



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

November 7, 2018

**H.R. 3279**  
**Helium Extraction Act of 2017**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on October 2, 2018*

**SUMMARY**

H.R. 3279 would allow firms to retain federal oil and gas leases that would otherwise expire for the purpose of extracting helium. Using information from the Bureau of Land Management (BLM) and industry sources, CBO estimates that enacting the legislation would increase offsetting receipts, which are treated as reductions in direct spending, by \$9 million over the 2019-2028 period; therefore, pay-as-you-go procedures apply. The legislation would not affect revenues.

CBO estimates that enacting H.R. 3279 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 3279 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of H.R. 3279 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>DECREASES IN DIRECT SPENDING</b>												
Estimated Budget Authority	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
Estimated Outlays	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9

\* = between -\$500,000 and zero.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3279 will be enacted near the start of 2019.

H.R. 3279 would allow firms to retain federal oil and gas leases beyond 10 years to extract helium. Under current law, firms enter into agreements with BLM to extract helium from active oil and gas leases. Those leases expire after 10 years if they are no longer producing commercial quantities of oil or gas, even if commercial quantities of helium are still being extracted. In recent years, BLM has granted waivers that allow firms to continue extracting helium on leases that otherwise would have expired. In 2018, royalties for helium produced on federal oil and gas leases totaled \$19 million. All proceeds from the production of helium are deposited in the Treasury.

CBO expects that, under the act, firms would be more likely to acquire oil and gas leases containing noncommercial quantities of hydrocarbons but high volumes of helium. Using information from industry sources information from firms in the mineral extraction industry, we estimate that royalties from helium production on those new leases would average about \$1 million a year. Because CBO expects that the number of firms seeking to develop such leases over the next 10 years would be small, we estimate that receipts from bonus bids (payments to the government to lease public land) would be negligible. Finally, CBO estimates that enacting H.R. 3279 would have no significant effect on production from existing leases because firms extracting helium on leases that may expire would probably obtain permission from BLM to continue their extraction of helium. In total, CBO estimates that enacting H.R. 3279 would increase offsetting receipts by \$9 million over the 2019-2028 period.

## PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 3279, the Helium Extraction Act of 2017, as Ordered Reported by the Senate Committee on Energy and Natural Resources on October 2, 2018**

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	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>NET DECREASE IN THE DEFICIT</b>												
Statutory Pay-As-You-Go Effect	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9

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## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting H.R. 3279 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

## **MANDATES**

H.R. 3279 contains no intergovernmental or private-sector mandates as defined in UMRA.

## **PREVIOUS CBO ESTIMATE**

On October 23, 2017, CBO transmitted a cost estimate for H.R. 3279, the Helium Extraction Act of 2017, as ordered reported by the House Committee on Natural Resources on July 26, 2017. The two versions of H.R. 3279 are similar and CBO's estimates of their budgetary effects are the same.

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