

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Oil and Gas Act is amended by  
5 changing Sections 1, 6, and 6.1 and by adding Section 6.3 as  
6 follows:

7 (225 ILCS 725/1) (from Ch. 96 1/2, par. 5401)

8 Sec. 1. Unless the context otherwise requires, the words  
9 defined in this Section have the following meanings as used in  
10 this Act.

11 "Person" means any natural person, corporation,  
12 association, partnership, governmental agency or other legal  
13 entity, receiver, trustee, guardian, executor, administrator,  
14 fiduciary or representative of any kind.

15 "Oil" means natural crude oil or petroleum and other  
16 hydrocarbons, regardless of gravity, which are produced at the  
17 well in liquid form by ordinary production methods or by the  
18 use of an oil and gas separator and which are not the result of  
19 condensation of gas after it leaves the underground reservoir.

20 "Gas" means all natural gas, including casinghead gas, and  
21 all other natural hydrocarbons not defined above as oil.

22 "Pool" means a natural, underground reservoir containing  
23 in whole or in part, a natural accumulation of oil or gas, or

1 both. Each productive zone or stratum of a general structure,  
2 which is completely separated from any other zone or stratum in  
3 the structure, is deemed a separate "pool" as used herein.

4 "Field" means the same general surface area which is  
5 underlaid or appears to be underlaid by one or more pools.

6 "Permit" means the Department's written authorization  
7 allowing a well to be drilled, deepened, converted, or operated  
8 by an owner.

9 "Permittee" means the owner holding or required to hold the  
10 permit, and who is also responsible for paying assessments in  
11 accordance with Section 19.7 of this Act and, where applicable,  
12 executing and filing the bond associated with the well as  
13 principal and who is responsible for compliance with all  
14 statutory and regulatory requirements pertaining to the well.

15 When the right and responsibility for operating a well is  
16 vested in a receiver or trustee appointed by a court of  
17 competent jurisdiction, the permit shall be issued to the  
18 receiver or trustee.

19 "Orphan Well" means a well for which: (1) no fee assessment  
20 under Section 19.7 of this Act has been paid or no other bond  
21 coverage has been provided for 2 consecutive years; (2) no oil  
22 or gas has been produced from the well or from the lease or  
23 unit on which the well is located for 2 consecutive years; and  
24 (3) no permittee or owner can be identified or located by the  
25 Department. Orphaned wells include wells that may have been  
26 drilled for purposes other than those for which a permit is

1 required under this Act if the well is a conduit for oil or  
2 salt water intrusions into fresh water zones or onto the  
3 surface which may be caused by oil and gas operations.

4 "Owner" means the person who has the right to drill into  
5 and produce from any pool, and to appropriate the production  
6 either for the person or for the person and another, or others,  
7 or solely for others, excluding the mineral owner's royalty if  
8 the right to drill and produce has been granted under an oil  
9 and gas lease. An owner may also be a person granted the right  
10 to drill and operate an injection (Class II UIC) well  
11 independent of the right to drill for and produce oil or gas.  
12 When the right to drill, produce, and appropriate production is  
13 held by more than one person, then all persons holding these  
14 rights may designate the owner by a written operating agreement  
15 or similar written agreement. In the absence of such an  
16 agreement, and subject to the provisions of Sections 22.2 and  
17 23.1 through 23.16 of this Act, the owner shall be the person  
18 designated in writing by a majority in interest of the persons  
19 holding these rights.

20 "Department" means the Department of Natural Resources.

21 "Director" means the Director of Natural Resources.

22 "Mining Board" means the State Mining Board in the  
23 Department of Natural Resources, Office of Mines and Minerals.

24 "Mineral Owner's Royalty" means the share of oil and gas  
25 production reserved in an oil and gas lease free of all costs  
26 by an owner of the minerals whether denominated royalty or

1 overriding royalty.

2 "Waste" means "physical waste" as that term is generally  
3 understood in the oil and gas industry, and further includes:

4 (1) the locating, drilling, and producing of any oil or  
5 gas well or wells drilled contrary to the valid order,  
6 rules and regulations adopted by the Department under the  
7 provisions of this Act;

8 (2) permitting the migration of oil, gas, or water from  
9 the stratum in which it is found, into other strata,  
10 thereby ultimately resulting in the loss of recoverable  
11 oil, gas or both;

12 (3) the drowning with water of any stratum or part  
13 thereof capable of producing oil or gas, except for  
14 secondary recovery purposes;

15 (4) the unreasonable damage to underground, fresh or  
16 mineral water supply, workable coal seams, or other mineral  
17 deposits in the operations for the discovery, development,  
18 production, or handling of oil and gas;

19 (5) the unnecessary or excessive surface loss or  
20 destruction of oil or gas resulting from evaporation,  
21 seepage, leakage or fire, especially such loss or  
22 destruction incident to or resulting from the escape of gas  
23 into the open air in excessive or unreasonable amounts,  
24 provided, however, it shall not be unlawful for the  
25 operator or owner of any well producing both oil and gas to  
26 burn such gas in flares when such gas is, under the other

1 provisions of this Act, lawfully produced, and where there  
2 is no market at the well for such escaping gas; and where  
3 the same is used for the extraction of casinghead gas, it  
4 shall not be unlawful for the operator of the plant after  
5 the process of extraction is completed, to burn such  
6 residue in flares when there is no market at such plant for  
7 such residue gas;

8 (6) permitting unnecessary fire hazards;

9 (7) permitting unnecessary damage to or destruction of  
10 the surface, soil, animal, fish or aquatic life or property  
11 from oil or gas operations.

12 "Directional drilling" means controlled directional  
13 drilling where the bottom of the wellbore is intentionally  
14 directed away from the vertical position.

15 "Drilling Unit" means the surface area allocated by an  
16 order or regulation of the Department to the drilling of a  
17 single well for the production of oil or gas from an individual  
18 pool.

19 "Enhanced Recovery Method" means any method used in an  
20 effort to recover hydrocarbons from a pool by injection of  
21 fluids, gases or other substances to maintain, restore or  
22 augment natural reservoir energy, or by introducing immiscible  
23 or miscible gases, chemicals, other substances or heat or by  
24 in-situ combustion, or by any combination thereof.

25 "Horizontal well" means a well with a wellbore drilled  
26 laterally at an angle of at least 80 degrees to the vertical

1 and with a horizontal projection exceeding 100 feet measured  
2 from the initial point of penetration into the productive  
3 formation through the terminus of the lateral in the same  
4 common source of hydrocarbon supply.

5 "Survey" means the Illinois State Geological Survey.

6 "Well-Site Equipment" means any production-related  
7 equipment or materials specific to the well, including motors,  
8 pumps, pump jacks, tanks, tank batteries, separators,  
9 compressors, casing, tubing, and rods.

10 (Source: P.A. 99-78, eff. 7-20-15.)

11 (225 ILCS 725/6) (from Ch. 96 1/2, par. 5409)

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

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

23 (2) To require the person desiring or proposing to  
24 drill, deepen or convert any well for the exploration or  
25 production of oil or gas, for injection or water supply in

1 connection with enhanced recovery projects, for the  
2 disposal of salt water, brine, or other oil or gas field  
3 wastes, or for input, withdrawal, or observation in  
4 connection with the storage of natural gas or other liquid  
5 or gaseous hydrocarbons before commencing the drilling,  
6 deepening or conversion of any such well, to make  
7 application to the Department upon such form as the  
8 Department may prescribe and to comply with the provisions  
9 of this Section. The drilling, deepening or conversion of  
10 any well is hereby prohibited until such application is  
11 made and the applicant is issued a permit therefor as  
12 provided by this Act. Each application for a well permit  
13 shall include the following: (A) The exact location of the  
14 well, (B) the name and address of the manager, operator,  
15 contractor, driller, or any other person responsible for  
16 the conduct of drilling operations, (C) the proposed depth  
17 of the well, (D) lease ownership information, ~~and~~ (E)  
18 Global Positioning System (GPS) surface and bottom hole  
19 locations for all wells drilled utilizing directional or  
20 horizontal drilling techniques, (F) a list of chemicals and  
21 additives intended to be used in the drilling or completion  
22 operations as identified in Section 6.3, and (G) ~~(E)~~ such  
23 other relevant information as the Department may deem  
24 necessary or convenient to effectuate the purposes of this  
25 Act.

26 Additionally, each applicant who has not been issued a

1 permit that is of record on the effective date of this  
2 amendatory Act of 1991, or who has not thereafter made  
3 payments of assessments under Section 19.7 of this Act for  
4 at least 2 consecutive years preceding the application,  
5 shall execute, as principal, and file with the Department a  
6 bond, executed by a surety authorized to transact business  
7 in this State, in an amount estimated to cover the cost of  
8 plugging the well and restoring the well site, but not to  
9 exceed \$5000, as determined by the Department for each  
10 well, or a blanket bond in an amount not to exceed \$100,000  
11 for all wells, before drilling, deepening, converting, or  
12 operating any well for which a permit is required that has  
13 not previously been plugged and abandoned in accordance  
14 with the Act. The Department shall release the bond if the  
15 well, or all wells in the case of a blanket bond, is not  
16 completed but is plugged and the well site restored in  
17 accordance with the Department's rules or is completed in  
18 accordance with the Department's rules and the permittee  
19 pays assessments to the Department in accordance with  
20 Section 19.7 of this Act for 2 consecutive years.

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

25 The sureties on all bonds in effect on the effective  
26 date of this amendatory Act of 1991 shall remain liable as

1           sureties in accordance with their undertakings until  
2           released by the Department from further liability under the  
3           Act. The principal on each bond in effect on the effective  
4           date of this amendatory Act of 1991 shall be released from  
5           the obligation of maintaining the bond if either the well  
6           covered by a surety bond has been plugged and the well site  
7           restored in accordance with the Department's rules or the  
8           principal of the surety has paid the initial assessment in  
9           accordance with Section 19.7 and no well or well site  
10          covered by the surety bond is in violation of the Act.

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

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

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

1           Within the 30 day notification period and prior to  
2           operating the well, the new permittee shall pay the  
3           required well transfer fee and, where applicable, file with  
4           the Department the bond required under subsection (2) of  
5           this Section.

6           (4) To require the filing with the ~~State Geological~~  
7           Survey of all geophysical logs, a well drilling report and  
8           drill cuttings or cores, if cores are required, within 90  
9           days after drilling ceases; and to file a completion report  
10          with the Department within 30 days after the date of first  
11          production following initial drilling or any reworking, or  
12          after the plugging of the well, if a dry hole. A copy of  
13          each completion report submitted to the Department shall be  
14          delivered to the ~~State Geological~~ Survey. The Department  
15          and the ~~State Geological~~ Survey shall keep the reports  
16          confidential, if requested in writing by the permittee, for  
17          2 years after the date the permit is issued by the  
18          Department. Horizontal wells or wells drilled utilizing  
19          directional drilling, including, but not limited to, oil  
20          and gas wells, coalbed methane wells, and coal mine methane  
21          wells, shall be prohibited from classification as  
22          confidential. This confidentiality requirement shall not  
23          prohibit the use of the report for research purposes,  
24          provided the ~~State Geological~~ Survey does not publish  
25          specific data or identify the well to which the completion  
26          report pertains. Well drilling reports and completion

1 reports for horizontal wells or wells drilled utilizing  
2 directional drilling shall be subject to the requirements  
3 of Section 6.3.

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

8 (6) To prevent fires.

9 (7) To ascertain and identify the ownership of all oil  
10 and gas wells, producing leases, refineries, tanks,  
11 plants, structures, and all storage and transportation  
12 equipment and facilities.

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

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

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

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

20 (12) To regulate the plugging of wells.

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

24 (14) To require a description in such form as is  
25 determined by the Department of the method of well plugging  
26 for each well, indicating the character of material used

1 and the positions and dimensions of each plug.

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

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

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

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

26 (19) To deposit the amount of any forfeited surety bond

1 or other security in the Plugging and Restoration Fund, a  
2 special fund in the State treasury which is hereby created;  
3 to deposit into the Fund any amounts collected, reimbursed  
4 or recovered by the Department under Sections 19.5, 19.6  
5 and 19.7 of this Act; to accept, receive, and deposit into  
6 the Fund any grants, gifts or other funds which may be made  
7 available from public or private sources and all earnings  
8 received from investment of monies in the Fund; and to make  
9 expenditures from the Fund for the purposes of plugging,  
10 replugging or repairing any well, and restoring the site of  
11 any well, determined by the Department to be abandoned or  
12 ordered by the Department to be plugged, replugged,  
13 repaired or restored under Sections 8a, 19 or 19.1 of this  
14 Act, including expenses in administering the Fund.

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

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

24 (225 ILCS 725/6.1) (from Ch. 96 1/2, par. 5410)

25 Sec. 6.1. When the applicant has complied with all

1 applicable provisions of this Act and the rules of the  
2 Department, the Department shall issue the permit. All  
3 applications for a permit submitted to the Department shall  
4 either be granted, denied, or a deficiency letter issued in  
5 writing within 20 business days after the date of receipt by  
6 the Department, unless the applicant and Department mutually  
7 agree to extend the 20-day period. If granted, the written  
8 permit shall be issued. If a deficiency letter is issued, the  
9 Department shall provide specific requirements for additional  
10 information or documentation needed for the application to be  
11 considered and the permit issued. Upon submission of the  
12 required information and documentation, the same process and  
13 timeframe as provided in this Section shall continue until  
14 either the permit is issued or it is determined that the permit  
15 cannot be issued because of legal or regulatory impediments.  
16 The Department shall respond in a timely manner to any  
17 application or submission of additional information and  
18 documentation after initial submission.

19 On a weekly basis, the Department shall post on its website  
20 a notice indicating all permits issued during the preceding  
21 week. The weekly permit notice shall include the surface and  
22 bottom hole locations for all wells drilled utilizing  
23 directional or horizontal drilling techniques in Global  
24 Positioning System (GPS) decimal degree format.

25 (Source: P.A. 98-926, eff. 9-1-14; 99-131, eff. 1-1-16.)

1 (225 ILCS 725/6.3 new)

2 Sec. 6.3. Horizontal and directional well; drilling and  
3 completion reports; trade secret.

4 (a) Well drilling and completion reports for horizontal  
5 wells or wells drilled using directional drilling shall contain  
6 the following information:

7 (1) the permittee's name as listed in the permit  
8 application;

9 (2) the dates of the drilling or completion operations;

10 (3) the county where the well is located;

11 (4) the well name and Department reference number;

12 (5) the Global Positioning System (GPS) surface and  
13 bottom hole locations for the well;

14 (6) a chemical disclosure report identifying each  
15 chemical and additive used during drilling or completion  
16 operations that includes the following information:

17 (A) the total volume of water used in the drilling  
18 or completion of the well or the type and total volume  
19 of the base fluid used, if the base fluid used is  
20 something other than water;

21 (B) each additive used during the drilling or  
22 completion of the well, including the trade name,  
23 vendor, a brief descriptor of the intended use or  
24 function of each additive, and the Material Safety Data  
25 Sheet, if applicable;

26 (C) each chemical intentionally added to any base

1           fluid used during the drilling or completion of the  
2           well, including the Chemical Abstracts Service number  
3           for each chemical, if applicable; and

4           (D) the actual concentration in the base fluid, in  
5           percent by mass, of each chemical intentionally added  
6           to the base fluid.

7           (b) The Survey and the Department shall make all well  
8           drilling and completion reports subject to this Section public  
9           by posting them on their respective websites within 30 days  
10           after receipt of the reports.

11           (c) When an applicant, permittee, or a person subject to  
12           this Act furnishes chemical disclosure information to the  
13           Survey or Department under this Section under a claim of trade  
14           secret, the person shall submit redacted and un-redacted copies  
15           of the documents containing the information to the Survey or  
16           Department, and the Survey or Department shall use the redacted  
17           copies when posting materials on its website.

18           (d) Upon submission or within 5 calendar days after  
19           submission of chemical disclosure information to the Survey or  
20           Department under this Section under a claim of trade secret,  
21           the person claiming trade secret protection shall provide a  
22           statement of justification of the claim that contains the  
23           following: (i) a detailed description of the procedures used by  
24           the person to safeguard the information from becoming available  
25           to persons other than those selected by the person to have  
26           access to the information for limited purposes; (ii) a detailed

1 statement identifying the persons or class of persons to whom  
2 the information has been disclosed; (iii) a certification  
3 indicating that the person has no knowledge that the  
4 information has ever been published or disseminated or has  
5 otherwise become a matter of general public knowledge; (iv) a  
6 detailed discussion of why the person believes that the  
7 information has competitive value; and (v) any other  
8 information that shall support the claim.

9 (e) Chemical disclosure information furnished under this  
10 Section under a claim of trade secret shall be protected from  
11 disclosure as a trade secret if the Survey or Department  
12 determines that the statement of justification demonstrates  
13 that:

14 (1) the information has not been published,  
15 disseminated, or otherwise become a matter of general  
16 public knowledge; and

17 (2) the information has competitive value.

18 There is a rebuttable presumption that the information has  
19 not been published, disseminated, or otherwise become a matter  
20 of general public knowledge if the person has taken reasonable  
21 measures to prevent the information from becoming available to  
22 persons other than those selected by the person to have access  
23 to the information for limited purposes, and the statement of  
24 justification contains a certification indicating that the  
25 person has no knowledge that the information has ever been  
26 published, disseminated, or otherwise become a matter of

1 general public knowledge.

2 (f) Denial of a trade secret request under this Section  
3 shall be appealable under the Administrative Review Law.

4 (g) A person whose request to inspect or copy a public  
5 record is denied, in whole or in part, because of a grant of  
6 trade secret protection, may file a request for review with the  
7 Public Access Counselor under Section 9.5 of the Freedom of  
8 Information Act or for injunctive or declaratory relief under  
9 Section 11 of the Freedom of Information Act for the purpose of  
10 reviewing whether the Survey or Department properly determined  
11 that the trade secret protection should be granted.

12 (h) Except as otherwise provided in subsections (i) and (j)  
13 of this Section, the Survey or Department must maintain the  
14 confidentiality of chemical disclosure information furnished  
15 under this Section until the Survey or Department receives  
16 official notification of a final order by a reviewing body with  
17 proper jurisdiction that is not subject to further appeal  
18 rejecting a grant of trade secret protection for that  
19 information.

20 (i) The Survey or Department shall adopt rules for the  
21 provision of information furnished under a claim of trade  
22 secret to a health professional who states a need for the  
23 information and articulates why the information is needed. The  
24 health professional may share that information with other  
25 persons as may be professionally necessary, including, but not  
26 limited to, the affected patient, other health professionals

1 involved in the treatment of the affected patient, the affected  
2 patient's family members if the affected patient is unconscious  
3 or a minor who is unable to make medical decisions, the Centers  
4 for Disease Control and Prevention, and other government public  
5 health agencies. Except as otherwise provided in this Section,  
6 any recipient of the information shall not use the information  
7 for purposes other than the health needs asserted in the  
8 request and shall otherwise maintain the information as  
9 confidential. Information so disclosed to a health  
10 professional shall not be construed as publicly available. The  
11 holder of the trade secret may request a confidentiality  
12 agreement consistent with the requirements of this Section from  
13 all health professionals to whom the information is disclosed  
14 as soon as circumstances permit. The rules adopted by the  
15 Survey or Department shall also establish procedures for  
16 providing the information in both emergency and non-emergency  
17 situations.

18 (j) When there is a release of a chemical or additive used  
19 for drilling or completing a well and it is necessary to  
20 protect public health or the environment, the Survey or  
21 Department shall disclose information furnished under a claim  
22 of trade secret to the relevant county public health director  
23 or emergency manager, the relevant fire department chief, the  
24 Director of Public Health, the Director of Agriculture, and the  
25 Director of the Illinois Environmental Protection Agency upon  
26 request by that individual. The Director of Public Health, the

1 Director of the Illinois Environmental Protection Agency, and  
2 the Director of Agriculture may disclose this information to  
3 staff members under the same terms and conditions as apply to  
4 the Survey and Director of Natural Resources. Except as  
5 otherwise provided in this Section, any recipient of the  
6 information shall not use the information for purposes other  
7 than to protect public health or the environment and shall  
8 otherwise maintain the information as confidential.  
9 Information disclosed to staff members shall not be construed  
10 as publicly available. The holder of the trade secret  
11 information may request a confidentiality agreement consistent  
12 with the requirements of this Section from all persons to whom  
13 the information is disclosed as soon as circumstances permit.