

# Helium Exploration and Development

## Qatar blockade threatens to disrupt helium supply as Saudi Arabia and UAE cut ties

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Today's announcement of a decision by Saudi Arabia and the UAE to shut land borders with Qatar threatens to seriously disrupt helium shipments from Qatar and throw world helium markets into disarray, says Phil Kornbluth, President of Kornbluth Helium Consulting, and editorial advisor to **gasworld** magazine (US Edition).

Saudi Arabia and the UAE have suspended air and sea travel to Qatar, and Saudi Arabia will shut its land border with the Middle Eastern country, effectively implementing a blockade of Qatar.

With the great majority of Qatari helium transported by truck via Saudi Arabia and the UAE to the port of Jebel Ali for international shipment, this blockade will cut off most Qatari helium from world markets, Kornbluth says.

"Helium supplied from the Helium 1 and Helium 2 plants in Ras Laffan Industrial City accounts for approximately 2,000 container loads per year of liquid helium. With annual world helium demand at roughly 6 billion cubic feet and each container load equivalent to roughly 950,000 cubic feet, the Qatar supply accounts for about 32% of worldwide demand," Kornbluth says.

"When spare capacity is considered, the Qatar supply accounts for around 28% of worldwide helium capacity," he explained. "The loss of Qatari helium from world markets for an extended period would plunge world helium markets into a severe shortage."

Qatar does have a container port at Doha and would be able to ship some of its helium to market via this harbour. However, sailings from Doha are very limited in terms of frequency, destination and reliability, which is why most of Qatar's helium production is shipped to market via Jebel Ali.

### Short-term crisis?

"Helium marketers who depend on Qatar production will need to form a view as to whether this is a short-term crisis that will be resolved quickly (and can be waited out), or a more extended dispute that will require them to ramp up production from their spare refining capacity in the US," Kornbluth says.

"The industry's ability to respond quickly is limited due to the time required to reposition helium containers for US supply. The direct buyers of helium from RasGas include Air Liquide, Linde and Iwatani, but nearly all of the major helium suppliers have access to Qatari helium via sales or swap arrangements."

If this situation turns into an extended crisis, then US helium production linked to the Bureau of Land Management's (BLM) Pipeline & Storage System will eventually ramp up, but the BLM System has limited ability to increase production and will only be able to replace a portion of the Qatari supply, Kornbluth adds.

**Imagine what will happen after the last deliveries are taken from the US Helium Reserve in 2019! The US Helium Reserves supplies about 10% of the World supply.**

**Only about 4% spare capacity**

