

BUREAU OF LAND MANAGEMENT
FEDERAL HELIUM PROGRAM

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6:30 p.m.

1 MODERATOR: Good evening. I guess we'll go
2 ahead and get started. My name is Tim Spisak. I'm the
3 Amarillo office field manager. I'd like to welcome you
4 to our fourth of five open public meetings that we are
5 conducting to discuss the Federal Helium Program and the
6 regulatory development of it. We've had the first one
7 in Amarillo and then Houston; Portland last week;
8 Denver, or I guess it's Aurora, Colorado today, tonight,
9 and then Washington, D.C. on Thursday.

10 We've had some good comments so far, and I
11 think we were maybe taking the public a little bit
12 unawares. I think typically it seems like the public is
13 more used to commenting at the point in time where we've
14 actually developed regulations, in the draft stage, but
15 I want to reiterate this is in the beginning. We
16 haven't put out anything on paper yet and we're starting
17 with a fresh sheet, so to speak, so we're using this as
18 an opportunity to, you know, get that initial thought
19 from the public before we start the process.

20 Before we get into the point where we turn the
21 meeting over to the people that we have here to ask
22 questions and everything, I was going to take 10 or so,
23 10 or 15 minutes, to go over and give a brief

24 presentation about the Amarillo field office, some of
25 the things we do there, both the helium and non-helium

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1 related things, and then kind of touch upon some of the
2 questions that we're specifically looking for some
3 direction on.

4 The authorities that we operate under started
5 back in 1925 with the Mineral Leasing Act, but more
6 recently, of course, with the Helium Act of 1960. That
7 started what's been called the conservation program.
8 That authorized then the Bureau of Mines to purchase
9 from private companies helium from extraction facilities
10 that they bought specifically to take out of the natural
11 gas production and typically in the Mid-Continent area,
12 and the government was authorized to purchase that
13 helium during the '60s and '70s. During this time we
14 purchased about -- we, the government, purchased about
15 32 billion cubic feet of helium in crude form. That's
16 generally considered to be more than 50 percent helium,
17 and there's usually about 70, 72 percent helium as it
18 was produced and then it was injected into storage.

19 The next major piece of legislation that was
20 an act was the Helium Privatization Act of 1996. That
21 got the government out of the refined helium business
22 and it directed us to sell down the reserve over a

23 period of time, which we'll get into a little bit
24 later. The current regulations that are in place that
25 govern our operations are under 43CFR Part 16, which are

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1 some more general regulations, and 3195. That
2 specifically deals with the in-kind helium sales that
3 the '96 act directed us to do with the refined sales.
4 We'll talk about that a little as we go.

5 The Amarillo field office now, since October
6 of 2000, does more than the helium program. We have
7 inspection enforcement and land management activities
8 that were traditional BLM functions, and this boundary
9 shows the Amarillo field office boundary which was part
10 of the Tulsa field office, but due to our proximity, it
11 was better situated to handle some of the inspection
12 enforcement items out of Amarillo, out of Tulsa and more
13 where they have some offices.

14 Primarily we do the oil and gas inspection
15 enforcement operations out of Amarillo. There are a
16 number of federal gas wells in southwest Kansas, about
17 700, as well as about 250 in the Oklahoma Panhandle. As
18 you can see, a lot of the other wells of Texas are
19 further away from Amarillo, but that's why we kept them
20 under the Tulsa field office guise. All of our

21 operations in this area are under existing BLM
22 regulations and we are not asking for comment in that
23 area, but I wanted to give you a clear picture of what
24 we do in Amarillo.

25 The second is typical public land management

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1 functions. When the helium program came to BLM, it was
2 in about 1995 when the Bureau of Mines was closed down.
3 The helium operations portion was then cut off and
4 spliced to the BLM organization. And with that came
5 with about 12,000 acres of surface that was acquired for
6 the helium program. We now have that property that
7 we'll be doing a number of, like I said, more typical
8 BLM functions. We're going to try to open up for
9 recreational purposes, and there's a lot of
10 archeological sites located there that we're going to
11 start taking care of. There is very little public land
12 in Texas and the Texas Panhandle in particular, and
13 that's what we're going to try to develop for that.

14 Here you can see the (inaudible) here is where
15 the 32 billion cubic feet of gas is stored. It's about
16 15 or 20 miles northwest of Amarillo. Again, this area
17 is standard BLM stuff and we're not really talking about
18 regulations for that.

19 The first major helium task, though, is our
20 storage and transmission operations. This map shows a
21 contour map of our -- of the gas field. We have about
22 right now a little less than 30 billion cubic feet of
23 that original 32 billion cubic feet of government
24 purchase. And there's a little less than 4.5 billion
25 cubic feet of privately-owned helium in storage that we

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1 store under contract. That's surrounded by about 200
2 billion cubic feet of natural gas that surrounds that
3 crude helium. It doesn't go from -- it's not like 70
4 percent crude down to the native (phonetic) gas, it does
5 range from 70 percent to 40 percent, down to 2 percent,
6 which is (inaudible).

7 Also part of our storage and transmission
8 program is our crude helium pipeline. This boot-shaped
9 gas field is the Hugoton field; most of you
10 are probably familiar with it. The red line shows the
11 government-owned crude helium pipeline. That was built
12 specifically for the conservation program in the early
13 '60s. The triangles represent privately-owned helium
14 refineries, and the blue circles represent
15 privately-owned crude helium extraction facilities.
16 Often you'll see a triangle and circle situated

17 together. That allows the extraction facility and the
18 refinery to work together and supply each other with raw
19 materials. If the extraction does not have enough gas
20 to run their refinery, then they can pull gas out of the
21 pipeline. Or if the extractor has more crude helium
22 than the refinery can use, the helium can go into the
23 pipeline for storage.

24 This whole pipeline, about 425 miles of
25 network, allows the plants to connect in such a way that

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1 they wouldn't have been able to do otherwise and allows
2 them to store crude helium that they don't have a
3 particular sale for today. They can produce it
4 tomorrow, next month, next year. So it provides a vital
5 functionality in that manner.

6 However, the pipeline was designed to produce
7 crude helium from north to south, and now we're in the
8 phase where we're starting to produce that crude helium
9 back. To help facilitate that, we've installed a
10 compressor to help boost the gas coming out of the field
11 to the pipeline, and we're also looking at putting in a
12 crude helium attribute that will help manage the field
13 in a most efficient manner.

14 Generally speaking, we would like to have any

15 suggestions that you might provide for improving the
16 processes that we are currently using for storing
17 private helium in the Cliffside storage facility.
18 That's one area that we'd like some feedback, but
19 generally speaking, the storage and transmission is done
20 through standard contracts, and it's a fairly settled
21 area of our operation.

22 One that's not quite so settled is our crude
23 helium sales, our second major helium function. We are
24 doing the in-kind sales now; they've been going on since
25 1998. Last year we sold about 230 million cubic feet of

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1 crude helium due to the regulations and the in-kind
2 contracts that we had in place. This basically took the
3 place of the refined sales that we used to make, and it
4 roughly matches the last couple years of refined helium
5 sales that we had. The in-kind sales have taken over
6 that.

7 And these were specified that we would do
8 these in the '96 act. It specifically stated that we
9 would enter into enforceable contracts with persons that
10 sell refined helium to government and government
11 contractors, that we would sell an equivalent amount of
12 crude helium to them. And that's what we've done,

13 that's part of the 3195 regulations. One of the things
14 we'd like to have some input on, how are those
15 regulations doing? Are there any problems with them --
16 we had an opportunity to kind of have some actual
17 experience with using them, and how we might tighten
18 them up and improve them any. So we'd like some input
19 in that area.

20 The other big area in the second task is the
21 open market sales and the helium reserve sell-down. The
22 '96 act said that starting no later than 2005 that we
23 would begin offering for sale the helium stockpile and
24 that it would be done in a straight line basis,
25 basically. So starting no later than 2005, if we've got
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1 at that point 25 billion cubic feet of helium reserve,
2 the legislation says what we should offer for sales
3 would be 2.5 billion cubic feet each year. There's also
4 another stipulation in there, it stipulates the minimum
5 price that we can charge, and that price is the, quote,
6 unquote, helium debt to modify the amount of helium
7 reserve. This year our price for crude helium is \$50 a
8 thousand cubic feet. That's roughly double the current
9 market value for the crude helium.

10 Now, there is a couple reasons for this.
11 Congress wants to ensure that the debt gets paid off.

12 This debt was the money that was authorized for the
13 Bureau of Mines to borrow from the treasury to purchase
14 the 32 billion cubic feet during the '60s and '70s, plus
15 accumulated interest over the years. The actual amount
16 borrowed was about 272 billion which was about
17 two-thirds of the actual cost of the helium. The other
18 third was financed out of surplus revenues during that
19 time and the remaining \$1.1 billion is interest. The
20 debt stands a little under \$1.4 billion right now. And
21 that is the debt from the helium fund to the treasury.

22 So we have this minimum price that we must
23 use, and it is to be escalated each year by the Consumer
24 Price Index. So those are the parameters with which we
25 have to offer for sale this helium, okay? Now, unless

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1 the market changes dramatically, and we have been seeing
2 some pretty big increases in the helium being produced
3 out of the field, it may be that the market is not ready
4 to absorb that amount of helium. Well, how do we do
5 that? How would be the best way to use the market to
6 get that helium offered for sale and eventually
7 purchased? And I think something to kind of keep in
8 mind is selling it and actually producing it don't
9 necessarily -- aren't necessarily at the same time. We
10 would expect that the actual production reserve would

11 take longer than 10 years, maybe 15 or something, or
12 longer. So we'd like as much input in that particular
13 area of our open-market crude sales. And that's
14 something we would like to get as much as possible.

15 This chart here shows refined helium sales
16 over the last 15 years. The blue is privately supplied
17 refined helium; that's U.S. produced helium. The green
18 represents Bureau of Mines refined helium, and then the
19 yellow is where it's been changed into the in-kind
20 helium sales there. It has been generally going up, and
21 you can see it's a little steeper here in the last three
22 or four years. We expect that trend to continue. About
23 1 BCF of this gas that's produced is exported for sale
24 right now. Just something to think about.

25 Our next major area of operation in Amarillo

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1 is our Helium Evaluation and Gas Analysis Group. We
2 have a group of people that do a data collection for our
3 helium reserves. We keep up with the helium reserves
4 throughout the country, and to a lesser extent, the
5 world. We keep track of what reserves are being
6 produced, are being depleted, and what aren't, what
7 might be economically producible, what may not be. We
8 try to use judgments in that area using standardized
9 type of -- who is the Potential Gas Committee?

10 RESPONSE: (Inaudible.)

11 MODERATOR: The Potential Gas Committee and

12 the Department of Energy has some standard definitions,

13 and we try to use them as much as possible in how we

14 define that gas. But we keep up with that. Part of the

15 '96 act directed us to have the National (inaudible)

16 study the market, and we've gone through that process.

17 One of the things they've asked us to do is keep up with

18 a more rigorous or more defined method of tracking

19 helium sales, both refined and some of the reserves, and

20 so how would be a good way of doing that which wouldn't

21 create a burden on the industry and the data collection

22 phase of it? We're looking for a way to kind of

23 standardize that data collection so we'll have a better

24 idea of what the market is doing so that will help us in

25 the reserve sale output, and frankly, we know the

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1 industry has used that data quite a bit, and it would

2 help us generate a better product for the industry. So

3 we're interested in ways for BLM to determine and

4 confirm the location and amounts of helium resources

5 outside the United States also, because that's a very

6 weak area that we're not able to do that really

7 effectively.

8 The next part of the Helium Evaluation and Gas

9 Analysis is the gas analysis itself. We have a lab
10 situated at our Cliffside field, and they, over the
11 years, since 1917, had a database of about 20,000
12 samples that specifically analyze for helium. Later on
13 in life, it has a clear aspect spectrometer analysis of
14 those samples. We sent out, basically free of charge at
15 this point, two new areas of development, and we asked
16 for samples that we could come back and analyze and then
17 publish those results if the company is willing. The
18 company does get the analysis back there. It's to help
19 build that database of gas analysis.

20 Also they do the gas analysis for the storage
21 program. That's for all the gas wells along the gas
22 field as well as the all the customer transfer points up
23 and down the pipeline. They keep up with that. So some
24 areas we would like to get a little better idea on is,
25 would the members of the oil and gas industry be able

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1 duplicate gas stream samples to the BLM laboratory, if
2 requested? Would that be something that would just be
3 done automatically? We'd like some input in that area.

4 The last major -- the last helium function
5 that we do is keeping up with helium production on
6 federal lands. Now, this is the area where, frankly,
7 we're expecting the most regulatory development because

8 of some of the issues that we have. Their main function
9 is to determine helium ownership rights and also to
10 collect on audit fee sales or royalties. The various
11 helium acts over the past have reserved helium on
12 federal lands and has not allowed that to be passed on.
13 That's not part of the oil and gas lease that you might
14 get through BLM or some other agency. In fact, there
15 is -- Section 8 of the standard BLM oil and gas lease is
16 for the extraction of helium, and it specifically
17 reserves that helium, and more importantly, it says that
18 the lessor shall include this particular exclusion in
19 any contract for sale of the gas or oil provisions of
20 the section.

21 And this is where we find that this doesn't
22 happen. It doesn't happen very often at all, and that
23 creates confusion down the line when somebody goes in
24 there to try to sell the helium that came off federal
25 lands, and then when we talk to them, they said, "You

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1 can't do that," and they're like, "Well" -- so it
2 creates a lot of confusion in that process, and we need
3 to get some better means of communicating that ownership
4 part and better means of collecting the royalties and
5 fees that are due the government based on this
6 exclusion.

7 I want to read some of the questions that you
8 have in the handout that specifically we would like to
9 have some input on. For instance, is it reasonable to
10 allow an 8 percent loss of helium from the wellhead to
11 the point of sale before seeking compensation? Could we
12 use a method similar to the one used to protect oil and
13 gas to protect helium from drainage? Is there enough
14 parallels there to be able to use those similar rules?
15 Should we require a separate bond to cover helium
16 production? Or should we allow operators to transfer
17 oil and gas bonds to provide bond coverage for helium.

18 Those are just some of the things we'd like
19 some input. Is there a way to encourage and enable
20 economic helium production and extraction when oil and
21 gas wells are plugged or targeted for plugging? Helium
22 is basically a dwindling resource and has a lot of
23 strategic importance. And the '60 act and the '96 act
24 and how they are structured really pushed the
25 conservation of that resource, of the helium, and what

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1 we want to find out, is there economic ways or is there
2 ways to encourage that same conservation into the
3 future? So anything you can share in those areas would
4 be very helpful.

5 This map shows kind of the extent of the

6 territory of -- at this point of where we know of
7 federal helium that's being produced. Up in Wyoming and
8 eastern Utah as well as eastern Colorado, we know of --
9 these are generally plants that take the gas all the way
10 from the natural gas stream all the way to refined
11 product, whether it be gases or liquid. Here is kind of
12 a replica of the earlier map I showed you of the
13 pipeline issue, showed you Hugoton field.
14 And they're fortunate enough, being connected to the
15 storage system, they're able to defer crude helium --
16 actually refine the crude helium if that be -- the
17 market where these companies, if they have a sale, they
18 might have to vent it. So from a market -- from a total
19 market, it makes sense that you would want to make sure
20 that these companies had all their refined helium sold
21 before you produced all the (inaudible). But that's
22 just total market perspective. There are also some
23 potential resources down in New Mexico.

24 Summary: We do have the traditional BLM
25 functions. The Amarillo field office is more and more

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1 becoming a lot like the other BLM offices. In my
2 opinion, we'll probably always be primarily the helium
3 office because of those continuing missions that we have
4 in the helium area. At this point, I know we've got

5 some people signed up for some presentations. I'd like
6 to go ahead and open it up for your feedback, keeping in
7 mind that this is a listening session. If there is
8 questions of fact or of current operating procedures,
9 we'll be glad -- either myself or one of the staff, will
10 be glad to answer you. But if it comes down to policy
11 and speculation, we really can't do that. This is the
12 purpose of these meetings. We're trying to get your
13 concerns logged in there. But I think even if you have
14 a question we can't answer, it's important to get that
15 on the record because it shows it's a matter of concern
16 to the industry and it's something we can use to kind of
17 structure our regulations and kind of deal with those
18 questions you might have. Is there somebody that we
19 want to start off with?

20 BLM OFFICIAL: I was going to suggest that
21 the gentlemen that's signed in this evening, some people
22 haven't had actual presentations they wanted to
23 present. If any of you all do, if you can just raise
24 your hand, because we've had people kind of going back
25 and forth when they sign in, so we've been trying to

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1 keep this as informal as possible. If you're
2 comfortable with going up to the front of the room and
3 actually speak in the front, we'd appreciate that.

4 Otherwise, what we'll do is take the wireless, and in
5 order to help our court reporter, make sure she can
6 capture your comments as clearly as possible, is
7 basically bring the mike to you. Basically, we'll make
8 you as comfortable as possible.

9 I know there is four gentlemen that are here
10 this evening, especially the gentleman from Laramie
11 representing two or three votes, so you were the first
12 one that signed in this evening. Did you want to do
13 anything from the podium, or would you rather just throw
14 out some questions that you have?

15 COMMENT: I could after the
16 various presentations are done -- are there federal
17 presentations?

18 MODERATOR: I've concluded the presentation
19 here. I just want to mention that the comment period is
20 open until March 26, and there is a multitude of ways
21 that you can get those comments in. If you hear
22 something or think of something a week from now or
23 whatever, you can e-mail them into the WO comment at
24 BLM.com -- .gov. I'm going to leave this up for the
25 remainder of the presentation if you want to write it

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1 down. For more general information, you can go to our
2 Website at www.nm.BLM.gov and click on the field offices

3 in Amarillo or to the federal helium regs page or e-mail
4 comments to the federal helium regs page. There is a
5 link on our field office site, too, the federal helium
6 regs Web page, for more information there. I'll leave
7 this up. This presentation will be put on that Website.

8 For those of you who want to print it out later or
9 something like that, it will be up there pretty soon.

10 It's not up yet, is it? In the next couple weeks for
11 sure.

12 COMMENT: One of the questions
13 I have is that in coalbed methane growing up in the
14 Potter River Basin and some of the cold bed operations
15 in Utah, it's possible to be running into some helium
16 operations, some helium reserves, and some of these
17 helium reserves are in the gas, and right now I think
18 the by-products are not reported and probably not even
19 dealt with. Is the government looking at these
20 particular coalbed operations in, like, say, eastern
21 Colorado and eastern Utah with any type of regularity as
22 far as reporting?

23 MODERATOR: As it stands right now, only
24 federal helium that is produced, extracted and sold are
25 we looking for some kind of royalty or payment or

1 something like that. Now, it's not for us to say you

2 have to, you know, refine that helium, sell it. But if
3 there's a means to set up a regulation that would help
4 facilitate that, we would be interested in knowing your
5 thoughts on that. Because, again, if you're producing
6 coalbed methane gas that has some helium in it, and it's
7 being burned, it's gone.

8 COMMENT: It's being burned
9 right now.

10 MODERATOR: Can you think of a way that we
11 may be able to provide some kind of means to help with
12 the recovery of that helium?

13 COMMENT: What I'm thinking
14 is, what does the federal government have as far as gas
15 content analysis for the public and the industry so that
16 there can be some sort of exchange between the two
17 entities where like if you're asking government
18 companies for samples of their gas and to provide a
19 sample to you, what kind of encouragement can you give
20 to them?

21 MODERATOR: We'd probably have gas samples
22 from that area. Do we, ...?

23 RESPONSE: Probably. I don't know
24 for sure.

25 MODERATOR: We publish reports of these

1 samples and they're available to people to check it out.

2 These reports are published every couple years or so.

3 Is that right, ...?

4 RESPONSE: Approximately. Also we

5 have the database that had been released on CD-ROM and

6 it's for sale through NTIS. And that's the technical --

7 MODERATOR: So all that information -- what

8 happens is, when we get a sample from a company, they'll

9 sign, maybe -- usually they'll sign a release form, and

10 of those samples that can be published, they are, but

11 some that don't sign that release, then those aren't

12 released with the general database.

13 COMMENT: The other thing

14 that's really kind of complicating a lot of this is that

15 there is a lot of private ownership in the coalbed

16 methane rights, so the coalbed federal rights may be a

17 fourth of a drilled site, or two-thirds of the gas

18 sample really is based on the well and the extraction

19 processes. So there could be some complications as to

20 what really is the ownership. Is it federal ownership

21 or is it private ownership?

22 MODERATOR: That's part of what our federal

23 lease lands group specifically does, is go in there and

24 figures out how much is federal ownership and tries to

25 figure out a means that fairly allocates that out.

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1 That's one of their big tasks, is figuring that sort of

2 thing out.

3 COMMENT: But in Colorado and

4 Utah, really, it's not a viable by-product or sellable

5 by-product. I think it's just a waste product as far as

6 everything that I've known. As far as you, too?

7 RESPONSE: Yes, and that coalbed

8 methane is extremely low helium content. So the chances

9 of that ever being extracted are, in my opinion, low.

10 COMMENT: Very low.

11 MODERATOR: The general rule of thumb -- and

12 some people in our office don't want me to say this, but

13 the general rule of thumb is 4.3 percent helium is

14 usually the economic limit where maybe it's uncommon to

15 recover. Of course, that could change if you have some

16 kind of L and G facility that's doing some concentrating

17 for the processing of liquid and natural gas. That

18 might be concentrating streams, so there are some

19 exceptions of that, but generally speaking, 4.3 percent

20 helium is usually a pretty good measure.

21 COMMENT: ..., I've got a question about

22 the incentives for people to extract helium from federal

23 lands, and the scenario that gives me the most confusion

24 is one where someone, a private company, me, for
25 example, would like to build a processing plant where

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1 helium is being produced along with the existing gas.
2 It's not so much helium that the gas can't be processed
3 -- needs to be processed and it can be sold in the major
4 pipelines since the helium was (inaudible). But in that
5 process of trying to get a consensus among the
6 producers, the gatherers and a processing solution, has
7 your experience been that federal and gas processes can
8 demand some compensation from helium sales in exchange
9 for the production of the helium, or, secondly, have you
10 had any experience for gathering systems, for example, 1
11 percent of the gas content flowing through these
12 gathering lines is helium, therefore, we'd like to
13 charge for transporting that helium to the processing
14 plant?

15 MODERATOR: I don't know that we've had any
16 circumstances like that. Generally speaking, the helium
17 industry is quite small compared to the natural gas
18 industry, and it's usually the exception rather than the
19 rule. I don't have any particular instances to say that
20 that has or hasn't happened. Is there a particular
21 concern that you'd like to get on the record? Or a way
22 you'd like to see it be done or something like that?

23 COMMENT: The situation, as I understand
24 it, is if someone wants to extract federal helium from
25 federal gas, they need to have some sort of agreement
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1 with the oil and gas lessees. Now, my difficulty in
2 trying to determine that is, do they just need consent
3 or do they need some sort of an agreement? And if they
4 need an agreement, what would the agreement be? The
5 most likely issue that comes up and has been my
6 experience is that the producer will say, "Listen, your
7 helium and gas is being used as a by-product of my
8 methane gas." I don't have any rights to that under
9 Section 8, as you mentioned, but in order to give you my
10 consent in order to have that gas processed, say, miles
11 away from the wellhead, miles away from the lease, in
12 order to give you my consent, for example, the lessee
13 would say, "How much of the helium is going to be
14 rendered to my account?" I don't know how to address
15 that argument, quite frankly, and same argument to
16 whoever owns the gathering system where helium gas, for
17 example, has been produced, may have been historically
18 produced and lost (inaudible), but now a company comes
19 in and says, "We'd like to process this helium," who all
20 do they need to get consent from? I think that is an
21 area that will bar some definition for anybody to be

21 So there would be a lot of clarity if -- the
22 '96 law, as I understood it, said that the federal
23 government, BLM, has been authorized to grant leasehold
24 rights in helium. From your circular it seems that the
25 thinking has been that's not going to happen; helium

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1 rights will not be issued on a lease-by-lease basis. My
2 interpretation is that you will be granting processing
3 rights to people. You'll be granting someone the right
4 to extract the helium at some point at some plant. And
5 that's not dependent upon any particular leaseholder. I
6 mean, that's -- maybe that's what the regulations will
7 help define.

8 MODERATOR: We can't help but think in our
9 mind what we think might be the best way to go. But the
10 whole point of these meetings is not to get boxed into,
11 Well, this is how it should work. That's why I want you
12 guys to show us the light, if you will, on areas that we
13 may not be thinking of. And we don't want to get down
14 that road where we're going a particular direction if
15 there is a lot of concern out there for something that
16 would work.

17 So this is the whole purpose of having these
18 meetings early and having them spread across the
19 country, is to make sure that all those people that

20 might have an interest in it will have an opportunity to
21 get input into the process early on before a lot of the
22 thoughts and before the thoughts come together. It
23 would be my expectation that probably it might take a
24 year to get to the draft phase where we get regulations
25 out in draft format. That may be optimistic, I don't

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1 know, but let's say a year just for argument. At that
2 point, I think it would be a good idea to have another
3 round of meetings again. And, frankly, that's where
4 we'll probably get a lot more of you guys talking
5 because you'll have something to shoot holes at, so to
6 speak.

7 COMMENT: So it's possible, as a
8 producer, we'll have the opportunity to go in and get a
9 helium lease where we have an oil and gas lease now so
10 we can share in the revenues from -- from the gas that
11 we're producing now?

12 RESPONSE: It is really not BLM's intent to do
13 another leasing program. That could change depending on
14 what comes out, but no, it is not the desire to enter
15 into a separate leasing program. You hit on an
16 issue that is one of the primary concerns we're looking
17 at through this process. Because helium physically is
18 contained in the natural gas stream, it makes it a

19 complicated issue. But it is a totally severed mineral
20 with severed rights and severed means of how it's
21 produced, you know, separate -- it's just a separate
22 commodity.

23 So one of the things we're going to have to do
24 as we enter into this process is to establish our ranks
25 so that they mirror the 1996 Helium Act. Because we are

27

1 required by law, and it puts parameters for us. Beyond
2 that, we're going to, very strategically and under a
3 microscope, more or less, be looking at oil and gas regs
4 as we go into this and identifying those areas where we
5 go heads on with oil and gas. And our goal is to clear
6 those up and make it very clear and plain how the helium
7 production extraction and sale works either in
8 conjunction with oil and gas or as a separate
9 commodity.

10 COMMENT: I mention that because you can
11 look on your map where the gas sales show above 3
12 percent, below 3 percent. Most of the helium gas, I
13 would think, have been identified -- the larger gas
14 concentrations in helium fields have been identified.
15 We know where we're working in the Continental United
16 States, and we also know where there are situations
17 where the helium can be produced in the stockpile into

18 your storage or these isolated plants, say, Utah or
19 southeastern Colorado, where the helium -- the choice is
20 that helium is coming out of the ground and it will
21 either be wasted down at the burner tip, or if it's
22 processed, the gas may only be processed to knock out
23 the nitrogen or the CO2 simply to sell the gas that's
24 there. There is a huge amount of gas on the Colorado
25 and Utah state line, for example, that's susceptible to

28

1 being marketed if the helium could be knocked out.

2 There is an additional capital requirement and an
3 additional step to take the gas because it knocks the
4 helium out rather than have that all vented with
5 nitrogen mix of helium.

6 So I would be very interested to see what the
7 ideas have been about any incentives to try to get any
8 private company -- the intent of the helium act seems to
9 be to prioritize the helium business. It will then be
10 up to private industries to find situations where they
11 can aggravate enough gas with a high enough helium
12 concentration to justify the (inaudible) of the plant or
13 to justify the additional upgrade. And what sort of
14 options have been discussed by way of incentives? Would
15 that just be, say, reduction in world (inaudible) rate

16 until the plant is paid for?

17 MODERATOR: We really haven't talked about
18 it. Certainly the industry has got a lot of ideas about
19 what incentives would work, and that's exactly what we
20 want you to look at, what incentives would work here,
21 and get them into the record.

22 COMMENT: I'll take my ideas and get them
23 to you in writing so they're in somewhat summary
24 fashion.

25 MODERATOR: Any of those meetings there.

29

1 COMMENT: I'm Dave Gurney
2 (phonetic, inaudible), and I represent Gurney Associates
3 of (inaudible) in Denver. One of the ideas that we
4 would have as far as where there are -- there is
5 production under a federal oil and gas lease and we did
6 run into not being able to market that particular gas
7 because of any inert substances like helium or something
8 like that, it could be a cut on the (inaudible) or even
9 the rentals to extend a lease because of the situation
10 and the unmarketability of the (inaudible). We're
11 trying to give private industry the chance to -- we want
12 to evaluate whether it can produce in economic terms the
13 by-products to make a profit or whatever, but I think
14 the profit is going to have to be -- the end product is

15 going to be whether they produce it or not. Nobody is
16 going to produce any kind of product to take a loss. I
17 don't think the government would want to see a company
18 do that.

19 MODERATOR: Would a company do it, anyway?

20 COMMENT: Probably not.

21 They're basically like a lot of people were saying,
22 they'd burn it, anyway, as it's an inert product. It's
23 not economically viable except in the areas that you
24 know about it and have that divided as (inaudible).

25 COMMENT: The thing I find interesting is
30

1 helium is a waste by-product under the helium act so the
2 government has never had the ability to force someone to
3 build a plant to conserve helium, although, as I
4 understand, the helium operations (inaudible) is for the
5 conservation of helium. So I would think you could
6 start there and anything short of trying to force
7 someone to build a multimillion-dollar facility that
8 would, in fact, result in helium being preserved or
9 something. But also, realistically, the government is
10 not in the position to try to subsidize private
11 exploration and processing of helium.

12 But it's treated as a waste product out of the
13 wellhead through the gathering systems and into the main

14 gas-gathering transmission lines. If it's captured and
15 extracted, then it becomes valuable, of course. So one
16 issue that would be helpful is to understand who has
17 ownership of that gas. If the federal government
18 reserved it in their leases, it's been produced along
19 with oil and gas by their lessees, then the federal
20 government can decide at what point it can grant title
21 to someone, for instance, granting title to the point of
22 extractions. And I would I think that if anyone, a
23 gatherer or producer, wanted a share of that helium,
24 they would have to ask the government if they wanted to
25 receive that. Because the only added version would be,

31

1 say, a private company that a government has granted
2 those helium rights to. That adds extra weight to the
3 feasibility of the project, of course, the more people
4 that would ask for a share of what was once a useless
5 by-product and now has some value, but the value needs
6 to be aggregated to the point where a plant or process
7 of extraction can be put in place. So those are the
8 contours of the problem. I don't really have lots of
9 solutions right now.

10 MODERATOR: It's interesting, in the late
11 '70s, the NAS study did a study of the helium at that
12 time also and they came up with some interesting ideas.

13 One of them was put a tax on the natural gas at a real
14 low level, like a helium gas that would be used to help
15 develop that. Of course, that didn't go anywhere, but
16 they were looking at it from a bigger perspective. I'm
17 not bringing that up to say that's what we're
18 considering at all. My point is there's been some wide
19 range of ideas over the years about what might be done.

20 COMMENT: Let me ask you this,

21 There was a study by the National Academy of Sciences as
22 a question for the '96 act. What are the total
23 forecasts for helium production in North America?
24 Exxon's plant is built for 50 years. That field is the
25 largest helium field in the United States or in the

32

1 world. But I guess the question is, is the government
2 looking to be producing helium a hundred years from now,
3 or do they figure that the Cliffside field will be sold,
4 (inaudible) will be depleted, (inaudible) will be
5 depleted and a hundred years down the road we're out of
6 helium?

7 MODERATOR: I suspect the gas will not come
8 close to lasting a hundred years. At the current use of
9 completion, it will be gone long before that. That's
10 just the government talking. A hundred years is way too
11 long.

12 The NAS study that was just completed used a
13 fairly simplistic means of forecasting. They basically
14 said 5 percent, 2 percent, minus 1 percent, and it
15 really doesn't tell you a lot as far as what we really
16 think is going to happen. I've got a comment but I
17 don't want to say this. This is what continues on, and
18 the current demands, you know, are very
19 straightforward. You can get to the Web address from
20 here, our Amarillo field office page, there is a link to
21 that study if you're interested in reading it. You can
22 get to it from that point and you can basically look at
23 it. You can print it out a page at a time, but if you
24 want the whole thing and bound, you got to buy it from
25 us. You can read it on line if you want to or print it

33

1 out a page at a time.

2 COMMENT: I read bits and pieces of that
3 report, but it seems like the conclusion was no one was
4 thinking where helium was going to come from 50 years
5 from now. And I was wondering if there's anybody that's
6 got a longer view of where helium gas is going to come
7 from in North America 50 years from now.

8 MODERATOR: If you look at the direction that
9 Congress gave us with the '96 act, they basically said,
10 Sell stockpile except for 600 million cubic feet. At

11 current government demand, that's three years.

12 COMMENT: Wow.

13 MODERATOR: So -- but one could also assume

14 that with the price being kept artificially high that

15 they don't -- they also don't want this 900-pound

16 gorilla helium reserve to compete with the extractors

17 that are out there and others that are more marginal.

18 So I think that intent is clear. So you're kind of

19 conserving it, but there is a definite timeline about

20 selling it. So you might read it as a mixed signal; I

21 don't know. Certainly we're not to compete, but we're

22 to offer for sale which doesn't necessarily mean sell.

23 I mean, the market is going to determine how much it's

24 going to take at that price and the volume in any given

25 year.

34

1 COMMENT: Why do you talk

2 about the differences between the 1920 leasing act and

3 the helium act as the differences into the leasing

4 program by leases and possible leasing of the helium

5 rights but not on that particular basis? Because there

6 are existing leases that are federal leases producing a

7 lot of this helium. There is -- any discrepancies

8 you're going to have from the get-go, because those

9 federal leases are holding a lot of the potential

10 reserves under current leases.

11 RESPONSE: No.

12 COMMENT: No?

13 RESPONSE: Helium is totally exclusively --
14 it's not included in your federal and gas lease. Under
15 any circumstance. Unless it be Indian tribe, in some
16 tribes they include helium in their leases for oil and
17 gas.

18 COMMENT: All the states do,
19 though.

20 RESPONSE: And the states usually do, but your
21 federal leases exclude helium and exclusively reserve it
22 to the federal government. That's what the Mineral
23 Leasing Act of 1920 did. It reserved helium to the
24 federal government. The helium act gave us authority to
25 administer.

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1 COMMENT: But the states in
2 Section 30 (inaudible) revealed it, too, so you're going
3 -- under a completely different leasing system if you
4 choose another leasing system, so there could be some
5 problems that you're going to have in choosing a
6 system.

7 RESPONSE: (Inaudible).

8 COMMENT: But it's

9 (inaudible).

10 RESPONSE: That has nothing to do with
11 federal.

12 COMMENT: But if you're going
13 to have possible spacing units, that could have
14 problems. You could have apples and oranges but you
15 still have the apples with the states. And possibly
16 even with the fee situations. Because there are federal
17 or state leases, too.

18 MODERATOR: Are there any leases prior to
19 1920, federal leases still in effect?

20 COMMENT: They would have to be state
21 claims before.

22 The more I think about this, it does seem by
23 way of comment, the process and allocating and paying on
24 a well-by-well basis. Not on a lease, on a well-by-well
25 basis. So if a state lease has a well with X amount of

36

1 helium going to the plant, you have it lost and
2 unaccounted for, but on that basis, the question is,
3 what do you pay? If state gas is coming into a plant,
4 just because the oil and gas lessee have made
5 arrangements to pay the state 12-1/2 percent, does that
6 mean they're entitled to pay 12-1/2 percent of their
7 helium reserves or where? That's difficult.

8 COMMENT: It's difficult
9 because the helium has been kind of a waste deal and
10 it's been transmitted through the gas as some by-product
11 of the inert gas. It's been a drag.

12 COMMENT: The one thing the federal
13 statutes seem to have emphasized is that gas should be
14 produced for the principal purpose of producing the
15 methane and specifically produced not for the principal
16 reason of producing helium. And, in fact, that's what's
17 going to happen. And especially now with the market for
18 natural gas and where it's forecast, the gas will be
19 produced for the principal purpose of producing natural
20 gas and the helium content will be produced along with
21 it. Then the question is, who will jump in and do
22 something about that to conserve and (inaudible)? But
23 on a leasehold-by-leasehold basis where we're dealing
24 with proration, that gets very complicated trying to
25 allocate that back. Maybe it wouldn't be. You would

37

1 allocate the production back to the well.

2 COMMENT: Based on the acres
3 by acres.

4 RESPONSE: And the mineral content.

5 COMMENT: But the question would be what
6 the helium would be on a state lease, A, because you

7 have to wind the equation back to how much it's going to
8 take to bring a processing solution. So those are some
9 unanswered questions.

10 COMMENT: That's above and beyond
11 that discussion.

12 MODERATOR: Anything else?

13 COMMENT: I have a quick question. Who
14 would I contact if I wanted to get canisters for gas
15 samples? Do you supply the canisters?

16 MODERATOR: Yeah. Send it to our office and
17 then we'll send out the --

18 A. The sample kits? Okay.

19 MODERATOR: You would be talking to (personnel in the
20 Evaluation and Analysis Team. They work with
21 that.

22 COMMENT: Good. They're still with you.

23 MODERATOR: We usually send out sample
24 request letters, because if they come the other
25 direction, we're not going to say no to that.

38

1 COMMENT: I don't think producers really
2 understand your program, and I think if you got more
3 exposure to the fact that here's a free ability to take
4 a split sample while you're already out taking a sample
5 so they have a federal analysis, that's always a good

6 sign to compare against a private layout.

7 MODERATOR:, what's our response? On
8 the letters that we send out, how many positives did we
9 get, generally speaking? When we send a request letter,
10 how much do we actually get a sample from?

11 RESPONSE: That one time, we
12 determined about 20, 25 percent, something like that.

13 MODERATOR: I'm sure it varies somewhat. If
14 we can increase that, I think that's good. It's
15 certainly an awareness of a reason or benefit. An
16 analysis, if nothing else. There's some intrinsic value
17 to be able to see what our analysis is compared to what
18 you might get yourself kind of as a comparison.

19 COMMENT: One misunderstanding was in
20 reading the original notes about the sampling program, I
21 had thought that you were only interested in sampling
22 gas if it had the potential for helium content. And I
23 guess that's not true. You would be interested just for
24 the total database?

25 MODERATOR: That's generally what we focused

39

1 on. I think we can certainly increase that up.

2 RESPONSE: We don't know until we get
3 the analysis. You've got to run the analysis of it.
4 And there are certain places in the country where you

5 know there's helium, but if it's a place where you've

6 never run the analysis, you just don't know.

7 COMMENT: I agree it's a tremendous

8 service, especially now where the gas service after 20

9 years of quiet activity, at least -- the reason why I'm

10 asking about the sampling program is people were asking

11 that gas wells be retested because the dollars that gas

12 is selling for has increased, and the gathering systems,

13 processing plants and wells are changing hands. So

14 people are required to test privately. And it would be

15 super to have -- and the producer would have a second

16 analysis for the same effort.

17 MODERATOR: I think, generally speaking, we

18 know the areas where helium typically is, but that

19 doesn't mean we can't (inaudible), that's the

20 expectation, kind of widened that out to get more

21 samples across the country or wherever. We've gotten

22 some samples from around the world, but we haven't had a

23 lot. It just kind of increases our knowledge.

24 COMMENT: Any guess outside the

25 U.S. reserves? Just a wild guess?

40

1 MODERATOR:, do you have anything, just

2 a general reserve estimate on helium outside the U.S.?

3 RESPONSE: I know I've got

4 something. About 15 million cubic meters is a number
5 that we have, but I think there is a whole lot of
6 guesswork in that.

7 MODERATOR: Don't ask me what the conversion
8 is.

9 COMMENT: I couldn't figure out what a
10 cubic meter was if I passed a science class.

11 COMMENT: What was the purpose of
12 going up to Oregon for one of the public meetings?

13 MODERATOR: We just wanted to make sure we
14 got complete coverage. Just like the sample for helium,
15 you don't know unless you go. With that other
16 (inaudible), the helium industry kind of expanding out a
17 little bit. Salt Lake may have been a little better
18 location with the weather and all. We were kind of
19 lucky as it was getting up to Portland with some of the
20 weather. If we were going to Salt Lake, we just don't
21 know, a couple few months in advance when we were
22 planning this stuff out, how the weather was going to
23 turn out. So we were trying to get a safe location
24 while still trying to get a better coverage of the U.S.
25 I kind of expected that question in Portland, not in

41

1 Denver.

2 COMMENT: Are you going to

3 publicize the comments that you've received from these
4 various other meetings?

5 MODERATOR: All the comments from all the
6 meetings and everybody that's're sending are public
7 record and we'll start posting those on the Web site.

8 COMMENT: On the Web site.
9 Will you also be posting in various district offices
10 like the one in Lakewood?

11 MODERATOR: I don't think we were planning on
12 doing that. I thought it would be easier getting it off
13 the Web site than going to some office like that. There
14 will be links to them going to this right here. There
15 will be a map showing the field office, click on
16 Amarillo and then we have the Amarillo stuff and there's
17 a link to the Web page.

18 RESPONSE: Also that Web site, very
19 strategically, you can link directly to it.

20 RESPONSE: Probably sometime in
21 mid-February would be my guess, because all the court
22 reporters are taking about 7 to 10 days to get the
23 responses to us, and then we'll have to have our Web
24 master to be able to post them and all that, so I would
25 say you could probably start looking for them sometime

1 mid-February, something like that. Of course, the

2 closing date isn't until March, but for the closing

3 meeting itself.

4 RESPONSE: 15 billion cubic meters

5 worldwide.

6 MODERATOR: Non-U.S.?

7 RESPONSE: And this isn't reserves.

8 This can be reserve base, but it's not economical at

9 this time.

10 MODERATOR: Take it with a grain of salt,

11 that number. It's just real wide.

12 COMMENT: Let me ask you about this

13 request for requiring separate bonds for helium

14 production or to allow operators to transfer oil and gas

15 bonds to provide bond coverage for helium. I guess that

16 comes back to the same question. Does BLM require

17 statewide bonds if the gas is being produced and it's

18 not owned by the lessee, helium is being produced from

19 the gas stream on bond of oil headed toward an

20 extraction plant, why would someone -- where would

21 someone need to file a bond in connection with -- well,

22 I would say they wouldn't. They wouldn't need to file a

23 bond in connection with actual operation of the well. I

24 would only see they would have to file in operation of

25 the plant. So does that -- but where does the

1 suggestion come up that helium could be bonded?

2 MODERATOR:

3 You could put that on
4 existing bonds, say, and some would argue there is not
5 enough in those bonds to cover the oil and gas, let
6 alone the helium. Or the thought might be, Well, you
7 could have a second bond for the helium, then you're
8 creating a whole new bonding system and certainly there
9 could be some parallels about how it's done, but there
10 is another thing you have to do. I mean, there is that
11 thing to balance. And then,, you were going to
12 say something?

13 RESPONSE: There are a lot of schools of
14 thought, and it's a complicated issue at best.
15 Currently the authorities for the oil and gas bonds only
16 cover oil and gas. They do not cover helium. We have
17 to remember it's a severed and different mineral under a
18 different authority and all that. I need to also say
19 that we're looking at trying to do our agreements with
20 those extraction plants, but there are also instances
21 and low BTU gas fields where the helium becomes more
22 lucrative possibly because it has a higher or more
23 economic value than the gas because the gas has already
24 been produced.

24 remember, too, as we're looking at this, there's not

25 going to be one hard and fast rule for the whole

45

1 industry because we had different scenarios producing.

2 COMMENT: I'm glad you acknowledged that,

3 because one thing there is no coverage on is the helium

4 gas fields where the helium content by far exceeds any

5 of the content of the gas (inaudible). That would be a

6 situation where someone would never -- the existing

7 paradigm, historical paradigm, for these regulations and

8 helium produces a by-product for the natural gas. So

9 it's along for the ride. No one has ever bonded or

10 helium. Although I would like to at Harley Dome

11 (phonetic).

12 Harley Dome is the one example of a subset of

13 helium fields or situations where someone would want to

14 go in or actually drill a well or take over the

15 operations. But I'm not so sure setting up a whole

16 separate system for people to do that is justified

17 because there are not that many fields that are like

18 Harley Dome. But in terms of bonding, I'm just

19 curious. What you're asking for input, then, would be

20 for people who would want to go out and actually conduct

21 operations where it would be an oil and gas statewide

22 bond?

23 RESPONSE: It's not, anyway. Helium is not
24 bonded by the oil and gas bond in place. The authorities
25 do not cover it.

46

1 COMMENT: The operations as
2 far as oil and gas of helium being a by-product of the
3 other oil and gas.

4 RESPONSE: But it's still not covered under the
5 authorities of the oil and gas program. That's one of
6 the conflicts and problems.

7 COMMENT: Might be oil and
8 gas. (Inaudible.)

9 RESPONSE: The bonds would be for things like
10 defaulting on payment, reclamation of lands around it
11 once it was plugged to be sure that all that's done.

12 COMMENT: But if it's done at
13 the plant, there could be some problems as to who is
14 going to be the ultimate responsible for the bond unless
15 the plant takes the ultimate liability as a bond owner.
16 Like a regular title owner under a federal oil and gas
17 lease, they are the first in line for any kind of
18 remunerations, then the operator can then -- so on and
19 so forth down the line until you get to every little
20 interest owner or lessee of record as far as the federal
21 government is concerned.

22 MODERATOR: It seems like under a normal
23 scenario, as long as the well's producing, it's going to
24 be producing gas and helium, and when it no longer
25 produces gas, it's no longer producing helium and

47

1 there's no reason to keep producing it for whatever
2 reason, so the operations cease and the oil and gas bond
3 would be able to take care of it. It's just a scenario
4 where that's not necessarily the case. But that's
5 probably, by and large, the large majority is that way,
6 so what the helium bond might be, I think what you're
7 suggesting is it be at the processing or extraction part
8 to handle the helium-related things about it.

9 COMMENT: There is innate
10 differences in the bonding requirements as well as in
11 the production by a lease basis. It would be no
12 potential liability for the destruction because of
13 helium whereas the spillage in the oil and gas under the
14 1920 act is to cover the lack of hit liner (phonetic)
15 being used in the seepage of oil underground needs to be
16 reclaimed whereas the helium would not be a problem, I
17 wouldn't think.

18 MODERATOR: From an environmental
19 standpoint?

20 COMMENT: Yes.

21 MODERATOR: But we'd all like to see the

22 bonds cover --

23 COMMENT: I totally understand

24 where you're coming from.

25 COMMENT: I would make one suggestion,
48

1 and that is in drafting these regulations you focus on
2 the regulatory authority that state oil and gas
3 commissions already have and how the federal government
4 will defer to a state conservation board and exploration
5 agreements and the like. I mention that just because
6 naturally, when you think about these helium regulations
7 for extracting and producing helium, you look for a
8 counterpart in the leasing act. I've been told
9 repeatedly the (inaudible) only impacts the oil and gas
10 operations, it doesn't impact helium. Although the
11 methane is going up with the helium in the same fashion
12 according to the same regs, but what is even less
13 emphasized is the impact of a state oil and gas
14 commission, for example, to cool or set spacing or set a
15 unit area that would allow a producer to aggregate gas
16 -- say you have one holdout who said, "I don't want my
17 gas being extracted" but -- so I don't know.

18 For the states where helium -- where this

19 issue would come up, which would be Colorado, Utah,

20 maybe a few other states, Texas, Oklahoma, the people on
21 your map, what's your understanding of how the oil and
22 gas divisions have certain authority for those base
23 operations and how that overlaps -- I'm not asking for
24 specifics, but I'm just saying, my suggestion would be
25 to look at what's already in place.

49

1 MODERATOR: Is there anything that you know

2 of?

3 COMMENT: Well, in Utah, for example, if

4 you have someone who doesn't want to participate in the

5 development of a gas field and the gas field has helium,

6 you have non-consent, and who wants to go non-consent?

7 You can still have the majority of the operator unit,

8 the staff unit develop it and pay a share to whoever --

9 the oil and gas commissions can evaluate that. I see

10 nothing in the federal statutes to have someone say,

11 "Well, listen, we'll decide what the percentage is going

12 to be paid to the non-consenting party. We'll decide

13 what the penalty will be for recovery of those capital

14 expenses, if it's 125 percent or more." There is no

15 mechanism to try to evaluate them in the federal

16 scheme.

17 MODERATOR: So what you're saying is a

18 possibility of developing something similar to that on

19 the federal side or use the state to do that same

20 function for the federal minerals?

21 COMMENT: Because my understanding is

22 they already do that. The federal government delegates

23 that on the oil and gas side. So they have technical

24 people, they have very proficient people about gas

25 coming out of the ground and flowing into pipelines, but

50

1 they focused all their attention on the methane quality

2 of that gas, not the helium. It doesn't seem to be that

3 far a stretch. My understanding also is if the

4 government doesn't agree with having lands unitized that

5 they have veto power but they otherwise delegate it to

6 the state authority. I just mention that because that's

7 a whole repository of where some of these issues for

8 development can be resolved on a local level.

9 COMMENT: You're absolutely

10 right. The federal government also has the power to

11 unitize under a federal unit as well a state has which,

12 too, can be different secondary recovery unit or

13 whatever. Based on allocated tracks.

14 COMMENT: Well, if someone looks at a

15 particular gas field or structure, then they have a

16 world of complexity in front of them in terms of trying

17 to get a plant financed and placed to take that gas out

18 of the stream and actually harvest it because of all
19 these uncertainties. So if I had a suggestion it would
20 be from the standpoint of someone who is willing -- a
21 private industry willing to put in a plant to harvest
22 conserved helium that's being produced, that should be
23 the focus of everything, to allow that entity to
24 succeed. Because the price of failure is to have the
25 gas not produced or to have the gas produced and the

51

1 helium wasted.

2 MODERATOR: Anything else? We've gone over
3 an hour, I guess, if there's nothing else. Like I said,
4 I would encourage -- we're bound to think of something
5 10 minutes later or 10 days later.

6 COMMENT: I would just like to
7 thank you for having this kind of a presentation before
8 the promulgation of rules, because once the legislation
9 is already promulgated and the period goes by, you're
10 already on a path that could be detrimental to the
11 public. I mean, at least I'm cooperative between the
12 industry, and I think by having this, you kind of bring
13 the industry on your side before and after --

14 MODERATOR: I think it's human nature that if
15 someone were --

16 COMMENT: It's a good exchange

17 of ideas, and that's what life is all about, is
18 exchanging ideas for the conservation of any kind of a
19 mineral or even conservation of oil and gas. I mean, it
20 just makes good sense. Better than wasting anything.

21 MODERATOR: I think it's human nature that
22 once you spend a lot of time doing something and then
23 it's opened up for review at that point, it's just human
24 nature. It's very hard for someone to say, "Let's just
25 change it around."

52

1 COMMENT: Within a 30-day
2 period or whatever time frame you're locked into. It's
3 either you're at the right track doing it up front
4 rather than from behind.

5 MODERATOR: I appreciate that. All right.
6 Thank you very much.

7 (The meeting concluded at 7:50 p.m.)

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