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**Opening Statement of
Chairman Doc Hastings
House Committee on Natural Resources
1324 Longworth House Office Building
Full Committee Oversight Hearing on
"The Past, Present and Future of the Federal Helium Program" and
Legislative Hearing on
H.R. 527, *The Responsible Helium Administration and Stewardship Act.*
Thursday, February 14, 2013, at 10:00 a.m.**

This Valentine's Day, many homes, restaurants and stores are decorated with pink and red heart-shaped balloons filled with helium. While this may be one of the best-known uses of this lighter than air gas, the reality is that helium plays a large role in our daily lives and 21st century economy. Life-saving MRI machines, high-tech manufacturing and national defense operations are all dependent on helium.

Unfortunately, unless Congress takes swift action, America will float off a helium cliff – which will adversely affect American jobs and our economy. Stopping this disaster, while simultaneously implementing reforms, is the goal of today's hearing.

Since 1996, when Congress passed legislation to privatize the Federal Helium Program, we have been selling the helium in the Reserve. Unfortunately, over the last half decade, we have been doing so at severely less than market prices. This action hurts future resource development, conservation, and investment in research for alternatives.

Since the original decision to close the Reserve, both the use and demand for helium has changed. This has created a situation where the Reserve's debt, which was the goal of the 1996 Act, will be paid off sooner than expected (final payment is predicted to be October of this year), without having sold off all the helium in the Reserve. By law, the Reserve will no longer have the authority to sell off its remaining helium, resulting in an immediate world-wide shortage. Currently, the Reserve supplies 30 percent of the world's helium supply. I'm pleased that through bipartisan negotiation and a focus on market principles, Ranking Member Markey and I have developed a bipartisan plan, the Responsible Helium Administration and Stewardship Act (H.R. 527), to address the issues causing this helium crisis.

First, it recognizes the pivotal role that helium plays in our 21st century, high-tech economy

and will prevent a helium shortage by keeping the Reserve open until nearly all the helium supply is sold.

Second, and equally as important, the bill will build upon the reforms made in 1996 and inject free-market principals to get a fairer return for American taxpayers.

Updates to the program must be made to more accurately reflect today's uses and demands for helium. New demands for helium have caused the market price to rise much higher than the federal government's pricing formula and much faster than BLM's ability to track market prices. Today we will hear updates from the Department of the Interior Inspector General and the Government Accountability Office highlighting concerns that the low federal price means that taxpayers aren't getting the best return for this resource. In addition, current operations by BLM have restricted sales to only a few companies through an allotment system that appears to be an essential monopoly for federal helium.

The cheap price of federal helium creates disincentives for helium users to invest in conservation and recycling, it gives unfair market advantage to the handful of companies that are allowed to purchase helium, and it can depress exploration for new sources of helium.

H.R. 527 will implement a new operating system over the next decade that includes semiannual helium auctions. These auctions will inject much needed competition into the program and ensure that taxpayers are getting a fairer return.

The bill also includes important reforms to increase transparency and prevent supply disruptions.

There are many who believe that the federal government shouldn't be in the helium business, and I would agree. But we are and have been since the mid-1990s. So this bill is necessary to protect our economy from severe disruptions because helium is too essential to suddenly shut off the valve at the Reserve. This bill recognizes that reality and builds into place critical reforms to sell off the helium in a more responsible manner. This will prevent a potentially economically crippling shortage, it will ensure a better deal for taxpayers, and it will provide additional time for new development of alternative domestic helium resources so our country and economy is prepared when the Reserve does close.

I look forward to hearing from our witnesses about this legislation and the need to update and reform the Federal Helium Program.