



# Helium Exploration and Development

## Investment Opportunities



### Reasons to explore and produce helium:

- The U.S. government is selling the helium reserve using auctions
  - The last auction is August, 2017
- Helium production is declining and demand is increasing
- Little additional helium processing capacity is being installed around the world



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**From Popular Mechanics November 12, 2013:**

## **As Shortage Worsens, We Visit the Federal Helium Reserve**

“The BLM expects the worldwide demand for helium, currently about 6.2 billion cubic feet per year, to increase about 10 percent in the coming years. But the world’s helium supply has been in trouble.”

“Here in the U.S. there is only enough helium left in the government reserve near Amarillo to last about another three years. The reasons are both technological and political.”

“First, it’s becoming more and more difficult to produce high-quality helium from the reserves that remain. Helium stored underground depletes over time, lowering the quality and concentration of what remains to be extracted. Then there’s politics: the helium enrichment plant at Cliffside is set to shut down by 2015, as mandated by a 1996 federal law. Back then Congress aimed to privatize the helium program, so it required the federal government to halt helium production and refining activities and sell off the government’s massive helium stockpile at Cliffside. But so far private industry hasn’t stepped in to pick up the slack.”



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## **From NewsChannel 10 (CBS affiliate) July 31, 2014:**

Amarillo, TX - The world's first helium auction took place today to start the process of selling off all federally-owned helium by 2021.

The auction sold a total of almost \$15 million of helium, which was purchased by eligible bidders. The Bureau of Land Management is tasked by the government to establish an auction system for the sale of all federal helium to be sold to private companies.

Robert Jolley, Field Manager at BLM, said the auction is a combination of about a years worth of work to auction off about 92-million cubic feet of helium. BLM auctioned off 12 lots with starting bids at \$100 per 1,000 cubic feet. "The first six are a million cubic feet a piece, then we have a couple of five-million cubic feet lots, and then we have an odd lot of 7,813,000," Jolley said.

The Helium Stewardship Act tasks the BLM to auction a certain percentage of the 10-billion cubic feet of helium left in the Amarillo reservoir each year until it essentially is all privately owned. "This year I'll sell 90 percent of my helium I have available, and I'll auction 10 percent," Jolley said.

"Next year I'll sell 75 percent of the helium and I'll auction 25 percent, and ultimately by 2020...100 percent of the helium purchased here in Amarillo will be purchased by auction."

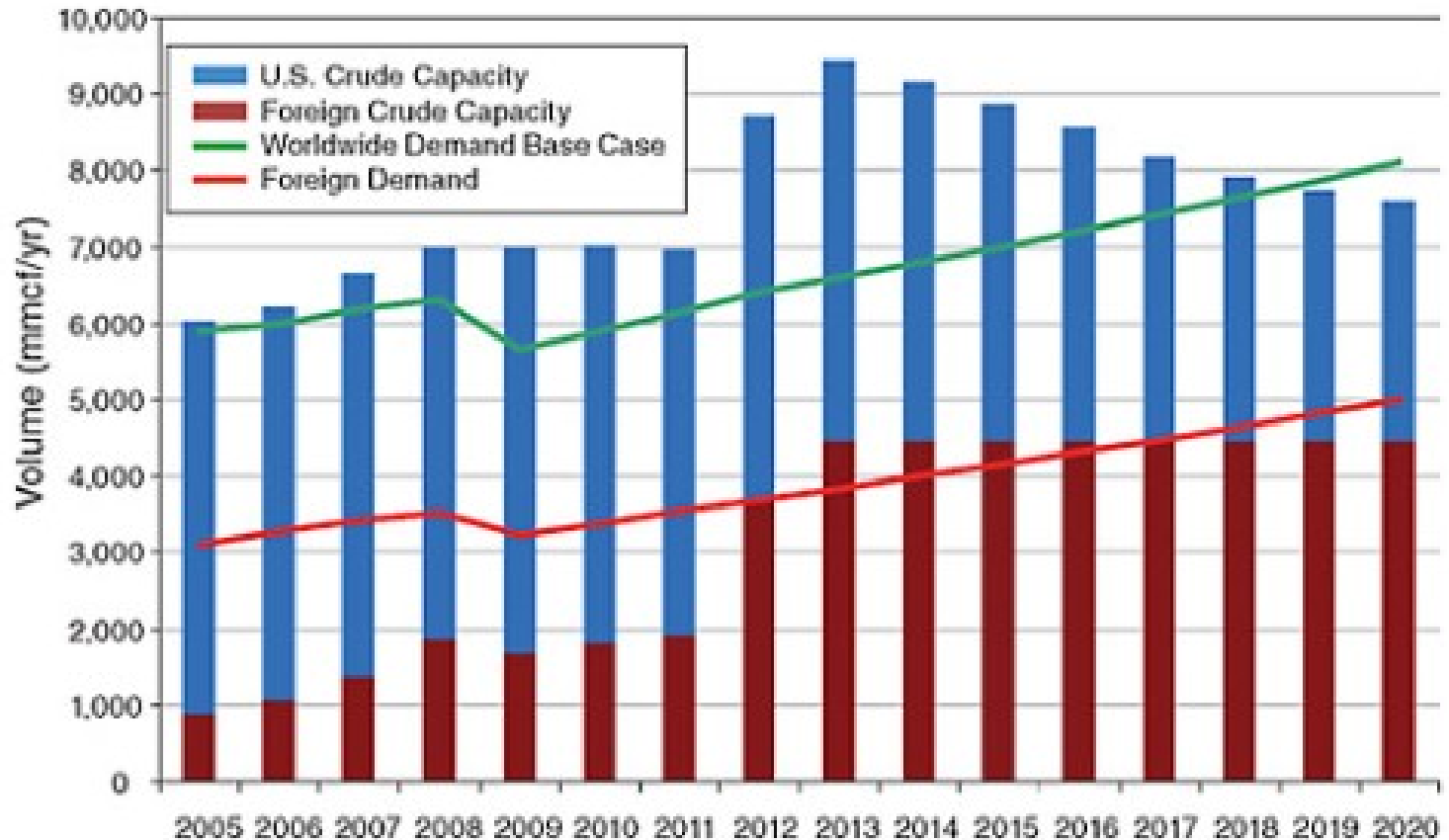
As the price of helium rises in the area, it rises throughout the country within all the industries it supports. Because of the price increase, BLM is using this declining amount of helium as leverage to get the industry to look at new sources of helium.

Sam Burton, Assistant Field Manger and Helium Operations at BLM, said while most folks aren't aware of it, it's quite a challenge to get the gas out of the reservoir now. "Initially we were at 32-billion cubic feet and over the last 20 years that's all been drawn down," said Burton.

**Actually, the last auction will be during the summer of 2017 - three years earlier than previously estimated. This is primarily due to lower natural gas reserves (due to low gas prices) in the Hugoton field area.**

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## Crude Helium Refining Capacity and Demand





## Helium Exploration and Development

### Why has this resource not been exploited?

- Until 1996, the U.S. government controlled all helium
- No one has explored for helium because it has always been a by-product of oil and natural gas production
- Previously expensive to produce and process helium



### Where has helium been found?

- It has been found in many places as a result of oil and gas exploration
- Helium can be found with or without oil or natural gas
  - Some past discoveries have not been developed because they did not contain natural gas (gas contained primarily helium and nitrogen)



### How is helium processed and sold?

- Nearly all helium being sold today is a result of processing helium-bearing natural gas
- Helium is sold as either a “crude” or “refined” product
- Helium can be transported as a gas or liquid





## Helium Exploration and Development

In order to meet future helium production requirements, investment is needed in the following areas:

- Drilling of production wells in areas where helium has been discovered
  - Similar to oil and gas development
- Construction of helium processing plants
  - Similar to natural gas processing plants
- Exploration drilling and testing in areas likely to contain helium
  - Similar to oil and gas exploration
- Manufacture of helium gas transport containers



# Helium Exploration and Development

## **Investment Opportunities**



### Evaluation of Investment Opportunities:

- Blanca Peak Resources has the expertise needed to evaluate and manage investment projects
  - Over 35 years experience in the oil and gas industry
  - Experience evaluating helium development projects from testing through implementation
  - Experience estimating reserves in oil, gas, and helium reservoirs
  - Very knowledgeable about areas most likely to be prospective for helium
  - Currently maintain professional relationships with operators, helium producers, and helium plant manufacturers
  - As a corporation, Blanca Peak Resources, LLC could be used as a direct investment vehicle through stock ownership



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