



Sen. Rachelle Crowe

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10200SB1095sam001

LRB102 04918 SPS 25455 a

1 AMENDMENT TO SENATE BILL 1095

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1095 by replacing  
3 everything after the enacting clause with the following:

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

6 (225 ILCS 725/1) (from Ch. 96 1/2, par. 5401)

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

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

14 "Oil" means natural crude oil or petroleum and other  
15 hydrocarbons, regardless of gravity, which are produced at the  
16 well in liquid form by ordinary production methods or by the

1 use of an oil and gas separator and which are not the result of  
2 condensation of gas after it leaves the underground reservoir.

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

5 "Pool" means a natural, underground reservoir containing  
6 in whole or in part, a natural accumulation of oil or gas, or  
7 both. Each productive zone or stratum of a general structure,  
8 which is completely separated from any other zone or stratum  
9 in the structure, is deemed a separate "pool" as used herein.

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

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

15 "Permittee" means the owner holding or required to hold  
16 the permit, and who is also responsible for paying assessments  
17 in accordance with Section 19.7 of this Act and, where  
18 applicable, executing and filing the bond associated with the  
19 well as principal and who is responsible for compliance with  
20 all statutory and regulatory requirements pertaining to the  
21 well.

22 When the right and responsibility for operating a well is  
23 vested in a receiver or trustee appointed by a court of  
24 competent jurisdiction, the permit shall be issued to the  
25 receiver or trustee.

26 "Orphan Well" means a well for which: (1) no fee

1 assessment under Section 19.7 of this Act has been paid or no  
2 other bond coverage has been provided for 2 consecutive years;  
3 (2) no oil or gas has been produced from the well or from the  
4 lease or unit on which the well is located for 2 consecutive  
5 years; and (3) no permittee or owner can be identified or  
6 located by the Department. Orphaned wells include wells that  
7 may have been drilled for purposes other than those for which a  
8 permit is required under this Act if the well is a conduit for  
9 oil or salt water intrusions into fresh water zones or onto the  
10 surface which may be caused by oil and gas operations.

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

1 "Department" means the Department of Natural Resources.

2 "Director" means the Director of Natural Resources.

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

5 "Mineral Owner's Royalty" means the share of oil and gas  
6 production reserved in an oil and gas lease free of all costs  
7 by an owner of the minerals whether denominated royalty or  
8 overriding royalty.

9 "Coal mine gas well" means a well drilled into a mine void  
10 for the production of gas from an abandoned coal mine.

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

13 (1) the locating, drilling, and producing of any oil  
14 or gas well or wells drilled contrary to the valid order,  
15 rules and regulations adopted by the Department under the  
16 provisions of this Act;

17 (2) permitting the migration of oil, gas, or water  
18 from the stratum in which it is found, into other strata,  
19 thereby ultimately resulting in the loss of recoverable  
20 oil, gas or both;

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

24 (4) the unreasonable damage to underground, fresh or  
25 mineral water supply, workable coal seams, or other  
26 mineral deposits in the operations for the discovery,

1 development, production, or handling of oil and gas;

2 (5) the unnecessary or excessive surface loss or  
3 destruction of oil or gas resulting from evaporation,  
4 seepage, leakage or fire, especially such loss or  
5 destruction incident to or resulting from the escape of  
6 gas into the open air in excessive or unreasonable  
7 amounts, provided, however, it shall not be unlawful for  
8 the operator or owner of any well producing both oil and  
9 gas to burn such gas in flares when such gas is, under the  
10 other provisions of this Act, lawfully produced, and where  
11 there is no market at the well for such escaping gas; and  
12 where the same is used for the extraction of casinghead  
13 gas, it shall not be unlawful for the operator of the plant  
14 after the process of extraction is completed, to burn such  
15 residue in flares when there is no market at such plant for  
16 such residue gas;

17 (6) permitting unnecessary fire hazards;

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

21 "Drilling Unit" means the surface area allocated by an  
22 order or regulation of the Department to the drilling of a  
23 single well for the production of oil or gas from an individual  
24 pool.

25 "Enhanced Recovery Method" means any method used in an  
26 effort to recover hydrocarbons from a pool by injection of

1 fluids, gases or other substances to maintain, restore or  
2 augment natural reservoir energy, or by introducing immiscible  
3 or miscible gases, chemicals, other substances or heat or by  
4 in-situ combustion, or by any combination thereof.

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

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

10 (225 ILCS 725/6) (from Ch. 96 1/2, par. 5409)

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

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

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

1 disposal of salt water, brine, or other oil or gas field  
2 wastes, or for input, withdrawal, or observation in  
3 connection with the storage of natural gas or other liquid  
4 or gaseous hydrocarbons before commencing the drilling,  
5 deepening or conversion of any such well, to make  
6 application to the Department upon such form as the  
7 Department may prescribe and to comply with the provisions  
8 of this Section. The drilling, deepening or conversion of  
9 any well is hereby prohibited until such application is  
10 made and the applicant is issued a permit therefor as  
11 provided by this Act. Each application for a well permit  
12 shall include the following: (A) The exact location of the  
13 well, (B) the name and address of the manager, operator,  
14 contractor, driller, or any other person responsible for  
15 the conduct of drilling operations, (C) the proposed depth  
16 of the well, (D) lease ownership information, and (E) such  
17 other relevant information as the Department may deem  
18 necessary or convenient to effectuate the purposes of this  
19 Act.

20 Additionally, each applicant who has not been issued a  
21 permit that is of record on the effective date of this  
22 amendatory Act of 1991, or who has not thereafter made  
23 payments of assessments under Section 19.7 of this Act for  
24 at least 2 consecutive years preceding the application,  
25 shall execute, as principal, and file with the Department  
26 a bond, executed by a surety authorized to transact

1 business in this State, in an amount estimated to cover  
2 the cost of plugging the well and restoring the well site,  
3 but not to exceed \$5000, as determined by the Department  
4 for each well, or a blanket bond in an amount not to exceed  
5 \$100,000 for all wells, before drilling, deepening,  
6 converting, or operating any well for which a permit is  
7 required that has not previously been plugged and  
8 abandoned in accordance with the Act. The Department shall  
9 release the bond if the well, or all wells in the case of a  
10 blanket bond, is not completed but is plugged and the well  
11 site restored in accordance with the Department's rules or  
12 is completed in accordance with the Department's rules and  
13 the permittee pays assessments to the Department in  
14 accordance with Section 19.7 of this Act for 2 consecutive  
15 years.

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

20 The sureties on all bonds in effect on the effective  
21 date of this amendatory Act of 1991 shall remain liable as  
22 sureties in accordance with their undertakings until  
23 released by the Department from further liability under  
24 the Act. The principal on each bond in effect on the  
25 effective date of this amendatory Act of 1991 shall be  
26 released from the obligation of maintaining the bond if



1       either the well covered by a surety bond has been plugged  
2       and the well site restored in accordance with the  
3       Department's rules or the principal of the surety has paid  
4       the initial assessment in accordance with Section 19.7 and  
5       no well or well site covered by the surety bond is in  
6       violation of the Act.

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

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

15       (3) To require the person assigning, transferring, or  
16       selling any well for which a permit is required under this  
17       Act to notify the Department of the change of ownership.  
18       The notification shall be on a form prescribed by the  
19       Department, shall be executed by the current permittee and  
20       by the new permittee, or their authorized representatives,  
21       and shall be filed with the Department within 30 days  
22       after the effective date of the assignment, transfer or  
23       sale. Within the 30 day notification period and prior to  
24       operating the well, the new permittee shall pay the  
25       required well transfer fee and, where applicable, file  
26       with the Department the bond required under subsection (2)

1 of this Section.

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

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

22 (6) To prevent fires.

23 (7) To ascertain and identify the ownership of all oil  
24 and gas wells, producing leases, refineries, tanks,  
25 plants, structures, and all storage and transportation  
26 equipment and facilities.

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

3           (9) To regulate or prohibit the use of vacuum. The  
4 rules shall, at a minimum, ensure that an applicant for a  
5 permit for use of a vacuum on a coal mine gas well, prior  
6 to the issuance of any such permit: (A) provides a mine map  
7 of the abandoned coal mine to which the vacuum is to be  
8 applied; (B) demonstrates that notice of the proposed  
9 vacuum has been provided to all owners and permittees of  
10 the abandoned coal mine; (C) demonstrates that owners and  
11 permittees have had an opportunity to object to the use of  
12 the proposed vacuum; and (D) demonstrates that the  
13 applicant is the owner of a minimum of 51% of the mapped  
14 surface area of the abandoned coal mine into which the  
15 coal mine gas well is drilled.

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  
26 plugging for each well, indicating the character of

1 material used and the positions and dimensions of each  
2 plug.

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

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

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

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

1           (19) To deposit the amount of any forfeited surety  
2           bond or other security in the Plugging and Restoration  
3           Fund, a special fund in the State treasury which is hereby  
4           created; to deposit into the Fund any amounts collected,  
5           reimbursed or recovered by the Department under Sections  
6           19.5, 19.6 and 19.7 of this Act; to accept, receive, and  
7           deposit into the Fund any grants, gifts or other funds  
8           which may be made available from public or private sources  
9           and all earnings received from investment of monies in the  
10          Fund; and to make expenditures from the Fund for the  
11          purposes of plugging, replugging or repairing any well,  
12          and restoring the site of any well, determined by the  
13          Department to be abandoned or ordered by the Department to  
14          be plugged, replugged, repaired or restored under Sections  
15          8a, 19 or 19.1 of this Act, including expenses in  
16          administering the Fund.

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

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