OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Inspection

BLM Has Opportunities To Improve Its Helium Royalty Collection Program

Report No. 2025-ISP-013

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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

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Memorandum Report

To: William Groffy
Principal Deputy Director, Exercising the Delegated Authority of the Director, Bureau of Land Management

From: Nicki Miller *Nicki Miller*
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Final Inspection Report – *BLM Has Opportunities To Improve Its Helium Royalty Collection Program*
Report No. 2025-ISP-013

This memorandum transmits our inspection report on the Bureau of Land Management's (BLM's) Federal Helium Program. Our objective was to determine if BLM identified, collected, and accounted for Federal Helium Program royalties. To answer our objective, we sought to determine: (1) whether BLM is able to identify and track helium-producing wells that are subject to royalty collection, (2) whether BLM has helium agreements in place[1] with each helium company,[2] (3) whether BLM collects and accurately records royalties, and (4) whether BLM is conducting sufficient oversight activities of program operations and helium companies. See Attachment 1 for our scope and methodology.

Although we determined that BLM generally accounted for helium royalties collected, we found that BLM did not always identify, track, collect, and properly oversee Federal Helium Program royalties. We identified $96,385 in inefficient oversight costs and $899,000 in lost revenue (classified as funds to be put to better use) for a total monetary impact of $995,385 from fiscal years (FYs) 2014 to 2024. BLM is tasked with ensuring that the Federal Government receives proper royalty payment for helium extracted from Federal lands. Royalties derived from the sale of Federal helium totaled nearly $166 million from FYs 2020 through 2024. Yet, after 30 years of operation, BLM has not created standard operating procedures to ensure that it is efficiently implementing and managing the program. Without identifying, tracking, collecting, and properly overseeing Federal Helium Program royalties or implementing standard operating procedures, BLM cannot ensure that the Federal Government—and thus the American public—is receiving full compensation for the helium resources extracted from Federal lands.

Background

Helium is a nonrenewable resource that plays a role in various U.S. industries—including defense, technology, and healthcare. It is found in natural gas streams, with extraction primarily in Texas, Oklahoma, Kansas, and southwest Wyoming. Ownership of and the right to extract helium from all gas produced on Federal lands is reserved to the United States. The U.S. Department of the Interior's authority to manage the public's helium resources comes from multiple Federal laws.[3]

[1] Per 43 C.F.R. § 16.1(a), "the Secretary may enter into agreements with qualified applicants to dispose of the helium of the United States upon such terms and conditions as he deems fair, reasonable, and necessary to conserve such helium." According to BLM, its preference is to enter into a helium agreement with a company whenever possible.

[2] We use the term "company" to describe the nongovernmental entity that would be subject to the collection of helium royalties owed to the Federal Government.

[3] The Mineral Leasing Act of 1920 as amended, 30 U.S.C. § 181 *et seq.*, reserves the right to helium on Federal land to the U.S. Government. The Helium Privatization Act of 1996, 50 U.S.C. §§ 161-167(a), requires private parties to enter into agreements with the U.S. Government to extract helium and establishes that the Secretary of the Interior may set forth regulations pertaining to helium agreements. The Helium Stewardship Act of 2013, 50 U.S.C. §§ 161-167(a), requires collection and deposit of revenues into a dedicated account, with any excess funds (beyond operational needs) to be returned to the U.S. Treasury. The John D. Dingell, Jr. Conservation, Management, and Recreation Act, Pub. L. No. 116-9 § 1109, 133 Stat. 610 (2019), amends the Mineral Leasing Act to allow that helium extraction maintains an oil and gas lease.

Federal Leased Lands Team

BLM's Federal Leased Lands (FLL) team, located in the Amarillo Field Office in Amarillo, Texas, has managed royalty collection for helium produced on Federal lands since 1991. The FLL Branch Chief reports directly to the BLM New Mexico State Office (NMSO) Deputy State Director for Minerals. The FLL team has nine full-time positions, five of which are helium payment analysts. The team is responsible for identifying helium production on Federal lands, negotiating and managing helium agreements[4] with helium companies, and auditing helium royalty revenue to ensure the Government receives proper payment. It operates using nonappropriated funds generated from helium royalties—any excess of which is transferred to the U.S. Treasury as revenue. The FLL team reported $165.8 million in royalties from 14 helium companies for FYs 2020 through 2024 (see Figure 1).

Figure 1: Summary of Helium Royalties Collected for FYs 2020-2024[5]

FY	Helium Royalty Revenue Amount
2020	$22,999,728
2021	$24,240,770
2022	$31,973,099
2023	$39,118,723
2024	$47,482,772
Total	**$165,815,092**

In December 2024, at the request of the NMSO, a team of three BLM staff not associated with the FLL team conducted a systematic review of the program and completed a report with the results (hereinafter "Program Review"). The Program Review, which was the first and only review BLM conducted on the helium program, evaluated procedures for (1) identifying new and potential helium extraction and sales, (2) overseeing Federal helium resources, and (3) communicating with the NMSO on FLL program activities and issues. We covered some of those aspects in our inspection; however, we conducted additional work to independently evaluate the FLL team's ability to identify and collect helium royalties due to the Federal Government. This included steps to ascertain the monetary impact of findings—such as determining the value of unenforced contract clauses, uncollected delinquent royalties, and inefficient oversight—while reinforcing issues identified in the Program Review regarding incomplete policies, poor recordkeeping, and inefficient processes.

Results of Inspection

We determined that BLM did not always identify, track, collect, and properly oversee Federal Helium Program royalties. Specifically, we determined that BLM did not:

- Identify and track all helium-producing wells subject to royalty collection.
- Consistently track and monitor helium royalty agreements.
- Collect royalties from potentially delinquent companies.
- Conduct efficient oversight of companies.

[4] "Helium agreements" are contractual agreements that outline requirements for companies, such as royalty rates and helium reporting requirements. The royalty rates can vary from agreement to agreement.

[5] Increases in royalty revenue during our scope are primarily due to the increases in helium sales prices.

BLM Did Not Identify and Track All Helium-Producing Wells Subject to Royalty Collection

The U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* (the "Green Book") states that "management should use quality information to achieve the entity's objectives."[6] In addition, BLM guidance specifies that the BLM State offices are responsible for policy and program direction that includes establishing policy, implementing that policy, and providing support to field offices.[7]

We found that BLM did not identify and track all helium-producing wells with owners that are subject to royalty collection. When we requested an inventory of all helium-producing wells, the FLL team provided an initial spreadsheet that included only wells for which the FLL team received payment in the period we reviewed. This spreadsheet, which included 14 payors and 1,242 wells, is based entirely upon companies that have voluntarily submitted production well and volume data. The FLL team lacks a proactive approach for identifying new helium wells. As such, this inventory may exclude other potential companies that have not sought helium agreements or self-reported on helium production.

In response to the Program Review, the FLL team tasked two technical experts with compiling a complete inventory by leveraging existing data sources such as BLM's Automated Fluid Minerals Support System, which includes information necessary to determine current production status and whether the well is subject to helium royalty collection (e.g., well production volumes and changes to well production status). As of March 3, 2025, the most recent version of the spreadsheet referenced all wells that have produced and reported at some point during the FLL program's existence and included 1,387 wells and at least 53 companies. The two technical experts are continuously updating this spreadsheet to identify additional helium-producing wells that could be subject to royalty collection.

Also, according to the helium agreements, companies are required to "provide a list of additions and deletions, indicating the effective date of each, to gas and Crude helium supplies . . . in January of each year." However, the FLL Branch Chief stated that BLM has not received this data nor enforced the yearly reporting requirement clause. The clause allows BLM to assess a $1,000 penalty for each year a company fails to report; the FLL team has never assessed this penalty on any company subject to an agreement. If BLM had assessed this penalty on the applicable companies during the scope of our review, the FLL team would have collected at least $48,000 in penalties. More importantly, the FLL team would receive more consistent information from companies that would allow BLM to keep a more complete, updated inventory.

BLM's inability to sufficiently identify and track helium-producing wells or ensure companies are submitting their annual reports for the FLL team to incorporate into the inventory list is due to the lack of formal policies and procedures for identifying helium-producing wells in addition to FLL staff not properly enforcing the reporting clause within BLM's own helium agreements. The Program Review identified a similar issue with the FLL team's lack of systematic approach in identifying new wells.

> "There is no systematic approach for the identification of new Federal helium extraction from Federal lands. The identification of new Federal helium extraction happens randomly through news articles . . . a call to the BLM to discuss a new helium agreement . . . or email inquir[ies] regarding an Application for Permit to Drill for Helium. . . . the FLL learns of production and extraction of helium from new wells if the extractor informs them of such extraction."
>
> **– Program Review**

[6] GAO-14-704G, Principle 13, "Use Quality Information," dated Sept. 2014.

[7] *BLM Manual*, 1201 § .08(E)(a), "Policy and Program Direction," dated Mar. 3, 2003.

Identifying producing helium wells and gathering the relevant information is an essential first step that could lead to collecting helium royalties from unknown companies. Without this information, BLM cannot establish appropriate helium royalty agreements with all the companies producing helium to ensure royalty rates are formalized and royalties that are owed to the Federal Government are paid. We also found that the FLL team received helium royalty payments of $3.1 million from seven companies that did not have helium agreements in place. Without these agreements, the FLL team cannot be certain whether the royalties paid are reasonable and cannot hold these companies accountable for submitting yearly reporting.

BLM Did Not Consistently Track and Monitor Helium Agreements

Federal regulations state that "the Secretary may enter into agreements with qualified applicants to dispose of the helium of the United States upon such terms and conditions as he deems fair, reasonable, and necessary to conserve such helium."[8] Additionally, BLM guidance specifies that State offices are to guide and assist all offices in accomplishing mission activities such as conducting records maintenance, monitoring to identify changing priorities, and establishing policy to support field offices.[9]

We found that BLM did not consistently track agreements with companies. We requested a list of all helium agreements at various points during our inspection, and BLM provided us with three different lists over a period of two months. All three lists contained only basic information (e.g., company name and agreement number) and did not contain key data points (e.g., production status, payment status, effective date, or expiration date). We found discrepancies when reviewing these three lists (see Figure 2 for details).

Figure 2: Summary of BLM Helium Agreement Lists

Agreement List	No. Listed	List Date	Date Provided	Notes
Program Review	13	12/12/2024	01/24/2025	BLM provided us with copies of 13 of these agreements. Staff indicated that 1 of the 13 listed agreements had been "superseded" by another agreement in August 2023. The Program Review document did not reflect this change.
Agreements List (v1)	14	Undated	01/24/2025	This list did not reflect the agreement that had been "superseded." BLM then provided us with a copy of one additional agreement that was not represented on the Program Review or Agreement List (v1).
Agreements List (v2)	24	10/10/2024	03/12/2025	Staff indicated this list was the office's working copy.

In addition, we found that the FLL team was not adequately monitoring the agreements, thus potentially missing opportunities to renegotiate royalty rates or ensure the agreements are current. The FLL team did not know whether these agreements were still in effect, had expired, or were superseded. For example, FLL staff were not certain whether the companies listed in the agreements still operated helium-producing wells, stating that some companies had been sold or had stopped producing. As such, the FLL team was unable to identify whether these agreements were transferred to the purchaser in instances where the company was sold.

BLM's inability to consistently track and monitor helium agreements is due to an inadequate records management system and the lack of policies and procedures. The Program Review also identified that the FLL team lacked a formal process to monitor helium agreements and a records management system.

[8] 43 C.F.R. § 16.1(a).

[9] *BLM Manual*, 1201 § .08(E), "State Office."

> “There is no formal process or schedule to review the executed helium agreements to determine [company] status, ‘said lands’ and ‘said wells’ or helium extraction status, among other things. In addition, there is no operating procedure for handling changes to the agreements when they do occur.”
>
> “The FLL has records in many locations, both electronic and paper. The paper records do have an inventory and file plan . . . the electronic records are not inventoried nor is there a file plan.”
>
> **– Program Review**

As a result, BLM does not have a comprehensive list of all helium agreements and does not have reasonable assurance that the helium agreements it has on file are current. Without a current agreement, BLM has limited authority to require helium production reporting and enforce royalty rates.

BLM Did Not Collect Royalties From Potentially Delinquent Companies

The Green Book states, “Management should design control activities to achieve objectives and respond to risks,” and “Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.”[10] In addition, BLM guidance specifies that the State offices are responsible for policy and program direction that includes establishing policy, implementing that policy, and providing support to field offices.[11]

We found that BLM did not collect royalties from potentially delinquent companies. Royalty payments may cease for legitimate reasons, such as the sale or closure of wells. In the few cases where the FLL team became aware that companies had stopped royalty payments, it did not conduct timely followup with the companies to determine the cause.

BLM provided a document[12] that identified five companies that had ceased payment since 2014. The document stated that the companies identified stopped payment for unknown reasons and that, in each case, “more research [was] required” to determine why royalty payments ceased. The FLL team estimated that the five companies potentially owed $851,000 in royalties and noted that this estimate was based solely on price and production figures from the last time the companies paid royalties. The FLL Branch Chief acknowledged that the FLL team was aware of the potential delinquency of these companies but had not, to date, investigated the cause—despite the fact that each of these companies had not paid for up to 10 years.

The FLL team did not collect delinquent royalties because it did not have policies and procedures in place for identifying, tracking, and following up on potential delinquencies for collection. The Program Review identified similar issues and recommended that the FLL team develop (1) a list of companies that are currently not paying royalties and (2) a plan for pursuing the nonpayment. As of May 8, 2025, no such plan had been developed.

> “When royalty payments cease, the technician informs the Branch Chief. In the case of [a new owner of a prior helium company] the technician informed the Branch Chief that [it] was not making the royalty payments that had previously been paid by [the prior owner]. It is unclear what actions, if any, were taken by the FLL to contact [the new owner], work with [the Office of the Solicitor] to enforce the law, or inform the Office of Inspector General.”
>
> **– Program Review**

As a result of not collecting royalties from potentially delinquent companies, BLM may not be receiving all helium royalties owed to the Federal Government.

[10] GAO-14-704G, Principles 10, “Design Control Activities,” and 11, “Design Activities for the Information System.”

[11] *BLM Manual*, 1201 § .08(E)(a), “Policy and Program Direction.”

[12] At the start of our inspection, we requested a list of all delinquent helium royalty companies. Seven weeks after our request, the FLL Branch Chief produced a one-page document developed in response to our inquiry and not as a result of regular tracking.

BLM Did Not Conduct Efficient Oversight of Companies

The Green Book states, “Management should design control activities to achieve objectives and respond to risks,” and “Management should implement control activities through policies.”[13] In addition, BLM policy specifies that State offices are responsible for policy and program direction, including establishing and implementing policy, providing support to field offices, and conducting monitoring and assessment to identify changing priority and needs.[14] BLM’s website states that the FLL team “[a]udits revenues to ensure that the government receives proper and timely payment for extracted Federal helium.”[15]

We found that the FLL team’s oversight of helium companies was not efficient in verifying that companies paid appropriate royalties on Federal helium extracted and sold. Although the FLL team calls this portion of its oversight “audits,” the activities the team conducted did not qualify as such. A key feature of an audit is independent examination and verification of evidence. However, staff did not independently verify helium production data and instead relied on company-provided figures for monthly production. When the FLL team conducted audits on this data, it simply checked that royalty payments matched the production volumes that companies reported, resulting in minimal audit findings despite considerable staff time spent conducting them. The Program Review likewise identified issues with the FLL team’s use of the word “audit” because the FLL team did not independently verify helium data. That being said, we use the term “audit” in our report to align with the FLL team’s terminology.

> “Although the FLL staff calls this work activity an audit, a better term might be a compliance review since none of the activities independently verify helium volume or helium quality for royalty payments. FLL helium payment analysts check the royalty payment completed by the [company] given the inputs provided with the royalty payment. For example, there are no verifications of . . . helium sales.”
>
> **– Program Review**

The FLL Branch Chief stated that the FLL team’s strategy is to perform audits of all payors (i.e., companies) every three to five years rather than using a risk-based approach that may consider factors such as the overall amount of royalties a company pays. We learned that the FLL team audited just 6 out of the 14 companies paying royalties in our five-year scope, failing to meet its strategy of auditing all companies. The FLL team spent roughly 78 percent of its audit time on companies that accounted for just under 6 percent of royalties collected, including audits of companies that produced limited or no helium during the timeframe audited.

These audits took an average of 267 days to complete and produced an average of $7,059 in findings for a total of $56,475 returned to the Federal Government—or 0.04 percent compared with BLM’s helium royalty revenue of almost $160 million for the companies audited (see Figure 3). Excluding one audit that found $56,465 in royalties owed, the FLL team’s remaining audits generated a total of $9.50 in findings. By the FLL team’s own admission, the amounts paid back to the Federal Government as a result of these audits were often due to rounding differences. For example, one audit of a major helium company resulted in $0.87 in findings, which the company paid; another resulted in the Government paying the company $35.50.

In one instance, the FLL team’s audit took 473 days to complete even though, just six weeks after BLM initiated the audit, the company (identified as Company 4 in the figure below) informed the team that it had not produced any helium during the audit period. We could not determine with certainty all the steps the staff responsible for this audit performed from the initiation date to the completion date. Letters in the audit file indicated that, six months after the initial exchange, BLM issued a findings letter[16] stating that the company failed to provide production data for the audit period. In its response to this findings letter, the company reiterated that it had not produced helium during the time period covered; however, BLM did not close the audit for another eight months after this second exchange. Separate from the length of time at issue, self-reported

[13] GAO-14-704G, Principles 10, “Design Control Activities,” and 12, “Implement Control Activities.”

[14] *BLM Manual*, 1201 § .08(E)(a), “Policy and Program Direction,” § .08(E)(d), “Monitoring and Assessment.”

[15] BLM, *The Division of Helium Resources*, “The Federal Leased Lands Team Duties,” https://www.blm.gov/programs/energy-and-minerals/helium/division-of-helium-resources.

[16] BLM uses the term “findings letter” to describe a notice to the company being audited of an identified discrepancy in its records.

information from the company could be subject to misinterpretation or error; independently verifying this information would be a way to safeguard against this risk. As noted above, the FLL team does not conduct independent verification of company-reported information, so it is unclear what next steps it took, if any, to verify that the company did not produce helium during the time period covered.

Figure 3: Summary of the FLL Audits With Duration and Findings

Company	Duration (Calendar Days)	Monetary Finding	Royalties Paid, FYs 2020-2024[17]
1 (2020)	206	$56,465.20	$156,567,363.66
1 (2022)	261	$0.87	
2 (2020)	158	($35.50)	$2,702,542.70
2 (2022)	132	$27.66	
3	521	($0.31)	$44.41
4	473	$0.00*	$0.00*
5	228	$16.78	$30.88
6	154	$0.00	$419,662.01
Totals	**2,133**	**$56,474.70**	**$159,689,643.66**
Average	***267***	***$7,059.34***	***$26,614,940.61***

* The company stated that it shut in the well and did not produce helium during the period covered by this audit.

While there is no requirement in statute or policy that the FLL team audit helium companies, the Program Review noted that other royalty programs within the Office of Natural Resources Revenue (ONRR)[18] have established rigorous audit practices, including independent verification of production figures, that provide assurance that companies pay appropriate royalty amounts. However, the FLL team did not have any formal policies surrounding its audit process to independently verify production figures or conduct audits similar to those at ONRR.

Without efficient oversight practices, BLM does not have reasonable assurance that the FLL team is meeting its responsibility to ensure the Government is receiving royalty payments owed for extracted Federal helium. The FLL team also did not have adequate documentation to support the time spent auditing because it did not track this time. To estimate the total salary costs of the FLL team members who conducted the audits, we spoke with a supervisor and staff who stated that one lead analyst spent approximately 40 percent of their work time conducting audits, while another analyst spent 70 percent of their work time on audits. Using these percentages, along with the General Schedule salary tables and the total days within our five-year scope, we estimated that the FLL team expended the time equivalent of $481,924 conducting audits that did not independently verify company-reported information. Because the FLL team spent time conducting audits that did not independently verify company-reported information, we conclude that these oversight efforts were inefficient. Accordingly, we consider the FLL team's estimated yearly salary expenses of $96,385 spent conducting inefficient oversight as funds to be put to better use each year in the future.

[17] Some audits covered production periods preceding the scope of our inspection.

[18] ONRR is responsible for collecting, accounting for, and verifying energy and mineral revenues from Federal lands. Its focus is on royalties involving oil and gas production with the exception of royalties involving helium.

Conclusion

Our review revealed that BLM's Federal Helium Program has operated for decades without established policies and procedures to ensure BLM identifies, tracks, collects, and oversees helium royalties. As the NMSO Deputy State Director for Minerals stated, the FLL team existed "in the shadow" with limited oversight. From the time BLM established the FLL team in 1991 until 2024, BLM had never conducted a program review. As such, the prior NMSO Deputy State Director for Minerals initiated a program review to obtain an understanding of the operations of the program. This Program Review, published in December 2024, identified the absence of oversight and formalized processes.

> "The supervisory oversight of the program by the Branch Chief needs improvement. There is no systematic method of measuring the success of [the FLL team] in accomplishing its mission. After 30 years of performing the task of collecting royalties for helium extraction on Federal lands, there is no clearly defined method for collecting the royalties. There is no written manual or standard operating procedures providing guidance for the management and operation of the program. The result is no continuity over time in how the program operates."
>
> **– Program Review**

Given the lack of oversight, BLM's own findings from its Program Review, and our findings discussed above, BLM needs to take action to ensure the FLL team is fully accomplishing its mission to collect helium royalties owed to the Federal Government. We identified a total monetary impact of $995,385 in funds to be put to better use (see Attachment 2).

We make seven recommendations to help BLM more efficiently manage Federal helium resources and royalties derived from their sale.

Recommendations

We provided a draft of this report to BLM for review.[19] BLM concurred with six recommendations and did not concur with one recommendation. We consider Recommendation 1 and Recommendations 3 through 7 resolved and Recommendation 2 unresolved. Below we summarize BLM's response to our recommendations, as well as our comments on its response. See Attachment 3 for the full text of BLM's response.

We recommend that BLM:

1. Develop policies and procedures for identifying and tracking helium-producing wells to ensure helium agreements are established and enforce agreement clauses for annual reporting.

   BLM Response: BLM concurred with the recommendation and stated it will "establish a Standard Operating Procedure (SOP) to track helium producing wells." BLM further stated that it "has already identified all helium producing wells associated with active helium agreements and is currently identifying helium producing wells not covered by helium agreements." In addition, BLM said it "will send letters to all affected operators/extractors to remind them of their obligation to submit the 'Said Wells Listing' and 'Said Lands Listing' (annual lists) as stipulated in the helium agreements," and that it may assess a $1,000 penalty fee if the operator fails to comply.

   BLM provided a December 31, 2026 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-01.[20]

[19] The issuance of this report was delayed because of the lapse in the Department of the Interior's appropriations that occurred from October 1, 2025, through November 12, 2025.

[20] The numbering convention we use to track recommendations is the report number followed by sequential recommendation digits.

OIG Comment: This recommendation will be implemented when BLM provides documentation demonstrating it has developed policies and procedures for identifying and tracking helium-producing wells to ensure helium agreements are established and has sent letters to companies to remind them of their obligation for annual reporting as stipulated in the helium agreements.

2. Resolve the $48,000 in uncollected penalties.

   BLM Response: BLM did not concur with the recommendation and stated that “conducting a retrospective analysis to identify companies that failed to submit annual well listings would require a disproportionate amount of staff time and resources relative to the estimated amount of uncollected penalties.” It further stated that, “moving forward, the BLM commits to formally notifying operators/extractors of their annual reporting obligations” by issuing annual notification letters and assessing penalties when helium agreement requirements are not met.

   Status: Unresolved. We will follow up with BLM regarding resolution of Recommendation No. 2025-ISP-013-02.

   OIG Comment: Uncollected penalties represent losses to the Government that can be pursued, and BLM’s commitment to enforce penalties going forward does not address its failure to collect payments historically. We do not consider identifying the responsible parties and amounts to be a significant undertaking. In fact, based on the level of effort required for us to complete a similar analysis for our five-year scope and given that BLM already has the necessary data available, we believe that BLM’s “retrospective analysis” can be completed quickly with minimal staff time and resources. In its response to Recommendation 1, BLM stated that it has already identified all helium-producing wells associated with active helium agreements. During our inspection, BLM also stated that it had not received any annual well listings. Therefore, the responsible parties have already been identified, and the recommended assessment should only require reviewing each helium agreement’s effective date and applying the $1,000 penalty for each year a report was due. This recommendation will be resolved when BLM provides planned steps to resolve the $48,000 in uncollected penalties. It will be implemented when BLM provides documentation demonstrating that the uncollected penalty amount has been resolved.

3. Establish a records management system for tracking helium agreements.

   BLM Response: BLM concurred with the recommendation and stated it “will develop a helium agreement tracking spreadsheet that will include the operator/extractor’s name contact information, agreement number, production and payment status, the effective and termination date of the helium agreement, penalty language, and any notes.”

   BLM provided a December 31, 2026 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-03.

   OIG Comment: This recommendation will be implemented when BLM provides evidence that it has established the records management system described in its response.

4. Develop policies and procedures for monitoring helium agreements to ensure they are current.

   BLM Response: BLM concurred with the recommendation and stated it “will develop a tracking spreadsheet (Recommendation 3) and establish an SOP.”

   BLM provided a December 31, 2026 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-04.

OIG Comment: This recommendation will be implemented when BLM provides evidence demonstrating that it has created a tracking spreadsheet that facilitates the monitoring of helium agreements and has established an SOP for its use.

5. Develop policies and procedures for identifying, tracking, and following up on delinquent companies.

   BLM Response: BLM concurred with the recommendation and stated it "will establish an SOP, including assigning management oversight, that will incorporate steps to address the scenario where a helium payor ceases to report or underreport helium royalties."

   BLM provided a December 31, 2026 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-05.

   OIG Comment: This recommendation will be implemented when BLM provides the SOP governing identifying, tracking, and following up on delinquent companies.

6. Conduct a thorough review of royalty payment data to identify potential delinquencies and resolve any delinquencies identified, including resolving the $851,000 of potential delinquencies previously reported.

   BLM Response: BLM concurred with the recommendation and stated it "will conduct compliance reviews to identify helium royalty delinquencies and/or potential theft related to the five companies involved" and that "[w]hile recovery of the full amount may not be feasible, these efforts are intended to address the underlying issues and pursue appropriate remedies."

   BLM provided a March 31, 2027 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-06.

   OIG Comment: This recommendation will be implemented when BLM provides evidence demonstrating that it has conducted compliance reviews related to the $851,000 and has pursued recovery of the potential delinquencies.

7. Establish a policy for conducting reviews of helium companies to conform to ONRR practices, including establishing a risk-based strategy and independent verification of company-provided production data to assist the Federal Leased Lands team in performing efficient oversight of helium companies, which would put the team's $96,385 in estimated yearly salary expenses associated with inefficient oversight practices to better use in the future.

   BLM Response: BLM concurred with the recommendation and stated it "will establish and implement an SOP for conducting compliance reviews of helium companies that will include some of ONRR's best practices. In addition, the BLM will establish and implement a risk-based strategy and conduct independent verification of company-provided production data."

   BLM provided a March 31, 2027 target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2025-ISP-013-07

   OIG Comment: This recommendation will be implemented when BLM establishes and provides an SOP for conducting reviews of helium companies conforming with ONRR best practices, including a risk-based strategy and independent verification of company-provided production data.

We will track open recommendations for resolution and implementation. We will notify Congress of our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please contact me at aie_reports@doioig.gov.

Attachments (3)

Attachment 1: Scope and Methodology

Scope

Our inspection focused on the BLM FLL team's helium royalty collection operations from FYs 2020 through 2024.

Methodology

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

To accomplish our objectives, we:

- Identified laws, regulations, policies, and guidance related to BLM's collection of helium royalties.
- Reviewed lists of helium-producing wells to determine if the FLL team had a comprehensive inventory of wells subject to royalty collection.
- Evaluated helium agreements between BLM and helium companies to determine if all helium companies were under agreements and compliant with reporting clauses.
- Analyzed accounting data and reconciled FLL records with the Department of the Interior's Financial and Business Management System.
- Obtained a list of potential delinquent royalty companies prepared by the FLL Branch Chief to determine if the FLL team was collecting past-due royalty payments.
- Analyzed documentation on eight audits the FLL team conducted during our scope and reviewed monetary findings and time taken to complete them.
- Used supervisory and staff estimates of annual time spent auditing for one lead analyst and one analyst to calculate the salary expended conducting inefficient audits.
- Reviewed one prior Program Review (dated December 2024) BLM conducted on the FLL team's operations to better understand historical program operations and areas for improvement.
- Interviewed the Program Review authors to understand their methodologies and findings.
- Interviewed staff at BLM's NMSO to gain an understanding of BLM's oversight of the FLL team and the history and context of BLM's helium royalty collection.

Attachment 2: Monetary Impact

Issue	Funds To Be Put To Better Use[21]
Failure to assess penalties on companies (lost revenue[22])	$48,000
Delinquent companies (lost revenue)	$851,000
Inefficient oversight costs	$96,385
Total	**$995,385**

Source: OIG.

[21] An OIG recommendation that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation.

[22] Legislative history for the 1988 revisions to the Inspector General Act demonstrates congressional intent and interest in inspectors general reporting the amounts of funds or resources that will be used more efficiently as a result of management implementing OIG recommendations. Because of the Department of the Interior's unique mission, we considered the monetary impact associated with BLM's work as "any other savings which are specifically identified" but not specifically defined in the Inspector General Act, such as lost revenue.

Attachment 3: Response to Draft Report

BLM's response to our draft report follows on page 15.

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
National Headquarters
Washington, DC 20240
https://www.blm.gov

December 22, 2025

In Reply Refer To:
1245 (750/310)

Memorandum

To: Kathleen Sedney
Assistant Inspector General for Audits, Inspections, and Evaluations

Through: Lanny E. Erdos LANNY ERDOS Digitally signed by LANNY ERDOS Date: 2026.01.07 13:56:40 -05'00'
Director, Office of Surface Mining, Reclamation, and Enforcement
Exercising the Delegated Authority of the Assistant Secretary –
Land and Minerals Management

From: Bill Groffy WILLIAM GROFFY Digitally signed by WILLIAM GROFFY Date: 2025.12.23 09:11:16 -05'00'

Exercising the Delegated Authority of the Director
Bureau of Land Management

Subject: Comments on the Office of Inspector General's Draft Audit Report titled, "The Bureau of Land Management Has Opportunities To Improve Its Helium Royalty Collection Program" (Report No. 2025-ISP-013)

Thank you for the opportunity to comment on the Office of Inspector General's (OIG) Draft Audit Report titled, "The Bureau of Land Management Has Opportunities To Improve Its Helium Royalty Collection Program" (Report No. 2025-ISP-013). The report contains seven (7) recommendations. All are recommendations specific to the Bureau of Land Management (BLM).

Recommendation 1: Develop policies and procedures for identifying and tracking helium-producing wells to ensure helium agreements are established and enforce agreement clauses for annual reporting.

Response: The BLM concurs with Recommendation 1. The BLM will establish a Standard Operating Procedure (SOP) to track helium producing wells. The BLM has already identified all helium producing wells associated with active helium agreements and is currently identifying helium producing wells not covered by helium agreements. In addition, the BLM will send letters to all affected operators/extractors to remind them of their obligation to submit the "Said Wells Listing" and "Said Lands Listing" (annual lists) as stipulated in the helium agreements. If the operator/extractor fails to provide the lists or fails to certify that there were no changes to the lists by the required due date, the BLM may assess a $1,000 penalty fee in accordance with the operator/extractor's helium agreement, provided it includes a penalty provision.

Target Date: December 31, 2026

Recommendation 2: Resolve the $48,000 in uncollected penalties.

Response: The BLM does not concur with Recommendation 2. The BLM believes that conducting a retrospective analysis to identify companies that failed to submit annual well listings would require a disproportionate amount of staff time and resources relative to the estimated amount of uncollected penalties**.** However, moving forward, the BLM commits to formally notifying operators/extractors of their annual reporting obligations and ensuring compliance. Annual notification letters will be issued to all operators and extractors, and penalties may be assessed in accordance with the terms of their helium agreements when requirements are not met. This approach underscores the strategic importance of helium and aligns with the Administration's priority to encourage oil and gas development, including helium, in support of economic prosperity and national security.

Target Date: Not Applicable.

Recommendation 3: Establish a records management system for tracking helium agreements.

Response: The BLM concurs with Recommendation 3. The BLM will develop a helium agreement tracking spreadsheet that will include the operator/extractor's name contact information, agreement number, production and payment status, the effective and termination date of the helium agreement, penalty language, and any notes. The BLM Headquarters Fluid Minerals Division and all BLM states with helium extraction will have access to the tracking spreadsheet.

Target Date: December 31, 2026

Recommendation 4: Develop policies and procedures for monitoring helium agreements to ensure they are current.

Response: The BLM concurs with Recommendation 4. The BLM will develop a tracking spreadsheet (Recommendation 3) and establish an SOP.

Target Date: December 31, 2026

Recommendation 5: Develop policies and procedures for identifying, tracking, and following up on delinquent companies.

Response: The BLM concurs with Recommendation 5. The BLM will establish an SOP, including assigning management oversight, that will incorporate steps to address the scenario where a helium payor ceases to report or underreport helium royalties.

Target Date: December 31, 2026

Recommendation 6: Conduct a thorough review of royalty payment data to identify potential delinquencies and resolve any delinquencies identified, including resolving the $851,000 of potential delinquencies previously reported.

Response: The BLM concurs with Recommendation 6. The BLM will conduct compliance reviews to identify helium royalty delinquencies and/or potential theft related to the five companies involved in the $851,000 estimated finding. While recovery of the full amount may not be feasible, these efforts are intended to address the underlying issues and pursue appropriate remedies.

Target Date: March 31, 2027

Recommendation 7: Establish a policy for conducting reviews of helium companies to conform to Office of Natural Resources Revenue (ONRR) practices, including establishing a risk-based strategy and independent verification of company-provided production data to assist the Federal Leased Lands team in performing efficient oversight of helium companies, which would put the team's $96,385 in estimated yearly salary expenses associated with inefficient oversight practices to better use in the future.

Response: The BLM concurs with Recommendation 7. The BLM will establish and implement an SOP for conducting compliance reviews of helium companies that will include some of ONRR's best practices. In addition, the BLM will establish and implement a risk-based strategy and conduct independent verification of company-provided production data.

Target Date: March 31, 2027

If you should have any questions regarding these responses, please contact Benjamin E. Gruber, Division Chief, Business, Engineering and Evaluations, at 951-269-9548; or LaVanna Stevenson, Audit Liaison Officer, at 202-568-0274.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

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