

AN ACT concerning Finance.

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

Section 5. The Department of Natural Resources Act is amended by changing Section 10-5 as follows:

(20 ILCS 801/10-5)

Sec. 10-5. Office of Mines and Minerals.

(a) The Department of Natural Resources shall have within it an Office of Mines and Minerals, which shall be responsible for the functions previously vested in the Department of Mines and Minerals and the Abandoned Mined Lands Reclamation Council and such other related functions and responsibilities as may be provided by law.

(b) The Office of Mines and Minerals shall have a Director and a Manager.

The Director of the Office of Mines and Minerals shall be a person thoroughly conversant with the theory and practice of coal mining but who is not identified with either coal operators or coal miners. The Director of the Office of Mines and Minerals must hold a certificate of competency as a mine examiner issued by the Illinois Mining Board.

The Manager of the Office of Mines and Minerals shall be a person who is thoroughly conversant with the theory and

practice of coal mining in the State of Illinois.

(c) Notwithstanding any provision of this Act or any other law to the contrary, the Department of Natural Resources may have within it an Office of Oil and Gas Resource Management, which may be responsible for the functions previously vested in the Department of Mines and Minerals relating to oil and gas resources, such other related functions and responsibilities as may be provided by law, and other functions and responsibilities at the discretion of the Department of Natural Resources.

(Source: P.A. 89-50, eff. 7-1-95; 89-445, eff. 2-7-96.)

Section 10. The State Finance Act is amended by changing Section 5.832 as follows:

(30 ILCS 105/5.832)

Sec. 5.832. The Oil and Gas Resource Management ~~Mines and Minerals Regulatory~~ Fund.

(Source: P.A. 98-22, eff. 6-17-13; 98-756, eff. 7-16-14.)

Section 15. The Hydraulic Fracturing Regulatory Act is amended by changing Sections 1-35, 1-65 and 1-135 as follows:

(225 ILCS 732/1-35)

Sec. 1-35. High volume horizontal hydraulic fracturing permit application.

(a) Every applicant for a permit under this Act shall first register with the Department at least 30 days before applying for a permit. The Department shall make available a registration form within 90 days after the effective date of this Act. The registration form shall require the following information:

(1) the name and address of the registrant and any parent, subsidiary, or affiliate thereof;

(2) disclosure of all findings of a serious violation or an equivalent violation under federal or state laws or regulations in the development or operation of an oil or gas exploration or production site via hydraulic fracturing by the applicant or any parent, subsidiary, or affiliate thereof within the previous 5 years; and

(3) proof of insurance to cover injuries, damages, or loss related to pollution or diminution in the amount of at least \$5,000,000, from an insurance carrier authorized, licensed, or permitted to do this insurance business in this State that holds at least an A- rating by A.M. Best & Co. or any comparable rating service.

A registrant must notify the Department of any change in the information identified in paragraphs (1), (2), or (3) of this subsection (a) at least annually or upon request of the Department.

(b) Every applicant for a permit under this Act must submit the following information to the Department on an application

form provided by the Department:

(1) the name and address of the applicant and any parent, subsidiary, or affiliate thereof;

(2) the proposed well name and address and legal description of the well site and its unit area;

(3) a statement whether the proposed location of the well site is in compliance with the requirements of Section 1-25 of this Act and a plat, which shows the proposed surface location of the well site, providing the distance in feet, from the surface location of the well site to the features described in subsection (a) of Section 1-25 of this Act;

(4) a detailed description of the proposed well to be used for the high volume horizontal hydraulic fracturing operations including, but not limited to, the following information:

(A) the approximate total depth to which the well is to be drilled or deepened;

(B) the proposed angle and direction of the well;

(C) the actual depth or the approximate depth at which the well to be drilled deviates from vertical;

(D) the angle and direction of any nonvertical portion of the wellbore until the well reaches its total target depth or its actual final depth; and

(E) the estimated length and direction of the proposed horizontal lateral or wellbore;

(5) the estimated depth and elevation, according to the most recent publication of the Illinois State Geological Survey of Groundwater for the location of the well, of the lowest potential fresh water along the entire length of the proposed wellbore;

(6) a detailed description of the proposed high volume horizontal hydraulic fracturing operations, including, but not limited to, the following:

(A) the formation affected by the high volume horizontal hydraulic fracturing operations, including, but not limited to, geologic name and geologic description of the formation that will be stimulated by the operation;

(B) the anticipated surface treating pressure range;

(C) the maximum anticipated injection treating pressure;

(D) the estimated or calculated fracture pressure of the producing and confining zones; and

(E) the planned depth of all proposed perforations or depth to the top of the open hole section;

(7) a plat showing all known previous wellbores within 750 feet of any part of the horizontal wellbore that penetrated within 400 vertical feet of the formation that will be stimulated as part of the high volume horizontal hydraulic fracturing operations;

(8) unless the applicant documents why the information is not available at the time the application is submitted, a chemical disclosure report identifying each chemical and proppant anticipated to be used in hydraulic fracturing fluid for each stage of the hydraulic fracturing operations including the following:

(A) the total volume of water anticipated to be used in the hydraulic fracturing treatment of the well or the type and total volume of the base fluid anticipated to be used in the hydraulic fracturing treatment, if something other than water;

(B) each hydraulic fracturing additive anticipated to be used in the hydraulic fracturing fluid, including the trade name, vendor, a brief descriptor of the intended use or function of each hydraulic fracturing additive, and the Material Safety Data Sheet (MSDS), if applicable;

(C) each chemical anticipated to be intentionally added to the base fluid, including for each chemical, the Chemical Abstracts Service number, if applicable; and

(D) the anticipated concentration in the base fluid, in percent by mass, of each chemical to be intentionally added to the base fluid;

(9) a certification of compliance with the Water Use Act of 1983 and applicable regional water supply plans;

(10) a fresh water withdrawal and management plan that shall include the following information:

(A) the source of the water, such as surface or groundwater, anticipated to be used for water withdrawals, and the anticipated withdrawal location;

(B) the anticipated volume and rate of each water withdrawal from each withdrawal location;

(C) the anticipated months when water withdrawals shall be made from each withdrawal location;

(D) the methods to be used to minimize water withdrawals as much as feasible; and

(E) the methods to be used for surface water withdrawals to minimize adverse impact to aquatic life.

Where a surface water source is wholly contained within a single property, and the owner of the property expressly agrees in writing to its use for water withdrawals, the applicant is not required to include this surface water source in the fresh water withdrawal and management plan;

(11) a plan for the handling, storage, transportation, and disposal or reuse of hydraulic fracturing fluids and hydraulic fracturing flowback. The plan shall identify the specific Class II injection well or wells that will be used to dispose of the hydraulic fracturing flowback. The plan shall describe the capacity of the tanks to be used for the capture and storage of flowback and of the lined reserve

pit to be used, if necessary, to temporarily store any flowback in excess of the capacity of the tanks. Identification of the Class II injection well or wells shall be by name, identification number, and specific location and shall include the date of the most recent mechanical integrity test for each Class II injection well;

(12) a well site safety plan to address proper safety measures to be employed during high volume horizontal hydraulic fracturing operations for the protection of persons on the site as well as the general public. Within 15 calendar days after submitting the permit application to the Department, the applicant must provide a copy of the plan to the county or counties in which hydraulic fracturing operations will occur. Within 5 calendar days of its receipt, the Department shall provide a copy of the well site safety plan to the Office of the State Fire Marshal;

(13) a containment plan describing the containment practices and equipment to be used and the area of the well site where containment systems will be employed, and within 5 calendar days of its receipt, the Department shall provide a copy of the containment plan to the Office of the State Fire Marshal;

(14) a casing and cementing plan that describes the casing and cementing practices to be employed, including the size of each string of pipe, the starting point, and

depth to which each string is to be set and the extent to which each string is to be cemented;

(15) a traffic management plan that identifies the anticipated roads, streets, and highways that will be used for access to and egress from the well site. The traffic management plan will include a point of contact to discuss issues related to traffic management. Within 15 calendar days after submitting the permit application to the Department, the applicant must provide a copy of the traffic management plan to the county or counties in which the well site is located, and within 5 calendar days of its receipt, the Department shall provide a copy of the traffic management plan to the Office of the State Fire Marshal;

(16) the names and addresses of all owners of any real property within 1,500 feet of the proposed well site, as disclosed by the records in the office of the recorder of the county or counties;

(17) drafts of the specific public notice and general public notice as required by Section 1-40 of this Act;

(18) a statement that the well site at which the high volume horizontal hydraulic fracturing operation will be conducted will be restored in compliance with Section 240.1181 of Title 62 of the Illinois Administrative Code and Section 1-95 of this Act;

(19) proof of insurance to cover injuries, damages, or loss related to pollution in the amount of at least

\$5,000,000; and

(20) any other relevant information which the Department may, by rule, require.

(c) Where an application is made to conduct high volume horizontal fracturing operations at a well site located within the limits of any city, village, or incorporated town, the application shall state the name of the city, village, or incorporated town and be accompanied with a certified copy of the official consent for the hydraulic fracturing operations to occur from the municipal authorities where the well site is proposed to be located. No permit shall be issued unless consent is secured and filed with the permit application. In the event that an amended location is selected, the original permit shall not be valid unless a new certified consent is filed for the amended location.

(d) The hydraulic fracturing permit application shall be accompanied by a bond as required by subsection (a) of Section 1-65 of this Act.

(e) Each application for a permit under this Act shall include payment of a non-refundable fee of \$13,500. Of this fee, \$11,000 shall be deposited into the Oil and Gas Resource Management ~~Mines and Minerals Regulatory~~ Fund for the Department to use to administer and enforce this Act and otherwise support the operations and programs of the Office of Oil and Gas Resource Management ~~Office of Mines and Minerals~~. The remaining \$2,500 shall be deposited into the Illinois Clean

Water Fund for the Agency to use to carry out its functions under this Act. The Department shall not initiate its review of the permit application until the applicable fee under this subsection (e) has been submitted to and received by the Department.

(f) Each application submitted under this Act shall be signed, under the penalty of perjury, by the applicant or the applicant's designee who has been vested with the authority to act on behalf of the applicant and has direct knowledge of the information contained in the application and its attachments. Any person signing an application shall also sign an affidavit with the following certification:

"I certify, under penalty of perjury as provided by law and under penalty of refusal, suspension, or revocation of a high volume horizontal hydraulic fracturing permit, that this application and all attachments are true, accurate, and complete to the best of my knowledge."

(g) The permit application shall be submitted to the Department in both electronic and hard copy format. The electronic format shall be searchable.

(h) The application for a high volume horizontal hydraulic fracturing permit may be submitted as a combined permit application with the operator's application to drill on a form as the Department shall prescribe. The combined application must include the information required in this Section. If the operator elects to submit a combined permit application,

information required by this Section that is duplicative of information required for an application to drill is only required to be provided once as part of the combined application. The submission of a combined permit application under this subsection shall not be interpreted to relieve the applicant or the Department from complying with the requirements of this Act or the Illinois Oil and Gas Act.

(i) Upon receipt of a permit application, the Department shall have no more than 60 calendar days from the date it receives the permit application to approve, with any conditions the Department may find necessary, or reject the application for the high volume horizontal hydraulic fracturing permit. The applicant may waive, in writing, the 60-day deadline upon its own initiative or in response to a request by the Department.

(j) If at any time during the review period the Department determines that the permit application is not complete under this Act, does not meet the requirements of this Section, or requires additional information, the Department shall notify the applicant in writing of the application's deficiencies and allow the applicant to correct the deficiencies and provide the Department any information requested to complete the application. If the applicant fails to provide adequate supplemental information within the review period, the Department may reject the application.

(Source: P.A. 98-22, eff. 6-17-13; 98-756, eff. 7-16-14.)

(225 ILCS 732/1-65)

Sec. 1-65. Hydraulic fracturing permit; bonds.

(a) An applicant for a high volume horizontal hydraulic fracturing permit under this Act shall provide a bond, executed by a surety authorized to transact business in this State. The bond shall be in the amount of \$50,000 per permit or a blanket bond of \$500,000 for all permits. If the applicant is required to submit a bond to the Department under the Illinois Oil and Gas Act, the applicant's submission of a bond under this Section shall satisfy the bonding requirements provided for in the Illinois Oil and Gas Act. In lieu of a bond, the applicant may provide other collateral securities such as cash, certificates of deposit, or irrevocable letters of credit under the terms and conditions as the Department may provide by rule.

(b) The bond or other collateral securities shall remain in force until the well is plugged and abandoned. Upon abandoning a well to the satisfaction of the Department and in accordance with the Illinois Oil and Gas Act, the bond or other collateral securities shall be promptly released by the Department. Upon the release by the Department of the bond or other collateral securities, any cash or collateral securities deposited shall be returned by the Department to the applicant who deposited it.

(c) If, after notice and hearing, the Department determines that any of the requirements of this Act or rules adopted under this Act or the orders of the Department have not been complied

with within the time limit set by any notice of violation issued under this Act, the permittee's bond or other collateral securities shall be forfeited. Forfeiture under this subsection shall not limit any duty of the permittee to mitigate or remediate harms or foreclose enforcement by the Department or the Agency. In no way will payment under this bond exceed the aggregate penalty as specified.

(d) When any bond or other collateral security is forfeited under the provisions of this Act or rules adopted under this Act, the Department shall collect the forfeiture without delay. The surety shall have 30 days to submit payment for the bond after receipt of notice by the permittee of the forfeiture.

(e) All forfeitures shall be deposited in the Oil and Gas Resource Management ~~Mines and Minerals Regulatory~~ Fund to be used, as necessary, to mitigate or remediate violations of this Act or rules adopted under this Act.

(Source: P.A. 98-22, eff. 6-17-13.)

(225 ILCS 732/1-135)

Sec. 1-135. The Oil and Gas Resource Management ~~Mines and Minerals Regulatory~~ Fund. The Oil and Gas Resource Management ~~Mines and Minerals Regulatory~~ Fund is created as a special fund in the State treasury. All moneys required by this Act to be deposited into the Fund shall be used by the Department to administer and enforce this Act and otherwise support the operations and programs of the Office of Oil and Gas Resource

Public Act 099-0139

SB1458 Enrolled

LRB099 10517 SXM 30744 b

~~Management Office of Mines and Minerals.~~ Investment income that is attributable to the investment of moneys in the Fund shall be retained in the Fund for the uses specified in this Section.

(Source: P.A. 98-22, eff. 6-17-13.)

Section 99. Effective date. This Act takes effect upon becoming law.