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Advanced Medical Technology Association



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MEDICAL IMAGING  
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A DIVISION OF **KEMA**

October 17, 2023

Dr. Lael Brainard  
Director  
National Economic Council  
1600 Pennsylvania Ave. NW  
Washington, D.C. 20500

cc: Secretary of Commerce Gina M. Raimondo

Secretary of Interior Deb Haaland  
National Institute of Standards and Technology Director Laurie Locascio  
Domestic Policy Council Director Neera Tanden  
Office of Science and Technology Policy Director Arati Prabhakar  
Bureau of Land Management Director Tracy Stone-Manning

Dear Director Brainard,

On behalf of the undersigned organizations, and the businesses and employees we represent, we write to you regarding the impending sale of the Federal Helium Reserve System (FHR). Helium is a finite natural resource with unique properties that make it a key resource for the U.S. domestic manufacturing supply chain. A broad range of industries including the healthcare, semiconductor, defense, and aerospace industries all rely on secure, affordable access to sources of helium. The FHR sale as the General Services Administration has proposed it poses significant risks of disruption to the United States helium supply chain. We urge the White House to intervene and delay transfer of the FHR until the transfer of the facility can be done in a manner that maintains the safety of the facility and the reliability of the helium supply chain.

The FHR provides between 21-30 percent of U.S. helium and acts as a reliable supply to enable critical industries. The importance of the FHR is all the more relevant in light of actions taken by foreign adversaries; Russia and China have restricted U.S. access to the global helium supply, and thus the U.S. would have to either rely on helium from the Middle East or face a disruption to the supply chain that would bring industrial growth to a halt.

Our collective organizations have reviewed the sale as GSA has proposed it, and we believe the sale presents a significant risk of disruption to the helium supply chain, injects needless uncertainty into critical industries, and could have harmful national and economic security implications. Our organizations are supportive of the transfer of the FHR to private hands but only if the transfer is done in a responsible manner. The following issues need to be addressed before the FHR is transferred:

1. The Cliffside Helium Enrichment Unit (CHEU) at the FHR is critical to the extraction and enrichment of the helium. Without the CHEU, the FHR cannot operate. However, the CHEU is separately and privately owned and not part of the GSA disposal process. The federal government currently contracts to lease and operate the CHEU, but this agreement does not transfer to the new owner once the FHR is sold. The purchaser of the FHR must either negotiate a new contract to operate the CHEU or build a new unit.
2. The FHR pipeline extends through three states – Texas, Oklahoma and Kansas. Currently, the federal government is exempt from certain state regulatory requirements. However, a private sector purchaser must comply with the laws and regulations of each state. GSA has correctly noted that the Texas Railroad Commission does not typically regulate helium production, enrichment, and transportation. However, the wells operated by BLM are natural gas wells containing between 52% - 90% methane. The CHUE is a natural gas processing plant that delivers this natural gas into the interstate pipeline system. Helium is recovered as a byproduct from this process with average concentrations today of only 11%. The natural gas wells and the natural gas pipeline are subject to Texas Railroad Commission regulations. A private entity operating these wells would have to comply with state-based registration and permitting requirements.
3. When the BLM transferred operation and maintenance of the facility to a private contractor in April 2022, it was months until the contractor could assess and address operational issues and begin to supply helium again. A similar delay can be expected when the proposed sale is completed and a new owner takes control of the facility.
4. The Invitation for Bid issued by the GSA stipulates that the FHR will be sold “as is where is.” While this qualification might caution a buyer, it allows the GSA to overlook concerns that, taken together, will likely result in a new owner to pause production in order to address the concerns. Specifically:
  - a. The gathering system at Cliffside consists of various pipes between the wells (approximately 23) and the plant. Recent pipeline breakages in the gathering system resulting from severe corrosion indicate an ongoing maintenance concern. Each time a breakage occurs, the pipeline needs to be replaced. The findings from this recent breakage indicated severe corrosion (likely from a lack of cathodic protection) which will almost certainly result in other breakages in gathering system pipes, all of which will require maintenance and replacement resulting in service interruptions.
  - b. During a call with storage contract holders on August 23, 2023, BLM reported a flooded well in the system (Bush A 2 well). The flooded well represents a cause for concern as it indicates a lack of appropriate maintenance on the system. A flooded well is unable to produce helium, and it further impacts the ability of the private contract holders to have their product removed from the system.

- c. BLM/GSA have identified all the land easements for the system (over 750). However, of these, which cover 425 miles of pipeline, 6 easements have not been filed with the courts, 3 have deeds without warranty, and 94 were taken through condemnation - which are likely to be challenged when no longer for governmental use because private entities do not have eminent domain powers. 651 have valid and filed leases with the courts. It is important to note that every mile of the pipeline must be available for the system to run properly.

A poorly executed sale will hamstring efforts to bolster American competitiveness through increased manufacturing. The ramifications of the sale extend beyond just hindering growth; they will severely undercut the Administration's own policy priorities. For example, helium is necessary to produce semiconductors, and a supply chain disruption would likely come as the CHIPS Program Office issues awards investing in onshore semiconductor capabilities. The national and economic security interests prioritized through passage of the CHIPS and Science Act will be unachievable should there be a delay in helium access.

We urge the White House to delay the sale until all deficiencies are addressed and ensure a responsible transition of the FHR that provides for continuous access to domestic helium. If the sale goes through in its current state, it will trigger a supply chain crisis at a time when helium is in highest demand for American priorities.

Sincerely,

AdvaMed  
Aerospace Industries Association (AIA)  
Compressed Gas Association (CGA)  
Medical Imaging & Technology Alliance (MITA)  
Semiconductor Industry Association (SIA)