed between the non-allocated (10 percent) and the allocated sale (90 percent). Any volumes not purchased at the non-allocated sale will be sold in the allocated portion.

2.03 How will the helium sold in the FY 2019 sale be allocated among the persons who have operational capacity to accept delivery of crude helium from the Federal Helium Pipeline? Any person wishing to participate in the allocated portion of the FY 2019 sale needs to report its excess refining capacity and operational capacity a minimum of 14 calendar days prior to the sale, using the Excess Refining Capacity form. The form can be downloaded at www.blm.gov/programs/energy-and-minerals/helium. The form is located in the Helium Stewardship, HSA Implementation page of the website. Each person participating in the sale will then be allocated a proportional share based upon that person's operational capacity.

2.04 How does a person apply for access to the Federal Helium Pipeline for the purpose of taking crude helium? The steps for taking crude helium are provided in the BLM's Helium Operations website at www.blm.gov/programs/energy-and-minerals/helium. The steps are contained in a document entitled, "How to Establish a Storage Contract and Pipeline Connection Point," located in the Federal Helium Operations/Helium Storage page of the website. Reporting forms can be downloaded at the same website address. Reporting forms are located in the Helium Stewardship, HSA Implementation page of the BLM Federal Helium Program website, and show the requirements and due dates for each report. The length of time required to apply for and obtain access to the Federal Helium Pipeline can vary based on the person's plans for plant construction, pipeline metering installation, and other variables. The BLM is

available to provide technical assistance, including contact information for applying for access and meeting any applicable National Environmental Policy Act requirements.

E. Delivery of Helium in FY 2019

3.01 When will I receive the helium that I purchase in a sale or win based on a successful auction bid? Helium purchased at the FY 2019 sale or won at the FY 2019 auction will be delivered starting September 30, 2018, in accordance with the crude helium storage contract. The intent is to ensure delivery of all helium purchased at sale or auction up to the BLM's production capability for the year.

3.02 How will the BLM prioritize delivery? The HSA gives priority to Federal in-kind helium (i.e., helium sold to Federal users) (50 U.S.C. 167d(b)(1)(D)) and (b)(3)). After meeting that priority, the BLM will make delivery on a reasonable basis, as described in the crude helium storage contract, to ensure storage contract holders who have purchased helium at sale or won helium at auction have the opportunity during the year to have that helium produced or refined in monthly increments.

F. Background documents

Supplementary documents referenced in this Notice are available at the BLM helium operations website at: www.blm.gov/programs/energy-and-minerals/helium. They are located in the Helium Stewardship, HSA Implementation page of the website, and include the following documents:

- a. This Federal Register Notice for FY 2019 Delivery;
- b. The HSA (50 U.S.C. 167);
- c. FY 2019 Helium Auction Notice and Guide;
- d. 2016 Storage Contract (template for information only);
- e. Determination of Fair Market Value Pricing of Crude Helium;

- f. Storage Fees;
- g. Required Forms for Helium Reporting; and
- h. FY 2014 through FY 2018 Federal Register Notices for Helium Auctions and Sales.

AUTHORITY: The HSA of 2013 (Pub. L. 113-40) codified to various sections in 50 U.S.C. 167-167q.

Aden L. Seidlitz,
Bureau of Land Management,
Acting State Director, New Mexico.

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