

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Oil and Gas Act is amended by changing Sections 2, 6, 8b, 8c, and 12 as follows:

(225 ILCS 725/2) (from Ch. 96 1/2, par. 5404)

Sec. 2. The provisions of this Act do not apply to quarry drill or blast holes, nor to seismograph test holes.

The provisions of this Act do not apply to geological, structure, coal or other mineral test holes, or monitoring wells in connection with any activity regulated by the Department, except that notification of intent to drill accompanied by the required fee as established by the Department and a bond shall be filed with the Department, a permit shall be obtained, and all holes shall be plugged under the supervision of the Department. The bond shall be executed by a surety, authorized to transact business in this State, in the amount of \$2500 for each permit or a blanket bond of \$25,000 for all permits. In lieu of the surety bond, the applicant may provide ~~cash,~~ certificates of deposit, or irrevocable letters of credit as security for the plugging obligation under the terms and conditions as the Department may provide by rule.

Information and records of the Department in connection with the drilling of any geological, structure, coal, or other mineral test hole shall be kept confidential, if requested in writing by the permittee, for a period of 2 years following the date the permit was issued.

(Source: P.A. 89-243, eff. 8-4-95.)

(225 ILCS 725/6) (from Ch. 96 1/2, par. 5409)

Sec. 6. The Department shall have the authority to conduct hearings and to make such reasonable rules as may be necessary from time to time in the proper administration and enforcement of this Act, including the adoption of rules and the holding of hearings for the following purposes:

(1) To require the drilling, casing and plugging of wells to be done in such a manner as to prevent the migration of oil or gas from one stratum to another; to prevent the intrusion of water into oil, gas or coal strata; to prevent the pollution of fresh water supplies by oil, gas or salt water.

(2) To require the person desiring or proposing to drill, deepen or convert any well for the exploration or production of oil or gas, for injection or water supply in connection with enhanced recovery projects, for the disposal of salt water, brine, or other oil or gas field wastes, or for input, withdrawal, or observation in connection with the storage of natural gas or other liquid

or gaseous hydrocarbons before commencing the drilling, deepening or conversion of any such well, to make application to the Department upon such form as the Department may prescribe and to comply with the provisions of this Section. The drilling, deepening or conversion of any well is hereby prohibited until such application is made and the applicant is issued a permit therefor as provided by this Act. Each application for a well permit shall include the following: (A) The exact location of the well, (B) the name and address of the manager, operator, contractor, driller, or any other person responsible for the conduct of drilling operations, (C) the proposed depth of the well, (D) lease ownership information, and (E) such other relevant information as the Department may deem necessary or convenient to effectuate the purposes of this Act.

(2.5) Additionally, for each applicant who has not been issued a permit that is (i) not of record with the Department on the effective date of this amendatory Act of the 104th General Assembly ~~on the effective date of this amendatory Act of 1991,~~ or (ii) a permittee on record with the Department but who has failed to make ~~not thereafter made~~ payments of the assessments as required under Section 19.7 of this Act at any time in the preceding 5 ~~for at least 2 consecutive~~ years of the application, the permittee or applicant ~~preceding the application,~~ shall

execute, as principal, and file with the Department a bond, executed by a surety authorized to transact business in this State, in an amount estimated to cover the cost of plugging the well and restoring the well site and shall set at the following rates:~~, but not to exceed~~

(A) \$10,000 for one well;

(B) \$25,000 in total covering a blanket bond for up to 10 wells;

(C) \$50,000 in total covering a blanket bond for up to 50 wells; or

(D) \$100,000 in total covering a blanket bond for up to 100 wells.

A blanket bond covering more than 100 wells shall be increased to include the bond amount, as provided in this paragraph (2.5), for the total number of wells more than 100 that are covered by the blanket bond. Such bond shall be submitted to the Department \$5000, as determined by the Department for each well, or a blanket bond in an amount not to exceed \$100,000 for all wells, before drilling, deepening, converting, or operating any well for which a new or transfer permit is required and that has not previously been plugged and abandoned in accordance with the Act. The Department shall release the bond if any of the following are met:

(i) all wells covered by the bond are plugged and all well sites are restored in accordance with this

Act and administrative rules;

(ii) all wells covered by the bond are transferred in accordance with this Act and administrative rules;

or

~~(iii) the well, or all wells in the case of a blanket bond, is not completed but is plugged and the well site restored in accordance with the Department's rules or is completed in accordance with the Department's rules and the permittee pays assessments to the Department in accordance with Section 19.7 of this Act for 5 ~~2~~ consecutive years from the date of issuance of a permit after the effective date of this amendatory Act of the 104th General Assembly and the permittee is not in violation of this Act or any administrative rules.~~

In lieu of a surety bond, the applicant may provide ~~cash,~~ certificates of deposit, or irrevocable letters of credit under such terms and conditions as the Department may provide by rule.

The sureties on all bonds in effect on this amendatory Act of the 104th General Assembly ~~the effective date of this amendatory Act of 1991~~ shall remain liable as sureties in accordance with their undertakings until released by the Department from further liability under the Act. The principal on each bond in effect on the effective date of this amendatory Act of the 104th General

Assembly ~~the effective date of this amendatory Act of 1991~~ shall be released from the obligation of maintaining the bond if ~~either~~ the well covered by a surety bond has been plugged and the well site restored in accordance with the Department's rules or the principal of the surety has paid the initial assessment in accordance with Section 19.7 and no well or well site covered by the surety bond is in violation of the Act.

No permit shall be issued to a corporation incorporated outside of Illinois until the corporation has been authorized to do business in Illinois.

No permit shall be issued to an individual, partnership, or other unincorporated entity that is not a resident of Illinois until that individual, partnership, or other unincorporated entity has irrevocably consented to be sued in Illinois.

(3) To require the person assigning, transferring, or selling any well for which a permit is required under this Act to notify the Department of the change of ownership. The notification shall be on a form prescribed by the Department, shall be executed by the current permittee and by the new permittee, or their authorized representatives, and shall be filed with the Department within 30 days after the effective date of the assignment, transfer or sale. Within the 30 day notification period and prior to operating the well, the new permittee shall pay the

required well transfer fee and, where applicable, file with the Department the bond required under subsection (2.5) ~~subsection (2)~~ of this Section.

(4) To require the filing with the State Geological Survey of all geophysical logs, a well drilling report and drill cuttings or cores, if cores are required, within 90 days after drilling ceases; and to file a completion report with the Department within 30 days after the date of first production following initial drilling or any reworking, or after the plugging of the well, if a dry hole. A copy of each completion report submitted to the Department shall be delivered to the State Geological Survey. The Department and the State Geological Survey shall keep the reports confidential, if requested in writing by the permittee, for 2 years after the date the permit is issued by the Department. This confidentiality requirement shall not prohibit the use of the report for research purposes, provided the State Geological Survey does not publish specific data or identify the well to which the completion report pertains.

(5) To prevent "blowouts", "caving" and "seepage" in the same sense that conditions indicated by such terms are generally understood in the oil and gas business.

(6) To prevent fires.

(7) To ascertain and identify the ownership of all oil and gas wells, producing leases, refineries, tanks,

plants, structures, and all storage and transportation equipment and facilities.

(8) To regulate the use of any enhanced recovery method in oil pools and oil fields.

(9) To regulate or prohibit the use of vacuum.

(10) To regulate the spacing of wells, the issuance of permits, and the establishment of drilling units.

(11) To regulate directional drilling of oil or gas wells.

(12) To regulate the plugging of wells.

(13) To require that wells for which no logs or unsatisfactory logs are supplied shall be completely plugged with cement from bottom to top.

(14) To require a description in such form as is determined by the Department of the method of well plugging for each well, indicating the character of material used and the positions and dimensions of each plug.

(15) To prohibit waste, as defined in this Act.

(16) To require the keeping of such records, the furnishing of such relevant information and the performance of such tests as the Department may deem necessary to carry into effect the purposes of this Act.

(17) To regulate the disposal of salt or sulphur-bearing water and any oil field waste produced in the operation of any oil or gas well.

(18) To prescribe rules, conduct inspections and require compliance with health and safety standards for the protection of persons working underground in connection with any oil and gas operations. For the purposes of this paragraph, oil and gas operations include drilling or excavation, production operations, plugging or filling in and sealing, or any other work requiring the presence of workers in shafts or excavations beneath the surface of the earth. Rules promulgated by the Department may include minimum qualifications of persons performing tasks affecting the health and safety of workers underground, minimum standards for the operation and maintenance of equipment, and safety procedures and precautions, and shall conform, as nearly as practicable, to corresponding qualifications, standards and procedures prescribed under the Coal Mining Act.

(19) To deposit the amount of any forfeited surety bond or other security in the Plugging and Restoration Fund, a special fund in the State treasury which is hereby created; to deposit into the Fund any amounts collected, reimbursed or recovered by the Department under Sections 19.5, 19.6 and 19.7 of this Act; to accept, receive, and deposit into the Fund any grants, gifts or other funds which may be made available from public or private sources and all earnings received from investment of monies in the Fund; and to make expenditures from the Fund for the

purposes of plugging, replugging or repairing any well, and restoring the site of any well, determined by the Department to be abandoned or ordered by the Department to be plugged, replugged, repaired or restored under Sections 8a, 19 or 19.1 of this Act, including expenses in administering the Fund.

For the purposes of this Act, the State Geological Survey shall co-operate with the Department in making available its scientific and technical information on the oil and gas resources of the State, and the Department shall in turn furnish a copy to the State Geological Survey of all drilling permits as issued, and such other drilling and operating data received or secured by the Department which are pertinent to scientific research on the State's mineral resources.

(Source: P.A. 86-205; 86-364; 86-1177; 87-744.)

(225 ILCS 725/8b) (from Ch. 96 1/2, par. 5414)

Sec. 8b. No person shall drill, convert or deepen a well for the purpose of disposing of oil field brine or for using any enhanced recovery method in any underground formation or strata without first securing a permit therefor. Such permit shall be obtained as provided in subsections ~~clause~~ (2) and (2.5) of Section 6 and is subject to the fee prescribed in Section 14, except that such fees for Class II UIC wells shall be deposited in the Underground Resources Conservation Enforcement Fund. All injection wells regulated by the

Department's Class II UIC program approved pursuant to 40 CFR 147.701, subpart 0, of record on January 1 of each year, except those which are properly plugged, are subject to an annual fee as follows: on January 1, 1988, \$50 per well; on January 1, 1989, \$75 per well; and on January 1, 1990, \$100 per well. Extension of this fee into subsequent years shall be contingent upon authorization of such by the General Assembly. Such fee shall be paid no later than January 31 of each year. Proceeds of such payments shall be deposited in the Underground Resources Conservation Enforcement Fund. The Department may prescribe appropriate rules to implement this Section and to prevent waste, as defined in this Act, in connection with such wells.

(Source: P.A. 85-1334.)

(225 ILCS 725/8c) (from Ch. 96 1/2, par. 5414.1)

Sec. 8c. (a) No person shall operate a liquid oil field waste transportation system without a liquid oil field waste transportation permit. The liquid oil field waste transporter assumes legal responsibility for the liquid oil field waste when it first enters the liquid oil field waste transportation system, until it is disposed of in a manner authorized and approved by the Department.

(b) No person shall engage, employ or contract with any other person except a permittee under this Section, to remove liquid oil field waste from his premises.

(c) Every person who engages, employs or contracts with any other person to remove liquid oil field waste from his premises shall maintain detailed records of all such liquid oil field waste removal effectuated on forms provided by the Department and shall submit such information in such detail and with such frequency, as the Department may require.

(d) Before engaging in the business of removing liquid oil field waste from the on-site collection point, a person shall apply for and obtain a permit from the Department. The application shall be accompanied by a permit fee of \$150 and by a surety bond covering the period and any renewal thereof for which the permit is issued by a surety company registered in the State, to indemnify the Department for the abatement of pollution of waters which result from any improper disposal of liquid oil field waste by the permittee. The bonds shall be \$10,000. The Department shall be the obligee and the bond shall be for the benefit and purpose to indemnify the State for the elimination of harmful or nuisance conditions and for the abatement of any pollution of waters which result from the improper disposal of liquid oil field waste by the permittee.

In lieu of the surety bond, the applicant may provide ~~cash,~~ certificates of deposit, or irrevocable letters of credit under such terms and conditions as the Department may provide by rule.

The surety of any bond posted for the issuance of a liquid oil field waste transportation permit, upon 30 days notice in

writing to the Department and to the permittee, may cancel any such bond, but such cancellation shall not affect any rights which shall have accrued on the bond before the effective date of the cancellation.

(e) If the Department, after such investigation as it deems necessary, is satisfied that the applicant has the qualifications, experience, reputation, and equipment to perform the services in a manner not detrimental to the public interest, in a way that will not cause unlawful pollution of the waters of the State and meets the bonding requirements of subsection (d), it shall issue a permit to the applicant.

(f) (1) All trucks or other vehicles used to transport or carry liquid oil field waste shall carry a permit issued by the Department for inspection by its representative or any law enforcement agent. The application for the vehicle permit shall state the make, model and year of the vehicle as well as the capacity of the tank used in transporting liquid oil field waste and such other information as the Department requires. Each application shall be accompanied by a biennial permit fee of \$150 for each vehicle sought to be licensed, payable to the State, and if the Department, after such investigation as it deems necessary, finds the truck or vehicle and equipment is proper and adequate for the purpose, it shall issue a permit for the use of the vehicle. The permit is not transferable from one vehicle to another. The vehicle permit number shall be printed on a decal furnished by the Department which shall

designate the years for which the permit was issued. This decal shall be affixed to the upper right hand corner of the inside of the windshield.

(2) All vehicle permits shall be valid for 2 years. Application for renewal of a permit must be made 30 days prior to the expiration date of the permit. The fee for renewal shall be the same as for the original permit.

(g) (1) The tank shall be kept tightly closed in transit, to prevent the escape of contents.

(2) The permittee shall dispose of all liquid oil field waste in conformance with the provisions of this Section.

(3) The permittee shall not dispose of liquid oil field waste onto or into the ground except at locations specifically approved and permitted by the Department. No liquid oil field waste shall be placed in a location where it could enter any public or private drain, pond, stream or other body of surface or ground water.

(h) Any person who violates or refuses to comply with any of the provisions of this Section shall be subject to the provisions of Sections 8a and 19.1 of this Act. In addition, any person who gathers, handles, transports, or disposes of liquid oil field waste without a liquid oil field waste transportation permit or utilizes the services of an unpermitted person shall upon conviction thereof by a court of competent jurisdiction be fined not less than \$2,000 for a violation and costs of prosecution, and in default of payment

of fine and costs, imprisoned for not less than 10 days nor more than 30 days. When the violation is of a continuing nature, each day upon which a violation occurs is a separate offense.

(i) For the purposes of this Section:

(1) "Liquid oil field waste" means oil field brines, tank and pit bottom sediments, and drilling and completion fluids, to the extent those wastes are now or hereafter exempt from the provisions of Subtitle C of the federal Resource Conservation and Recovery Act of 1976.

(2) "Liquid oil field waste transportation system" means all trucks and other motor vehicles used to gather, handle or transport liquid oil field waste from the point of any surface on-site collection to any subsequent off-site storage, utilization or disposal.

(Source: P.A. 102-1017, eff. 1-1-23.)

(225 ILCS 725/12) (from Ch. 96 1/2, par. 5418)

Sec. 12. Any well for which a permit is required under this Act, other than a plugged well, which was drilled prior to the effective date of this Act and for which no permit has previously been issued, is required to be permitted. Application and bond shall be made as required in subsections ~~subsection~~ (2) and (2.5) of Section 6, except that the spacing requirements of Section 21.1 of this Act shall not apply, and no permit fee will be assessed for any such well if application

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for a permit is made within one year of the effective date of this amendatory Act of 1990. Except for Class II UIC wells, provisions of this Act and Department rules pertaining to well construction shall not apply. After this one year period, any unpermitted well to which this Section applies will be deemed to be operating without a permit and subject to the penalties set forth in this Act.

(Source: P.A. 85-1334; 86-1177.)