



Rep. John E. Bradley

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1 AMENDMENT TO SENATE BILL 1715

2 AMENDMENT NO. _____. Amend Senate Bill 1715 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 1.

5 Section 1-1. Short title. This Act may be cited as the
6 Hydraulic Fracturing Regulatory Act.

7 Section 1-5. Definitions. For the purposes of this Act,
8 unless the context otherwise requires:

9 "Agency" means the Illinois Environmental Protection
10 Agency.

11 "Aquatic life" means all fish, reptiles, amphibians,
12 crayfish, and mussels.

13 "Aquifer" means saturated (with groundwater) soils and
14 geologic materials that are sufficiently permeable to readily
15 yield economically useful quantities (at least 70 gallons per

1 minute) of fresh water to wells, springs, or streams under
2 ordinary hydraulic gradients. "Aquifer" is limited to aquifers
3 identified as major sand and gravel aquifers in the Illinois
4 State Water Survey's Illinois Community Water Supply Wells map,
5 Map Series 2006-01.

6 "Base fluid" means the continuous phase fluid type,
7 including, but not limited to, water used in a high volume
8 horizontal hydraulic fracturing operation.

9 "BTEX" means benzene, toluene, ethylbenzene, and xylene.

10 "Chemical" means any element, chemical compound, or
11 mixture of elements or compounds that has its own specific name
12 or identity, such as a Chemical Abstracts Service number,
13 regardless of whether the chemical is subject to the
14 requirements of paragraph (2) of subsection (g) of 29 Code of
15 Federal Regulations §1910.1200.

16 "Chemical Abstracts Service" means the division of the
17 American Chemical Society that is the globally recognized
18 authority for information on chemical substances.

19 "Chemical Abstracts Service number" or "CAS number" means
20 the unique identification number assigned to a chemical by the
21 Chemical Abstracts Service.

22 "Completion combustion device" means any ignition device,
23 installed horizontally or vertically, used in exploration and
24 production operations to combust otherwise vented emissions.

25 "Delineation well" means a well drilled in order to
26 determine the boundary of a field or producing reservoir.

1 "Department" means the Illinois Department of Natural
2 Resources.

3 "Diesel" means a substance having any one of the following
4 Chemical Abstracts Service Registry numbers: 68334-30-5;
5 68476-34-6; 68476-30-2; 68476-31-3; 8008-20-6; or 68410-00-4.

6 "Diesel" includes any additional substances regulated by the
7 United States Environmental Protection Agency as diesel fuel
8 used in hydraulic fracturing activities under the federal Safe
9 Drinking Water Act.

10 "Director" means the Director of Natural Resources.

11 "Enhanced oil recovery operation" means any secondary or
12 tertiary recovery method used in an effort to recover
13 hydrocarbons from a pool by injection of fluids, gases or other
14 substances to maintain, restore, or augment natural reservoir
15 energy, or by introducing gases, chemicals, other substances,
16 or heat, or by in-situ combustion, or by any combination
17 thereof.

18 "Flare" means a thermal oxidation system using an open,
19 enclosed, or semi-enclosed flame. "Flare" does not include
20 completion combustion devices as defined in this Section.

21 "Flowback period" means the process of allowing fluids to
22 flow from a well following a treatment, either in preparation
23 for a subsequent phase of treatment or in preparation for
24 cleanup and returning the well to production. "Flowback period"
25 begins when the material the hydraulic fracturing fluid returns
26 to the surface following hydraulic fracturing or

1 re-fracturing. "Flowback period" ends with either well shut in
2 or when the well is producing continuously to the flow line or
3 to a storage vessel for collection, whichever occurs first.

4 "Fresh water" means surface and subsurface water in its
5 natural state that is suitable for drinking water for human
6 consumption, domestic livestock, irrigation, industrial,
7 municipal and recreational purposes, that is capable of
8 supporting aquatic life, and contains less than 10,000 ppm
9 total dissolved solids.

10 "Gas" means all natural gas, including casinghead gas, and
11 all other natural hydrocarbons not defined as oil.

12 "Groundwater" means any water below the land surface that
13 is within the saturated zone or geologic materials where the
14 fluid pressure in the pore space is equal to or greater than
15 atmospheric pressure.

16 "Health professional" means a physician, physician
17 assistant, nurse practitioner, a registered professional
18 nurse, emergency medical technician, or other individual
19 appropriately licensed or registered to provide health care
20 services.

21 "High volume horizontal hydraulic fracturing operations"
22 means all stages of a stimulation treatment of a horizontal
23 well as defined by this Act by the pressurized application of
24 more than 80,000 gallons per stage or more than 300,000 gallons
25 total of hydraulic fracturing fluid and proppant to initiate or
26 propagate fractures in a geologic formation to enhance

1 extraction or production of oil or gas.

2 "High volume horizontal hydraulic fracturing permit" means
3 the permit issued by the Department under this Act allowing
4 high volume horizontal hydraulic fracturing operations to
5 occur at a well site.

6 "High volume horizontal hydraulic fracturing treatment"
7 shall have the same definition as "High volume horizontal
8 hydraulic fracturing operations".

9 "Horizontal well" means a well with a wellbore drilled
10 laterally at an angle of at least 80 degrees to the vertical
11 and with a horizontal projection exceeding 100 feet measured
12 from the initial point of penetration into the productive
13 formation through the terminus of the lateral in the same
14 common source of hydrocarbon supply.

15 "Hydraulic fracturing additive" means any chemical
16 substance or combination of chemicals, including, but not
17 limited to, any chemical or proppant that is added to a base
18 fluid for the purposes of preparing a hydraulic fracturing
19 fluid for a high volume horizontal hydraulic fracturing
20 operation.

21 "Hydraulic fracturing flowback" means all hydraulic
22 fracturing fluid and other fluids that return to the surface
23 after a stage of high volume horizontal hydraulic fracturing
24 operations has been completed and prior to the well being
25 placed in production.

26 "Hydraulic fracturing fluid" means the mixture of the base

1 fluid and all the hydraulic fracturing additives, used to
2 perform high volume horizontal hydraulic fracturing.

3 "Hydraulic fracturing string" means any pipe or casing
4 string used for the transport of hydraulic fracturing fluids
5 during the conduct of the high volume horizontal hydraulic
6 fracturing operations.

7 "Intake" means a pipe or other means to withdraw raw water
8 from a water source.

9 "Landowner" means the legal title holder or owner of real
10 property and includes an owner of an undivided interest, a life
11 tenant, a remainderman, a public or private corporation, a
12 trustee under an active trust, and the holder of the beneficial
13 interest under a land trust. "Landowner" does not include a
14 mortgagee, a trustee under a trust deed in the nature of a
15 mortgage, a lien holder, or a lessee.

16 "Low pressure well" means a well with reservoir pressure
17 and vertical well depth such that 0.445 times the reservoir
18 pressure (in psia) minus 0.038 times the vertical well depth
19 (in feet) minus 67.578 psia is less than the flow line pressure
20 at the sales meter.

21 "Nature preserve" shall have the same meaning as provided
22 in Section 3.11 of the Illinois Natural Areas Preservation Act.

23 "Oil" means natural crude oil or petroleum and other
24 hydrocarbons, regardless of gravity, which are produced at the
25 well in liquid form by ordinary production methods or by the
26 use of an oil and gas separator and which are not the result of

1 condensation of gas after it leaves the underground reservoir.

2 "Operator" means the individual or entity controlling the
3 right to drill or produce a horizontal well in accordance with
4 the requirements of the Illinois Oil and Gas Act.

5 "Owner" shall have the same meaning as provided in Section
6 1 of the Illinois Oil and Gas Act.

7 "Perennial stream" means a stream that has continuous flow
8 in its stream bed during all of the calendar year.

9 "Permit" means a high volume horizontal hydraulic
10 fracturing permit.

11 "Permittee" means a person holding a high volume horizontal
12 hydraulic fracturing permit under this Act.

13 "Person" means any individual, partnership,
14 co-partnership, firm, company, limited liability company,
15 corporation, association, joint stock company, trust, estate,
16 political subdivision, state agency, or any other legal entity
17 or their legal representative, agent, or assigns.

18 "Pollution or diminution" means:

19 (1) in groundwater, any of the following:

20 (A) detection of benzene or any other carcinogen in
21 any Class I, Class II, or Class III groundwater;

22 (B) detection of any constituent in item (i) of
23 subparagraph (A) of paragraph (3) of subsection (a) of
24 35 Ill. Adm. Code 620.310 equal to or above the listed
25 preventive response criteria in any Class I, Class II,
26 or Class III groundwater;

1 (C) detection of any constituent in 35 Ill. Adm.
2 Code 620.410 (a), (b), (c), (d) or (e) equal to or
3 above the listed standard in any Class I, Class II, or
4 Class III groundwater;

5 (D) detection of any constituent in Class III
6 groundwater equal to or above a standard established
7 under 35 Ill. Adm. Code 620.260; or

8 (E) detection of any constituent in Class I, Class
9 II, or Class III groundwater equal to or above a
10 cleanup objective listed in 35 Ill. Adm. Code 742.

11 (2) in surface water, exceeding any applicable numeric
12 or narrative standard in 35 Ill. Adm. Code Part 302 or Part
13 304.

14 "Produced water" means water, regardless of chloride and
15 total dissolved solids content, that is produced in conjunction
16 with oil or natural gas production or natural gas storage
17 operations, but does not include hydraulic fracturing
18 flowback.

19 "Proppant" means sand or any natural or man-made material
20 that is used during high volume horizontal hydraulic fracturing
21 operations to prop open the artificially created or enhanced
22 fractures.

23 "Public water supply" means all mains, pipes, and
24 structures through which water is obtained and distributed to
25 the public, including wells and well structures, intakes and
26 cribs, pumping stations, treatment plants, reservoirs, and

1 storage tanks and appurtenances, collectively or severally,
2 actually used or intended for use for the purpose of furnishing
3 water for drinking or general domestic use, and which serves at
4 least 15 service connections or which regularly serves at least
5 25 persons at least 60 days per year.

6 "Register of Land and Water Reserves" means the list of
7 areas registered in accordance with Section 16 of the Illinois
8 Natural Areas Preservation Act and Part 4010 of Title 17 of the
9 Illinois Administrative Code.

10 "Release" means any spilling, leaking, pumping, pouring,
11 emitting, emptying, discharging, injecting, escaping,
12 leaching, dumping, or disposing into the environment.

13 "Serious violation" means any violation set forth in 62
14 Ill. Adm. Code 240.140(c).

15 "Service connection" means the opening, including all
16 fittings and appurtenances, at the water main through which
17 water is supplied to the user.

18 "Surface water" means all water that is open to the
19 atmosphere and subject to surface runoff.

20 "Total water volume" means the total quantity of water from
21 all sources used in the high volume horizontal hydraulic
22 fracturing operations, including surface water, groundwater,
23 produced water, or recycled water.

24 "True vertical depth" or "TVD" means the vertical distance
25 from a depth in a planned or existing wellbore or well to a
26 point at the surface.

1 "Water pollution" means any alteration of the physical,
2 thermal, chemical, biological, or radioactive properties of
3 any waters of the State, or the discharge of any contaminant
4 into any water of the State, as will or is likely to create a
5 nuisance or render the waters harmful, detrimental, or
6 injurious to public health, safety, or welfare, or to domestic,
7 commercial, industrial, agricultural, recreational, or other
8 legitimate uses, or to livestock, wild animals, birds, or fish
9 or other aquatic life.

10 "Water source" means (1) any existing water well or
11 developed spring used for human or domestic animal consumption,
12 or (2) any river, perennial stream, aquifer, natural or
13 artificial lake, pond, wetland listed on the Register of Land
14 and Water Reserves, or reservoir.

15 "Well" means any drill hole required to be permitted under
16 the Illinois Oil and Gas Act.

17 "Well site" means surface areas, including the well,
18 occupied by all equipment or facilities necessary for or
19 incidental to high volume horizontal hydraulic fracturing
20 operations, drilling, production, or plugging a well.

21 "Wildcat well" means a well outside known fields or the
22 first well drilled in an oil or gas field where no other oil
23 and gas production exists.

24 "Wildlife" means any bird or mammal that are by nature wild
25 by way of distinction from those that are naturally tame and
26 are ordinarily living unconfined in a state of nature without

1 the care of man.

2 Section 1-10. Intergovernmental cooperation. The
3 Department shall have the primary authority to administer the
4 provisions of this Act. The Illinois State Geological Survey,
5 the Illinois State Water Survey, the Office of the State Fire
6 Marshal, and the Agency shall be advised of high volume
7 horizontal hydraulic fracturing permit applications received
8 by the Department and lend assistance as required by the
9 provisions of this Act.

10 Section 1-15. Powers and duties.

11 (a) Except as otherwise provided, the Department shall
12 enforce this Act and all rules and orders adopted in accordance
13 with this Act.

14 (b) Except as otherwise provided, the Department shall have
15 jurisdiction and authority over all persons and property
16 necessary to enforce the provisions of this Act effectively. In
17 aid of this jurisdiction, the Director, or anyone designated in
18 writing by the Director, shall have the authority to administer
19 oaths and to issue subpoenas for the production of records or
20 other documents and for the attendance of witnesses at any
21 proceedings of the Department.

22 (c) The Department may authorize any employee of the
23 Department, qualified by training and experience, to perform
24 the powers and duties set forth in this Act.

1 (d) For the purpose of determining compliance with the
2 provisions of this Act and any orders or rules entered or
3 adopted under this Act, the Department shall have the right at
4 all times to go upon and inspect properties where high volume
5 horizontal hydraulic fracturing operations are being or have
6 been conducted.

7 (e) The Department shall make any inquiries as it may deem
8 proper to determine whether a violation of this Act or any
9 orders or rules entered or adopted under this Act exists or is
10 imminent. In the exercise of these powers, the Department shall
11 have the authority to collect data; require testing and
12 sampling; to make investigation and inspections; to examine
13 properties, including records and logs; to examine, check, and
14 test hydrocarbon wells; to hold hearings; to adopt
15 administrative rules; and to take any action as may be
16 reasonably necessary to enforce this Act.

17 (f) Except as otherwise provided, the Department may
18 specify the manner in which all information required to be
19 submitted under this Act is submitted.

20 Section 1-20. Applicability. Except as provided in Section
21 1-98 of this Act, this Act applies to all wells where high
22 volume horizontal hydraulic fracturing operations are planned,
23 have occurred, or are occurring in this State. The provisions
24 of this Act shall be in addition to the provisions of the
25 Illinois Oil and Gas Act. However, if there is a conflict, the

1 provisions of the Illinois Oil and Gas Act are superseded by
2 this Act.

3 Section 1-25. Setbacks and prohibitions.

4 (a) Except as otherwise provided in this Section, no well
5 site where high volume horizontal hydraulic fracturing
6 operations are proposed, planned, or occurring may be located
7 as follows. Unless specified otherwise, all distances shall be
8 measured from the closest edge of the well site:

9 (1) within 500 feet measured horizontally from any
10 residence or place of worship unless the owner of the
11 residence or the governing body of the place of worship
12 otherwise expressly agrees in writing to a closer well
13 location;

14 (2) within 500 feet measured horizontally from the edge
15 of the property line from any school, hospital, or licensed
16 nursing home facility;

17 (3) within 500 feet measured horizontally from the
18 surface location of any existing water well or developed
19 spring used for human or domestic animal consumption,
20 unless the owner or owners of the well or developed spring
21 otherwise expressly agrees or agree in writing to a closer
22 well location;

23 (4) within 300 feet measured horizontally from the
24 center of a perennial stream or from the ordinary high
25 water mark of any river, natural or artificial lake, pond,

1 or reservoir;

2 (5) within 750 feet of a nature preserve or a site on
3 the Register of Land and Water Reserves;

4 (6) within 1,500 feet of a surface water or groundwater
5 intake of a public water supply; the distance from the
6 public water supply as identified by the Department shall
7 be measured as follows:

8 (A) For a surface water intake on a lake or
9 reservoir, the distance shall be measured from the
10 intake point on the lake or reservoir.

11 (B) For a surface water intake on a flowing stream,
12 the distance shall be measured from a semicircular
13 radius extending upstream of the surface water intake.

14 (C) For a groundwater source, the distance shall be
15 measured from the surface location of the wellhead or
16 the ordinary high water mark of the spring.

17 The distance restrictions under this subsection (a) shall
18 be determined as conditions exist at the time of the submission
19 of the permit application under this Act.

20 (b) Notwithstanding any other provision of this Section,
21 the owner of a water source identified in paragraph (4) of
22 subsection (a) of this Section that is wholly contained within
23 the owner's property may expressly agree in writing to a closer
24 well location.

25 (c) It is unlawful to inject or discharge hydraulic
26 fracturing fluid, produced water, BTEX, diesel, or petroleum

1 distillates into fresh water.

2 (d) It is unlawful to perform any high volume horizontal
3 hydraulic fracturing operations by knowingly or recklessly
4 injecting diesel.

5 Section 1-30. High volume horizontal hydraulic fracturing
6 permit required.

7 (a) Notwithstanding any other provision of law, a person
8 may not drill, deepen, or convert a horizontal well where high
9 volume horizontal hydraulic fracturing operations are planned
10 or occurring or convert a vertical well into a horizontal well
11 where high volume horizontal hydraulic fracturing operations
12 are planned in this State, unless the person has been issued a
13 permit by the Department under this Act and has obtained all
14 applicable authorizations required by the Illinois Oil and Gas
15 Act.

16 (b) If multiple wells are to be stimulated using high
17 volume horizontal hydraulic fracturing operations from a
18 single well site, then a separate permit shall be obtained for
19 each well at the site.

20 Section 1-35. High volume horizontal hydraulic fracturing
21 permit application.

22 (a) Every applicant for a permit under this Act shall first
23 register with the Department at least 30 days before applying
24 for a permit. The Department shall make available a

1 registration form within 90 days after the effective date of
2 this Act. The registration form shall require the following
3 information:

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

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

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

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

22 (b) Every applicant for a permit under this Act must submit
23 the following information to the Department on an application
24 form provided by the Department:

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

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

3 (3) a statement whether the proposed location of the
4 well site is in compliance with the requirements of Section
5 1-25 of this Act and a plat, which shows the proposed
6 surface location of the well site, providing the distance
7 in feet, from the surface location of the well site to the
8 features described in subsection (a) of Section 1-25 of
9 this Act;

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

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

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

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

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

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

24 (5) the estimated depth and elevation, according to the
25 most recent publication of the Illinois State Geological
26 Survey of Groundwater for the location of the well, of the

1 lowest potential fresh water along the entire length of the
2 proposed wellbore;

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

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

11 (B) the anticipated surface treating pressure
12 range;

13 (C) the maximum anticipated injection treating
14 pressure;

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

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

19 (7) plat showing all known previous well bores within
20 750 feet of any part of the horizontal well bore that
21 penetrated within 400 vertical feet of the formation that
22 will be stimulated as part of the high volume horizontal
23 hydraulic fracturing operations;

24 (8) unless the applicant documents why the information
25 is not available at the time the application is submitted,
26 a chemical disclosure report identifying each chemical and

1 proppant anticipated to be used in hydraulic fracturing
2 fluid for each stage of the hydraulic fracturing operations
3 including the following:

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

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

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

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

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

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

26 (A) the source of the water, such as surface or

1 groundwater, anticipated to be used for water
2 withdrawals, and the anticipated withdrawal location;

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

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

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

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

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

18 (11) a plan for the handling, storage, transportation,
19 and disposal or reuse of hydraulic fracturing fluids and
20 hydraulic fracturing flowback. The plan shall identify the
21 specific Class II injection well or wells that will be used
22 to dispose of the hydraulic fracturing flowback. The plan
23 shall describe the capacity of the tanks to be used for the
24 capture and storage of flowback and of the lined reserve
25 pit to be used, if necessary, to temporarily store any
26 flowback in excess of the capacity of the tanks.

1 Identification of the Class II injection well or wells
2 shall be by name, identification number, and specific
3 location and shall include the date of the most recent
4 mechanical integrity test for each Class II injection well;

5 (12) a well site safety plan to address proper safety
6 measures to be employed during high volume horizontal
7 hydraulic fracturing operations for the protection of
8 persons on the site as well as the general public. Within
9 15 calendar days after submitting the permit application to
10 the Department, the applicant must provide a copy of the
11 plan to the county or counties in which hydraulic
12 fracturing operations will occur. Within 5 calendar days of
13 its receipt, the Department shall provide a copy of the
14 well site safety plan to the Office of the State Fire
15 Marshal;

16 (13) a containment plan describing the containment
17 practices and equipment to be used and the area of the well
18 site where containment systems will be employed, and within
19 5 calendar days of its receipt, the Department shall
20 provide a copy of the containment plan to the Office of the
21 State Fire Marshal;

22 (14) a casing and cementing plan that describes the
23 casing and cementing practices to be employed, including
24 the size of each string of pipe, the starting point, and
25 depth to which each string is to be set and the extent to
26 which each string is to be cemented;

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

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

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

18 (18) statement that the well site at which the high
19 volume horizontal hydraulic fracturing operation will be
20 conducted will be restored in compliance with Section
21 240.1181 of Title 62 of the Illinois Administrative Code
22 and Section 1-95 of this Act;

23 (19) proof of insurance to cover injuries, damages, or
24 loss related to pollution in the amount of at least
25 \$5,000,000; and

26 (20) any other relevant information which the

1 Department may, by rule, require.

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

14 (d) The hydraulic fracturing permit application shall be
15 accompanied by a bond as required by subsection (a) of Section
16 1-65 of this Act.

17 (e) Each application for a permit under this Act shall
18 include payment of a non-refundable fee of \$13,500. Of this
19 fee, \$11,000 shall be deposited into the Mines and Minerals
20 Regulatory Fund for the Department to use to administer and
21 enforce this Act and otherwise support the operations and
22 programs of the Office of Mines and Minerals. The remaining
23 \$2,500 shall be deposited into the Illinois Clean Water Fund
24 for the Agency to use to carry out its functions under this
25 Act. The Department shall not initiate its review of the permit
26 application until the applicable fee under this subsection (e)

1 has been submitted to and received by the Department.

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

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

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

17 (h) The application for a high volume horizontal hydraulic
18 fracturing permit may be submitted as a combined permit
19 application with the operator's application to drill on a form
20 as the Department shall prescribe. The combined application
21 must include the information required in this Section. If the
22 operator elects to submit a combined permit application,
23 information required by this Section that is duplicative of
24 information required for an application to drill is only
25 required to be provided once as part of the combined
26 application. The submission of a combined permit application

1 under this subsection shall not be interpreted to relieve the
2 applicant or the Department from complying with the
3 requirements of this Act or the Illinois Oil and Gas Act.

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

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

21 Section 1-40. Public notice.

22 (a) Within 5 calendar days after the Department's receipt
23 of the high volume horizontal hydraulic fracturing
24 application, the Department shall post notice of its receipt
25 and a copy of the permit application on its website. The notice

1 shall include the dates of the public comment period and
2 directions for interested parties to submit comments.

3 (b) Within 5 calendar days after the Department's receipt
4 of the permit application and notice to the applicant that the
5 high volume horizontal hydraulic fracturing permit application
6 was received, the Department shall provide the Agency, the
7 Office of the State Fire Marshal, Illinois State Water Survey,
8 and Illinois State Geological Survey with notice of the
9 application.

10 (c) The applicant shall provide the following public
11 notice:

12 (1) Applicants shall mail specific public notice by
13 U.S. Postal Service certified mail, return receipt
14 requested, within 3 calendar days after submittal of the
15 high volume horizontal hydraulic fracturing permit
16 application to the Department, to all persons identified as
17 owners of real property within 1,500 feet of the proposed
18 well site, as disclosed by the records in the office of the
19 recorder of the county or counties, and to each
20 municipality and county in which the well site is proposed
21 to be located.

22 (2) Except as otherwise provided in this paragraph (2)
23 of subsection (c), applicants shall provide general public
24 notice by publication, once each week for 2 consecutive
25 weeks, beginning no later than 3 calendar days after
26 submittal of the high volume horizontal hydraulic

1 fracturing permit application to the Department, in a
2 newspaper of general circulation published in each county
3 where the well proposed for high volume hydraulic
4 fracturing operations is proposed to be located.

5 If a well is proposed for high volume hydraulic
6 fracturing operations in a county where there is no daily
7 newspaper of general circulation, applicant shall provide
8 general public notice, by publication, once each week for 2
9 consecutive weeks, in a weekly newspaper of general
10 circulation in that county beginning as soon as the
11 publication schedule of the weekly newspaper permits, but
12 in no case later than 10 days after submittal of the high
13 volume hydraulic fracturing permit application to the
14 Department.

15 (3) The specific and general public notices required
16 under this subsection shall contain the following
17 information:

18 (A) the name and address of the applicant;

19 (B) the date the application for a high volume
20 horizontal hydraulic fracturing permit was filed;

21 (C) the dates for the public comment period and a
22 statement that anyone may file written comments about
23 any portion of the applicant's submitted high volume
24 horizontal hydraulic fracturing permit application
25 with the Department during the public comment period;

26 (D) the proposed well name, reference number

1 assigned by the Department, and the address and legal
2 description of the well site and its unit area;

3 (E) a statement that the information filed by the
4 applicant in their application for a high volume
5 horizontal hydraulic fracturing permit is available
6 from the Department through its website;

7 (F) the Department's website and the address and
8 telephone number for the Department's Oil and Gas
9 Division;

10 (G) a statement that any person having an interest
11 that is or may be adversely affected, any government
12 agency that is or may be affected, or the county board
13 of a county to be affected under a proposed permit, may
14 file written objections to a permit application and may
15 request a public hearing.

16 (d) After providing the public notice as required under
17 paragraph (2) of subsection (c) of this Section, the applicant
18 shall supplement its permit application by providing the
19 Department with a certification and documentation that the
20 applicant fulfilled the public notice requirements of this
21 Section. The Department shall not issue a permit until the
22 applicant has provided the supplemental material required
23 under this subsection.

24 (e) If multiple applications are submitted at the same time
25 for wells located on the same well site, the applicant may use
26 one public notice for all applications provided the notice is

1 clear that it pertains to multiple applications and conforms to
2 the requirements of this Section. Notice shall not constitute
3 standing for purposes of requesting a public hearing or for
4 standing to appeal the decision of the Department in accordance
5 with the Administrative Review Law.

6 Section 1-45. Public comment periods.

7 (a) The public comment period shall begin 7 calendar days
8 after the Department's receipt of the permit application and
9 last for 30 calendar days.

10 (b) Where a public hearing is conducted under Section 1-50
11 of this Act, the Department may provide for an additional
12 public comment period of 15 days as necessary to allow for
13 comments in response to evidence and testimony presented at the
14 hearing. The additional public comment period shall begin on
15 the day after the public hearing.

16 (c) During any public comment period, any person may file
17 written comments to the Department concerning any portion of
18 the permit application and any issue relating to the
19 applicant's compliance with the requirements of the Act and any
20 other applicable laws.

21 (d) The Department may request that the applicant respond
22 to any substantive public comments obtained during the public
23 comment period.

24 Section 1-50. High volume horizontal hydraulic fracturing

1 permit; hearing.

2 (a) When a permit application is submitted to conduct high
3 volume horizontal hydraulic fracturing operations for the
4 first time at a particular well site, any person having an
5 interest that is or may be adversely affected, any government
6 agency that is or may be affected, or the county board of a
7 county to be affected under a proposed permit, may file written
8 objections to the permit application and may request a public
9 hearing during the public comment period established under
10 subsection (a) of Section 1-45 of this Act. The request for
11 hearing shall contain a short and plain statement identifying
12 the person and stating facts demonstrating that the person has
13 an interest that is or may be adversely affected. The
14 Department shall hold a public hearing upon a request under
15 this subsection, unless the request is determined by the
16 Department to (i) lack an adequate factual statement that the
17 person is or may be adversely affected or (ii) be frivolous.

18 (b) Prior to the commencement of a public hearing under
19 this Section, any person who could have requested the hearing
20 under subsection (a) of this Section may petition the
21 Department to participate in the hearing in the same manner as
22 the party requesting the hearing. The petition shall contain a
23 short and plain statement identifying the petitioner and
24 stating facts demonstrating that the petitioner is a person
25 having an interest that is or may be adversely affected. The
26 petitioner shall serve the petition upon the Department. Unless

1 the Department determines that the petition is frivolous, or
2 that the petitioner has failed to allege facts in support of an
3 interest that is or may be adversely affected, the petitioner
4 shall be allowed to participate in the hearing in the same
5 manner as the party requesting the hearing.

6 (c) The public hearing to be conducted under this Section
7 shall comply with the contested case requirements of the
8 Illinois Administrative Procedure Act. The Department shall
9 establish rules and procedures to determine whether any request
10 for a public hearing may be granted in accordance with
11 subsection (a) of this Section, and for the notice and conduct
12 of the public hearing. These procedural rules shall include
13 provisions for reasonable notice to (i) the public and (ii) all
14 parties to the proceeding, which include the applicant, the
15 persons requesting the hearing, and the persons granted the
16 right to participate in the hearing pursuant to subsection (b)
17 of this Section, for the qualifications, powers, and
18 obligations of the hearing officer, and for reasonable
19 opportunity for all the parties to provide evidence and
20 argument, to respond by oral or written testimony to statements
21 and objections made at the public hearing, and for reasonable
22 cross-examination of witnesses. County boards and the public
23 may present their written objections or recommendations at the
24 public hearing. A complete record of the hearings and all
25 testimony shall be made by the Department and recorded
26 stenographically or electronically. The complete record shall

1 be maintained and shall be accessible to the public on the
2 Department's website until final release of the applicant's
3 performance bond.

4 (d) At least 10 calendar days before the date of the public
5 hearing, the Department shall publish notice of the public
6 hearing in a newspaper of general circulation published in the
7 county where the proposed well site will be located.

8 Section 1-53. High volume horizontal hydraulic fracturing
9 permit; determination; judicial review.

10 (a) The Department shall issue a high volume horizontal
11 hydraulic fracturing permit, with any conditions the
12 Department may find necessary, only if the record of decision
13 demonstrates that:

14 (1) the well location restrictions of Section 1-25 of
15 this Act have been satisfied;

16 (2) the application meets the requirements of Section
17 1-35 of this Act;

18 (3) the plans required to be submitted with the
19 application under Section 1-35 of this Act are adequate and
20 effective;

21 (4) the proposed hydraulic fracturing operations will
22 be conducted in a manner that will protect the public
23 health and safety and prevent pollution or diminution of
24 any water source;

25 (5) the work plan required under Section 1-80 of this

1 Act has been submitted to the Department;

2 (6) the applicant or any parent, subsidiary, or
3 affiliate thereof has not failed to abate a violation of
4 this Act or the Illinois Oil and Gas Act;

5 (7) the Class II injection wells to be used for
6 disposal of hydraulic fracturing flowback comply with all
7 applicable requirements for mechanical integrity testing,
8 including that the well has been tested within the previous
9 5 years; and

10 (8) there is no good cause to deny the permit under
11 subsection (a) of Section 1-60 of this Act.

12 (b) For the purpose of determining whether to issue a
13 permit, the Department shall consider and the Department's
14 record of decision shall include:

15 (1) the application for the high volume horizontal
16 hydraulic fracturing permit, including all documentation
17 required by Section 1-35 of this Act;

18 (2) all written comments received during the public
19 comment periods and, if applicable, the complete record
20 from the public hearing held under Section 1-50 of this
21 Act;

22 (3) all information provided by the applicant in
23 response to any public comments; and

24 (4) any information known to the Department as the
25 public entity responsible for regulating high volume
26 horizontal hydraulic fracturing operations, including, but

1 not limited to, inspections of the proposed well site as
2 necessary to ensure adequate review of the application.

3 (c) The Department shall, by U.S. Mail and electronic
4 transmission, provide the applicant with a copy of the high
5 volume horizontal hydraulic fracturing permit as issued or its
6 final administrative decision denying the permit to the
7 applicant and shall, by U.S. Mail or electronic transmission,
8 provide a copy of the permit as issued or the final
9 administrative decision to any person or unit of local
10 government who received specific public notice under Section
11 1-40 of this Act or submitted comments or participated in any
12 public hearing under Section 1-50 of this Act.

13 (d) The Department's decision to approve or deny a high
14 volume horizontal hydraulic fracturing permit shall be
15 considered a final administrative decision subject to judicial
16 review under the Administrative Review Law and the rules
17 adopted under that Law.

18 (e) Following completion of the Department's review and
19 approval process, the Department's website shall indicate
20 whether an individual high volume horizontal hydraulic
21 fracturing permit was approved or denied and provide a copy of
22 the approval or denial.

23 Section 1-55. High volume horizontal hydraulic fracturing
24 permit; conditions; restriction; modifications.

25 (a) Each permit issued by the Department under this Act

1 shall require the permittee to comply with all provisions of
2 this Act and all other applicable local, State, and federal
3 laws, rules, and regulations in effect at the time the permit
4 is issued. All plans submitted with the application under
5 Section 1-35 shall be conditions of the permit.

6 (b) A permit issued under this Act shall continue in effect
7 until plugging and restoration in compliance with this Act and
8 the Illinois Oil and Gas Act are completed to the Department's
9 satisfaction. No permit may be transferred to another person
10 without approval of the Department.

11 (c) No permit issued under this Act may be modified without
12 approval of the Department. If the Department determines that
13 the proposed modifications constitute a significant deviation
14 from the terms of the original application and permit approval,
15 or presents a serious risk to public health, life, property,
16 aquatic life, or wildlife, the Department shall provide the
17 opportunities for notice, comment, and hearing required under
18 Sections 1-45 and 1-50 of this Act. The Department shall
19 provide notice of the proposed modification and opportunity for
20 comment and hearing to the persons who received specific public
21 notice under Section 1-40 of this Act and shall publish the
22 notice and the proposed modification on its website. The
23 Department shall adopt rules regarding procedures for a permit
24 modification.

25 Section 1-60. High volume horizontal hydraulic fracturing

1 permit; denial, suspension, or revocation.

2 (a) The Department may suspend, revoke, or refuse to issue
3 a high volume horizontal hydraulic fracturing permit under this
4 Act for one or more of the following causes:

5 (1) providing incorrect, misleading, incomplete, or
6 materially untrue information in a permit application or
7 any document required to be filed with the Department;

8 (2) violating any condition of the permit;

9 (3) violating any provision of or any regulation
10 adopted under this Act or the Illinois Oil and Gas Act;

11 (4) using fraudulent, coercive, or dishonest
12 practices, or demonstrating incompetence,
13 untrustworthiness, or financial irresponsibility in the
14 conduct of business in this State or elsewhere;

15 (5) having a high volume horizontal hydraulic
16 fracturing permit, or its equivalent, revoked in any other
17 state, province, district, or territory for incurring a
18 material or major violation or using fraudulent or
19 dishonest practices; or

20 (6) an emergency condition exists under which conduct
21 of the high volume horizontal hydraulic fracturing
22 operations would pose a significant hazard to public
23 health, aquatic life, wildlife, or the environment.

24 (b) In every case in which a permit is suspended or
25 revoked, the Department shall serve notice of its action,
26 including a statement of the reasons for the action, either

1 personally or by certified mail, receipt return requested, to
2 the permittee.

3 (c) The order of suspension or revocation of a permit shall
4 take effect upon issuance of the order. The permittee may
5 request, in writing, within 30 days after the date of receiving
6 the notice, a hearing. Except as provided under subsection (d)
7 of this Section, in the event a hearing is requested, the order
8 shall remain in effect until a final order is entered pursuant
9 to the hearing.

10 (d) The order of suspension or revocation of a permit may
11 be stayed if requested by the permittee and evidence is
12 submitted demonstrating that there is no significant threat to
13 the public health, aquatic life, wildlife, or the environment
14 if the operation is allowed to continue.

15 (e) The hearing shall be held at a time and place
16 designated by the Department. The Director of the Department or
17 any administrative law judge designated by him or her have the
18 power to administer oaths and affirmations, subpoena witnesses
19 and compel their attendance, take evidence, and require the
20 production of books, papers, correspondence, and other records
21 or information that he or she considers relevant or material.

22 (f) The costs of the administrative hearing shall be set by
23 rule and shall be borne by the permittee.

24 (g) The Department's decision to suspend or revoke a high
25 volume horizontal hydraulic fracturing permit is subject to
26 judicial review under the Administrative Review Law.

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

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

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

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

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

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

13 (e) All forfeitures shall be deposited in the Mines and
14 Minerals Regulatory Fund to be used, as necessary, to mitigate
15 or remediate violations of this Act or rules adopted under this
16 Act.

17 Section 1-70. Well preparation, construction, and
18 drilling.

19 (a) This Section shall apply to all horizontal wells that
20 are to be completed using high volume horizontal hydraulic
21 fracturing operations under a high volume horizontal hydraulic
22 fracturing permit. The requirements of this Section shall be in
23 addition to any other laws or rules regarding wells and well
24 sites.

25 (b) Site preparation standards shall be as follows:

1 (1) The access road to the well site must be located in
2 accordance with access rights identified in the Illinois
3 Oil and Gas Act and located as far as practical from
4 occupied structures, places of assembly, and property
5 lines of unleased property.

6 (2) Unless otherwise approved or directed by the
7 Department, all topsoil stripped to facilitate the
8 construction of the well pad and access roads must be
9 stockpiled, stabilized, and remain on site for use in
10 either partial or final reclamation. In the event it is
11 anticipated that the final reclamation shall take place in
12 excess of one year from drilling the well the topsoil may
13 be disposed of in any lawful manner provided the operator
14 reclaims the site with topsoil of similar characteristics
15 of the topsoil removed.

16 (3) Piping, conveyances, valves, and tanks in contact
17 with hydraulic fracturing fluid, hydraulic fracturing
18 flowback, or produced water must be constructed of
19 materials compatible with the composition of the hydraulic
20 fracturing fluid, hydraulic fracturing flowback, and
21 produced water.

22 (4) The improvement, construction, or repair of a
23 publicly owned highway or roadway, if undertaken by the
24 owner, operator, permittee, or any other private entity,
25 shall be performed using bidding procedures outlined in the
26 Illinois Department of Transportation rules governing

1 local roads and streets or applicable bidding requirements
2 outlined in the Illinois Procurement Code as though the
3 project were publicly funded.

4 (c) Site maintenance standards shall be as follows:

5 (1) Secondary containment is required for all fueling
6 tanks.

7 (2) Fueling tanks shall be subject to Section 1-25 of
8 this Act.

9 (3) Fueling tank filling operations shall be
10 supervised at the fueling truck and at the tank if the tank
11 is not visible to the fueling operator from the truck.

12 (4) Troughs, drip pads, or drip pans are required
13 beneath the fill port of a fueling tank during filling
14 operations if the fill port is not within the secondary
15 containment required by paragraph (1) of this subsection.

16 (d) All wells shall be constructed, and casing and
17 cementing activities shall be conducted, in a manner that shall
18 provide for control of the well at all times, prevent the
19 migration of oil, gas, and other fluids into the fresh water
20 and coal seams, and prevent pollution or diminution of fresh
21 water. In addition to any of the Department's casing and
22 cementing requirements, the following shall apply:

23 (1) All casings must conform to the current industry
24 standards published by the American Petroleum Institute.

25 (2) Casing thread compound and its use must conform to
26 the current industry standards published by the American

1 Petroleum Institute.

2 (3) Surface casing shall be centralized at the shoe,
3 above and below a stage collar or diverting tool, if run,
4 and through usable-quality water zones. In non-deviated
5 holes, pipe centralization as follows is required: a
6 centralizer shall be placed every fourth joint from the
7 cement shoe to the ground surface or to the bottom of the
8 cellar. All centralizers shall meet specifications in, or
9 equivalent to, API spec 10D, Specification for Bow-Spring
10 Casing Centralizers; API Spec 10 TR4, Technical Report on
11 Considerations Regarding Selection of Centralizers for
12 Primary Cementing Operations; and API RP 10D-2,
13 Recommended Practice for Centralizer Placement and Stop
14 Collar Testing. The Department may require additional
15 centralization as necessary to ensure the integrity of the
16 well design is adequate. All centralizers must conform to
17 the current industry standards published by the American
18 Petroleum Institute.

19 (4) Cement must conform to current industry standards
20 published by the American Petroleum Institute and the
21 cement slurry must be prepared to minimize its free water
22 content in accordance with the current industry standards
23 published by the American Petroleum Institute; the cement
24 must also:

25 (A) secure the casing in the wellbore;

26 (B) isolate and protect fresh groundwater;

1 (C) isolate abnormally pressured zones, lost
2 circulation zones, and any potential flow zones
3 including hydrocarbon and fluid-bearing zones;

4 (D) properly control formation pressure and any
5 pressure from drilling, completion and production;

6 (E) protect the casing from corrosion and
7 degradation; and

8 (F) prevent gas flow in the annulus.

9 (5) Prior to cementing any casing string, the borehole
10 must be circulated and conditioned to ensure an adequate
11 cement bond.

12 (6) A pre-flush or spacer must be pumped ahead of the
13 cement.

14 (7) The cement must be pumped at a rate and in a flow
15 regime that inhibits channeling of the cement in the
16 annulus.

17 (8) Cement compressive strength tests must be
18 performed on all surface, intermediate, and production
19 casing strings; after the cement is placed behind the
20 casing, the operator shall wait on cement to set until the
21 cement achieves a calculated compressive strength of at
22 least 500 pounds per square inch, and a minimum of 8 hours
23 before the casing is disturbed in any way, including
24 installation of a blowout preventer. The cement shall have
25 a 72-hour compressive strength of at least 1,200 psi, and
26 the free water separation shall be no more than 6

1 milliliters per 250 milliliters of cement, tested in
2 accordance with current American petroleum Institute
3 standards.

4 (9) A copy of the cement job log for any cemented
5 casing string in the well shall be maintained in the well
6 file and available to the Department upon request.

7 (10) Surface casing shall be used and set to a depth of
8 at least 200 feet, or 100 feet below the base of the
9 deepest fresh water, whichever is deeper, but no more than
10 200 feet below the base of the deepest fresh water and
11 prior to encountering any hydrocarbon-bearing zones. The
12 surface casing must be run and cemented as soon as
13 practicable after the hole has been adequately circulated
14 and conditioned.

15 (11) The Department must be notified at least 24 hours
16 prior to surface casing cementing operations. Surface
17 casing must be fully cemented to the surface with excess
18 cements. Cementing must be by the pump and plug method with
19 a minimum of 25% excess cement with appropriate lost
20 circulation material, unless another amount of excess
21 cement is approved by the Department. If cement returns are
22 not observed at the surface, the operator must perform
23 remedial actions as appropriate.

24 (12) Intermediate casing must be installed when
25 necessary to isolate fresh water not isolated by surface
26 casing and to seal off potential flow zones, anomalous

1 pressure zones, lost circulation zones and other drilling
2 hazards.

3 Intermediate casing must be set to protect fresh water
4 if surface casing was set above the base of the deepest
5 fresh water, if additional fresh water was found below the
6 surface casing shoe, or both. Intermediate casing used to
7 isolate fresh water must not be used as the production
8 string in the well in which it is installed, and may not be
9 perforated for purposes of conducting a hydraulic fracture
10 treatment through it.

11 When intermediate casing is installed to protect fresh
12 water, the operator shall set a full string of new
13 intermediate casing at least 100 feet below the base of the
14 deepest fresh water and bring cement to the surface. In
15 instances where intermediate casing was set solely to
16 protect fresh water encountered below the surface casing
17 shoe, and cementing to the surface is technically
18 infeasible, would result in lost circulation, or both,
19 cement must be brought to a minimum of 600 feet above the
20 shallowest fresh water zone encountered below the surface
21 casing shoe or to the surface if the fresh water zone is
22 less than 600 feet from the surface. The location and
23 depths of any hydrocarbon-bearing zones or fresh water
24 zones that are open to the wellbore above the casing shoe
25 must be confirmed by coring, electric logs, or testing and
26 must be reported to the Department.

1 In the case that intermediate casing was set for a
2 reason other than to protect strata that contains fresh
3 water, the intermediate casing string shall be cemented
4 from the shoe to a point at least 600 true vertical feet
5 above the shoe. If there is a hydrocarbon bearing zone
6 capable of producing exposed above the intermediate casing
7 shoe, the casing shall be cemented from the shoe to a point
8 at least 600 true vertical feet above the shallowest
9 hydrocarbon bearing zone or to a point at least 200 feet
10 above the shoe of the next shallower casing string that was
11 set and cemented in the well (or to the surface if less
12 than 200 feet).

13 (13) The Department must be notified prior to
14 intermediate casing cementing operations. Cementing must
15 be by the pump and plug method with a minimum of 25% excess
16 cement. A radial cement bond evaluation log, or other
17 evaluation approved by the Department, must be run to
18 verify the cement bond on the intermediate casing. Remedial
19 cementing is required if the cement bond is not adequate
20 for drilling ahead.

21 (14) Production casing must be run and fully cemented
22 to 500 feet above the top perforated zone, if possible. The
23 Department must be notified at least 24 hours prior to
24 production casing cementing operations. Cementing must be
25 by the pump and plug method with a minimum of 25% excess
26 cement.

1 (15) At any time, the Department, as it deems
2 necessary, may require installation of an additional
3 cemented casing string or strings in the well.

4 (16) After the setting and cementing of a casing
5 string, except the conductor casing, and prior to further
6 drilling, the casing string shall be tested with fresh
7 water, mud, or brine to no less than 0.22 psi per foot of
8 casing string length or 1,500 psi, whichever is greater but
9 not to exceed 70% of the minimum internal yield, for at
10 least 30 minutes with less than a 5% pressure loss, except
11 that any casing string that will have pressure exerted on
12 it during stimulation of the well shall be tested to at
13 least the maximum anticipated treatment pressure. If the
14 pressure declines more than 5% or if there are other
15 indications of a leak, corrective action shall be taken
16 before conducting further drilling and high volume
17 horizontal hydraulic fracturing operations. The operator
18 shall contact the Department's District Office for any
19 county in which the well is located at least 24 hours prior
20 to conducting a pressure test to enable an inspector to be
21 present when the test is done. A record of the pressure
22 test must be maintained by the operator and must be
23 submitted to the Department on a form prescribed by the
24 Department prior to conducting high volume horizontal
25 hydraulic fracturing operations. The actual pressure must
26 not exceed the test pressure at any time during high volume

1 horizontal hydraulic fracturing operations.

2 (17) Any hydraulic fracturing string used in the high
3 volume horizontal hydraulic fracturing operations must be
4 either strung into a production liner or run with a packer
5 set at least 100 feet below the deepest cement top and must
6 be tested to not less than the maximum anticipated treating
7 pressure minus the annulus pressure applied between the
8 fracturing string and the production or immediate casing.
9 The pressure test shall be considered successful if the
10 pressure applied has been held for 30 minutes with no more
11 than 5% pressure loss. A function-tested relief valve and
12 diversion line must be installed and used to divert flow
13 from the hydraulic fracturing string-casing annulus to a
14 covered watertight steel tank in case of hydraulic
15 fracturing string failure. The relief valve must be set to
16 limit the annular pressure to no more than 95% of the
17 working pressure rating of the casings forming the annulus.
18 The annulus between the hydraulic fracturing string and
19 casing must be pressurized to at least 250 psi and
20 monitored.

21 (18) After a successful pressure test under paragraph
22 (16) of this subsection, a formation pressure integrity
23 test must be conducted below the surface casing and below
24 all intermediate casing. The operator shall notify the
25 Department's District Office for any county in which the
26 well is located at least 24 hours prior to conducting a

1 formation pressure integrity test to enable an inspector to
2 be present when the test is done. A record of the pressure
3 test must be maintained by the operator and must be
4 submitted to the Department on a form prescribed by the
5 Department prior to conducting high volume horizontal
6 hydraulic fracturing operations. The actual hydraulic
7 fracturing treatment pressure must not exceed the test
8 pressure at any time during high volume horizontal
9 hydraulic fracturing operations.

10 (e) Blowout prevention standards shall be set as follows:

11 (1) The operator shall use blowout prevention
12 equipment after setting casing with a competent casing
13 seat. Blowout prevention equipment shall be in good
14 working condition at all times.

15 (2) The operator shall use pipe fittings, valves,
16 and unions placed on or connected to the blow-out
17 prevention systems that have a working pressure
18 capability that exceeds the anticipated pressures.

19 (3) During all drilling and completion operations
20 when a blowout preventer is installed, tested, or in
21 use, the operator or operator's designated
22 representative shall be present at the well site and
23 that person or personnel shall have a current well
24 control certification from an accredited training
25 program that is acceptable to the Department. The
26 certification shall be available at the well site and

1 provided to the Department upon request.

2 (4) Appropriate pressure control procedures and
3 equipment in proper working order must be properly
4 installed and employed while conducting drilling and
5 completion operations including tripping, logging,
6 running casing into the well, and drilling out
7 solid-core stage plugs.

8 (5) Pressure testing of the blowout preventer and
9 related equipment for any drilling or completion
10 operation must be performed. Testing must be conducted
11 in accordance with current industry standards
12 published by the American Petroleum Institute. Testing
13 of the blowout preventer shall include testing after
14 the blowout preventer is installed on the well but
15 prior to drilling below the last cemented casing seat.
16 Pressure control equipment, including the blowout
17 preventer, that fails any pressure test shall not be
18 used until it is repaired and passes the pressure test.

19 (6) A remote blowout preventer actuator, that is
20 powered by a source other than rig hydraulics, shall be
21 located at least 50 feet from the wellhead and have an
22 appropriate rated working pressure.

23 Section 1-75. High volume horizontal hydraulic fracturing
24 operations.

25 (a) General.

1 (1) During all phases of high volume horizontal
2 hydraulic fracturing operations, the permittee shall
3 comply with all terms of the permit.

4 (2) All phases of high volume horizontal hydraulic
5 fracturing operations shall be conducted in a manner that
6 shall not pose a significant risk to public health, life,
7 property, aquatic life, or wildlife.

8 (3) The permittee shall notify the Department by phone,
9 electronic communication, or letter, at least 48 hours
10 prior to the commencement of high volume horizontal
11 hydraulic fracturing operations.

12 (b) Integrity tests and monitoring.

13 (1) Before the commencement of high volume horizontal
14 hydraulic fracturing operations, all mechanical integrity
15 tests required under subsection (d) of Section 1-70 and
16 this subsection must be successfully completed.

17 (2) Prior to commencing high volume horizontal
18 hydraulic fracturing operations and pumping of hydraulic
19 fracturing fluid, the injection lines and manifold,
20 associated valves, fracture head or tree and any other
21 wellhead component or connection not previously tested
22 must be tested with fresh water, mud, or brine to at least
23 the maximum anticipated treatment pressure for at least 30
24 minutes with less than a 5% pressure loss. A record of the
25 pressure test must be maintained by the operator and made
26 available to the Department upon request. The actual high

1 volume horizontal hydraulic fracturing treatment pressure
2 must not exceed the test pressure at any time during high
3 volume horizontal hydraulic fracturing operations.

4 (3) The pressure exerted on treating equipment
5 including valves, lines, manifolds, hydraulic fracturing
6 head or tree, casing and hydraulic fracturing string, if
7 used, must not exceed 95% of the working pressure rating of
8 the weakest component. The high volume horizontal
9 hydraulic fracturing treatment pressure must not exceed
10 the test pressure of any given component at any time during
11 high volume horizontal hydraulic fracturing operations.

12 (4) During high volume horizontal hydraulic fracturing
13 operations, all annulus pressures, the injection pressure,
14 and the rate of injection shall be continuously monitored
15 and recorded. The records of the monitoring shall be
16 maintained by the operator and shall be provided to the
17 Department upon request at any time during the period up to
18 and including 5 years after the well is permanently plugged
19 or abandoned.

20 (5) High volume horizontal hydraulic fracturing
21 operations must be immediately suspended if any anomalous
22 pressure or flow condition or any other anticipated
23 pressure or flow condition is occurring in a way that
24 indicates the mechanical integrity of the well has been
25 compromised and continued operations pose a risk to the
26 environment. Remedial action shall be undertaken

1 immediately prior to recommencing high volume horizontal
2 hydraulic fracturing operations. The permittee shall
3 notify the Department within 1 hour of suspending
4 operations for any matters relating to the mechanical
5 integrity of the well or risk to the environment.

6 (c) Fluid and waste management.

7 (1) For the purposes of storage at the well site and
8 except as provided in paragraph (2) of this subsection,
9 hydraulic fracturing additives, hydraulic fracturing
10 fluid, hydraulic fracturing flowback, and produced water
11 shall be stored in above-ground tanks during all phases of
12 drilling, high volume horizontal hydraulic fracturing, and
13 production operations until removed for proper disposal.
14 For the purposes of centralized storage off site for
15 potential reuse prior to disposal, hydraulic fracturing
16 additives, hydraulic fracturing fluid, hydraulic
17 fracturing flowback, and produced water shall be stored in
18 above-ground tanks.

19 (2) In accordance with the plan required by paragraph
20 (11) of subsection (b) of Section 1-35 of this Act and as
21 approved by the Department, the use of a reserve pit is
22 allowed for the temporary storage of hydraulic fracturing
23 flowback. The reserve pit shall be used only in the event
24 of a lack of capacity for tank storage due to higher than
25 expected volume or rate of hydraulic fracturing flowback,
26 or other unanticipated flowback occurrence. Any reserve

1 pit must comply with the following construction standards
2 and liner specifications:

3 (A) the synthetic liner material shall have a
4 minimum thickness of 24 mils with high puncture and
5 tear strength and be impervious and resistant to
6 deterioration;

7 (B) the pit lining system shall be designed to have
8 a capacity at least equivalent to 110% of the maximum
9 volume of hydraulic fracturing flowback anticipated to
10 be recovered;

11 (C) the lined pit shall be constructed, installed,
12 and maintained in accordance with the manufacturers'
13 specifications and good engineering practices to
14 prevent overflow during any use;

15 (D) the liner shall have sufficient elongation to
16 cover the bottom and interior sides of the pit with the
17 edges secured with at least a 12 inch deep anchor
18 trench around the pit perimeter to prevent any slippage
19 or destruction of the liner materials; and

20 (E) the foundation for the liner shall be free of
21 rock and constructed with soil having a minimum
22 thickness of 12 inches after compaction covering the
23 entire bottom and interior sides of the pit.

24 (3) Fresh water may be stored in tanks or pits at the
25 election of the operator.

26 (4) Tanks required under this subsection must be

1 above-ground tanks that are closed, watertight, and will
2 resist corrosion. The permittee shall routinely inspect
3 the tanks for corrosion.

4 (5) Hydraulic fracturing fluids and hydraulic
5 fracturing flowback must be removed from the well site
6 within 60 days after completion of high volume horizontal
7 fracturing operations, except that any excess hydraulic
8 fracturing flowback captured for temporary storage in a
9 reserve pit as provided in paragraph (2) of this subsection
10 must be removed from the well site within 7 days.

11 (6) Tanks, piping, and conveyances, including valves,
12 must be constructed of suitable materials, be of sufficient
13 pressure rating, be able to resist corrosion, and be
14 maintained in a leak-free condition. Fluid transfer
15 operations from tanks to tanker trucks must be supervised
16 at the truck and at the tank if the tank is not visible to
17 the truck operator from the truck. During transfer
18 operations, all interconnecting piping must be supervised
19 if not visible to transfer personnel at the truck and tank.

20 (7) Hydraulic fracturing flowback must be tested for
21 volatile organic chemicals, semi-volatile organic
22 chemicals, inorganic chemicals, heavy metals, and
23 naturally occurring radioactive material prior to removal
24 from the site. Testing shall occur once per well site and
25 the analytical results shall be filed with the Department
26 and the Agency, and provided to the liquid oilfield waste

1 transportation and disposal operators. Prior to plugging
2 and site restoration, the ground adjacent to the storage
3 tanks and any hydraulic fracturing flowback reserve pit
4 must be measured for radioactivity.

5 (8) Hydraulic fracturing flowback may only be disposed
6 of by injection into a Class II injection well that is
7 below interface between fresh water and naturally
8 occurring Class IV groundwater. Produced water may be
9 disposed of by injection in a permitted enhanced oil
10 recovery operation. Hydraulic fracturing flowback and
11 produced water may be treated and recycled for use in
12 hydraulic fracturing fluid for high volume horizontal
13 hydraulic fracturing operations.

14 (9) Discharge of hydraulic fracturing fluids,
15 hydraulic fracturing flowback, and produced water into any
16 surface water or water drainage way is prohibited.

17 (10) Transport of all hydraulic fracturing fluids,
18 hydraulic fracturing flowback, and produced water by
19 vehicle for disposal must be undertaken by a liquid
20 oilfield waste hauler permitted by the Department under
21 Section 8c of the Illinois Oil and Gas Act. The liquid
22 oilfield waste hauler transporting hydraulic fracturing
23 fluids, hydraulic fracturing flowback, or produced water
24 under this Act shall comply with all laws, rules, and
25 regulations concerning liquid oilfield waste.

26 (11) Drill cuttings, drilling fluids, and drilling

1 wastes not containing oil-based mud or polymer-based mud
2 may be stored in tanks or pits. Pits used to store
3 cuttings, fluids, and drilling wastes from wells not using
4 fresh water mud shall be subject to the construction
5 standards identified in (2) of this Section. Drill cuttings
6 not contaminated with oil-based mud or polymer-based mud
7 may be disposed of onsite subject to the approval of the
8 Department. Drill cuttings contaminated with oil-based mud
9 or polymer-based mud shall not be disposed of on site.
10 Annular disposal of drill cuttings or fluid is prohibited.

11 (12) Any release of hydraulic fracturing fluid,
12 hydraulic fracturing additive, or hydraulic fracturing
13 flowback, used or generated during or after high volume
14 horizontal hydraulic fracturing operations shall be
15 immediately cleaned up and remediated pursuant to
16 Department requirements. Any release of hydraulic
17 fracturing fluid or hydraulic fracturing flowback in
18 excess of 1 barrel, shall be reported to the Department.
19 Any release of a hydraulic fracturing additive shall be
20 reported to the Department in accordance with the
21 appropriate reportable quantity thresholds established
22 under the federal Emergency Planning and Community
23 Right-to-Know Act as published in the Code of Federal
24 Regulations (CFR), 40 CFR Parts 355, 370, and 372, the
25 federal Comprehensive Environmental Response,
26 Compensation, and Liability Act as published in 40 CFR Part

1 302, and subsection (r) of Section 112 of the Federal Clean
2 Air Act as published in 40 CFR Part 68. Any release of
3 produced water in excess of 5 barrels shall be cleaned up,
4 remediated, and reported pursuant to Department
5 requirements.

6 (13) Secondary containment for tanks required under
7 this subsection and additive staging areas is required.
8 Secondary containment measures may include, as deemed
9 appropriate by the Department, one or a combination of the
10 following: dikes, liners, pads, impoundments, curbs,
11 sumps, or other structures or equipment capable of
12 containing the substance. Any secondary containment must
13 be sufficient to contain 110% of the total capacity of the
14 single largest container or tank within a common
15 containment area. No more than one hour before initiating
16 any stage of the high volume horizontal hydraulic
17 fracturing operations, all secondary containment must be
18 visually inspected to ensure all structures and equipment
19 are in place and in proper working order. The results of
20 this inspection must be recorded and documented by the
21 operator, and available to the Department upon request.

22 (14) A report on the transportation and disposal of the
23 hydraulic fracturing fluids and hydraulic fracturing
24 flowback shall be prepared and included in the well file.
25 The report must include the amount of fluids transported,
26 identification of the company that transported the fluids,

1 the destination of the fluids, and the method of disposal.

2 (15) Operators operating wells permitted under this
3 Act must submit an annual report to the Department
4 detailing the management of any produced water associated
5 with the permitted well. The report shall be due to the
6 Department no later than April 30th of each year and shall
7 provide information on the operator's management of any
8 produced water for the prior calendar year. The report
9 shall contain information relative to the amount of
10 produced water the well permitted under this Act produced,
11 the method by which the produced water was disposed, and
12 the destination where the produced water was disposed in
13 addition to any other information the Department
14 determines is necessary by rule.

15 (d) Hydraulic fracturing fluid shall be confined to the
16 targeted formation designated in the permit. If the hydraulic
17 fracturing fluid or hydraulic fracturing flowback are
18 migrating into the freshwater zone or to the surface from the
19 well in question or from other wells, the permittee shall
20 immediately notify the Department and shut in the well until
21 remedial action that prevents the fluid migration is completed.
22 The permittee shall obtain the approval of the Department prior
23 to resuming operations.

24 (e) Emissions controls.

25 (1) This subsection applies to all horizontal wells
26 that are completed with high volume horizontal hydraulic

1 fracturing.

2 (2) Except as otherwise provided in paragraph (8) of
3 this subsection (e), permittees shall be responsible for
4 managing gas and hydrocarbon fluids produced during the
5 flowback period by routing recovered hydrocarbon fluids to
6 one or more storage vessels or re-injecting into the well
7 or another well, and routing recovered natural gas into a
8 flow line or collection system, re-injecting the gas into
9 the well or another well, using the gas as an on-site fuel
10 source, or using the gas for another useful purpose that a
11 purchased fuel or raw material would serve, with no direct
12 release to the atmosphere.

13 (3) If it is technically infeasible or economically
14 unreasonable to minimize emissions associated with the
15 venting of hydrocarbon fluids and natural gas during the
16 flowback period using the methods specified in paragraph
17 (2) of this subsection (e), the permittee shall capture and
18 direct the emissions to a completion combustion device,
19 except in conditions that may result in a fire hazard or
20 explosion, or where high heat emissions from a completion
21 combustion device may negatively impact waterways.
22 Completion combustion devices must be equipped with a
23 reliable continuous ignition source over the duration of
24 the flowback period.

25 (4) Except as otherwise provided in paragraph (8) of
26 this subsection (e), permittees shall be responsible for

1 minimizing the emissions associated with venting of
2 hydrocarbon fluids and natural gas during the production
3 phase by:

4 (A) routing the recovered fluids into storage
5 vessels and (i) routing the recovered gas into a gas
6 gathering line, collection system, or to a generator
7 for onsite energy generation, providing that gas to the
8 surface owner of the well site for use for heat or
9 energy generation, or (ii) using another method other
10 than venting or flaring; and

11 (B) employing sand traps, surge vessels,
12 separators, and tanks as soon as practicable during
13 cleanout operations to safely maximize resource
14 recovery and minimize releases to the environment.

15 (5) If the permittee establishes that it is technically
16 infeasible or economically unreasonable to minimize
17 emissions associated with the venting of hydrocarbon
18 fluids and natural gas during production using the methods
19 specified in paragraph (4) of this subsection (e), the
20 Department shall require the permittee to capture and
21 direct any natural gas produced during the production phase
22 to a flare. Any flare used pursuant to this paragraph shall
23 be equipped with a reliable continuous ignition source over
24 the duration of production. In order to establish technical
25 infeasibility or economic unreasonableness under this
26 paragraph (5), the permittee must demonstrate, for each

1 well site on an annual basis, that taking the actions
2 listed in paragraph (4) of this subsection (e) are not cost
3 effective based on a site-specific analysis. Permittees
4 that use a flare during the production phase for operations
5 other than emergency conditions shall file an updated
6 site-specific analysis annually with the Department. The
7 analysis shall be due one year from the date of the
8 previous submission and shall detail whether any changes
9 have occurred that alter the technical infeasibility or
10 economic unreasonableness of the permittee to reduce their
11 emissions in accordance with paragraph (4) of this
12 subsection (e).

13 (6) Uncontrolled emissions exceeding 6 tons per year
14 from storage tanks shall be recovered and routed to a flare
15 that is designed in accordance with 40 CFR 60.18 and is
16 certified by the manufacturer of the device. The permittee
17 shall maintain and operate the flare in accordance with
18 manufacturer specifications. Any flare used under this
19 paragraph must be equipped with a reliable continuous
20 ignition source over the duration of production.

21 (7) The Department may approve an exemption that waives
22 the flaring requirements of paragraphs (5) and (6) of this
23 subsection (e) only if the permittee demonstrates that the
24 use of the flare will pose a significant risk of injury or
25 property damage and that alternative methods of collection
26 will not threaten harm to the environment. In determining

1 whether to approve a waiver, the Department shall consider
2 the quantity of casinghead gas produced, the topographical
3 and climatological features at the well site, and the
4 proximity of agricultural structures, crops, inhabited
5 structures, public buildings, and public roads and
6 railways.

7 (8) For each wildcat well, delineation well, or low
8 pressure well, permittees shall be responsible for
9 minimizing the emissions associated with venting of
10 hydrocarbon fluids and natural gas during the flowback
11 period and production phase by capturing and directing the
12 emissions to a completion combustion device during the
13 flowback period and to a flare during the production phase,
14 except in conditions that may result in a fire hazard or
15 explosion, or where high heat emissions from a completion
16 combustion device or flare may negatively impact
17 waterways. Completion combustion devices and flares shall
18 be equipped with a reliable continuous ignition source over
19 the duration of the flowback period and the production
20 phase, as applicable.

21 (9) On or after July 1, 2015, all flares used under
22 paragraphs (5) and (8) of this subsection (e) shall (i)
23 operate with a combustion efficiency of at least 98% and in
24 accordance with 40 CFR 60.18; and (ii) be certified by the
25 manufacturer of the device. The permittee shall maintain
26 and operate the flare in accordance with manufacturer

1 specifications.

2 (10) Permittees shall employ practices for control of
3 fugitive dust related to their operations. These practices
4 shall include, but are not limited to, the use of speed
5 restrictions, regular road maintenance, and restriction of
6 construction activity during high-wind days. Additional
7 management practices such as road surfacing, wind breaks
8 and barriers, or automation of wells to reduce truck
9 traffic may also be required by the Department if
10 technologically feasible and economically reasonable to
11 minimize fugitive dust emissions.

12 (11) Permittees shall record and report to the
13 Department on an annual basis the amount of gas flared or
14 vented from each high volume horizontal hydraulic
15 fracturing well. Three years after the effective date of
16 the first high-volume horizontal hydraulic fracturing well
17 permit issued by the Department, and every 3 years
18 thereafter, the Department shall prepare a report that
19 analyzes the amount of gas that has been flared or vented
20 and make recommendations to the General Assembly on whether
21 steps should be taken to reduce the amount of gas that is
22 being flared or vented in this State.

23 (f) High volume horizontal hydraulic fracturing operations
24 completion report. Within 60 calendar days after the conclusion
25 of high volume horizontal hydraulic fracturing operations, the
26 operator shall file a high volume horizontal hydraulic

1 fracturing operations completion report with the Department. A
2 copy of each completion report submitted to the Department
3 shall be provided by the Department to the Illinois State
4 Geological Survey. The completion reports required by this
5 Section shall be considered public information and shall be
6 made available on the Department's website. The high volume
7 horizontal hydraulic fracturing operations completion report
8 shall contain the following information:

9 (1) the permittee name as listed in the permit
10 application;

11 (2) the dates of the high volume horizontal hydraulic
12 fracturing operations;

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

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

15 (5) the total water volume used in the high volume
16 horizontal hydraulic fracturing operations of the well,
17 and the type and total volume of the base fluid used if
18 something other than water;

19 (6) each source from which the water used in the high
20 volume horizontal hydraulic fracturing operations was
21 drawn, and the specific location of each source, including,
22 but not limited to, the name of the county and latitude and
23 longitude coordinates;

24 (7) the quantity of hydraulic fracturing flowback
25 recovered from the well;

26 (8) a description of how hydraulic fracturing flowback

1 recovered from the well was disposed and, if applicable,
2 reused;

3 (9) a chemical disclosure report identifying each
4 chemical and proppant used in hydraulic fracturing fluid
5 for each stage of the hydraulic fracturing operations
6 including the following:

7 (A) the total volume of water used in the hydraulic
8 fracturing treatment of the well or the type and total
9 volume of the base fluid used in the hydraulic
10 fracturing treatment, if something other than water;

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

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

19 (D) the actual concentration in the base fluid, in
20 percent by mass, of each chemical intentionally added
21 to the base fluid;

22 (10) all pressures recorded during the high volume
23 horizontal hydraulic fracturing operations; and

24 (11) any other reasonable or pertinent information
25 related to the conduct of the high volume horizontal
26 hydraulic fracturing operations the Department may request

1 or require by administrative rule.

2 Section 1-77. Chemical disclosure; trade secret
3 protection.

4 (a) If the chemical disclosure information required by
5 paragraph (8) of subsection (b) of Section 1-35 of this Act is
6 not submitted at the time of permit application, then the
7 permittee, applicant, or person who will perform high volume
8 horizontal hydraulic fracturing operations at the well shall
9 submit this information to the Department in electronic format
10 no less than 21 calendar days prior to performing the high
11 volume horizontal hydraulic fracturing operations. The
12 permittee shall not cause or allow any stimulation of the well
13 if it is not in compliance with this Section. Nothing in this
14 Section shall prohibit the person performing high volume
15 horizontal hydraulic fracturing operations from adjusting or
16 altering the contents of the fluid during the treatment process
17 to respond to unexpected conditions, as long as the permittee
18 or the person performing the high volume horizontal hydraulic
19 fracturing operations notifies the Department by electronic
20 mail within 24 hours of the departure from the initial
21 treatment design and includes a brief explanation of the reason
22 for the departure.

23 (b) No permittee shall use the services of another person
24 to perform high volume horizontal hydraulic fracturing
25 operations unless the person is in compliance with this

1 Section.

2 (c) Any person performing high volume horizontal hydraulic
3 fracturing operations within this State shall:

4 (1) be authorized to do business in this State; and

5 (2) maintain and disclose to the Department separate
6 and up-to-date master lists of:

7 (A) the base fluid to be used during any high
8 volume horizontal hydraulic fracturing operations
9 within this State;

10 (B) all hydraulic fracturing additives to be used
11 during any high volume horizontal hydraulic fracturing
12 operations within this State; and

13 (C) all chemicals and associated Chemical Abstract
14 Service numbers to be used in any high volume
15 horizontal hydraulic fracturing operations within this
16 State.

17 (d) Persons performing high volume horizontal hydraulic
18 fracturing operations are prohibited from using any base fluid,
19 hydraulic fracturing additive, or chemical not listed on their
20 master lists disclosed under paragraph (2) of subsection (c) of
21 this Section.

22 (e) The Department shall assemble and post up-to-date
23 copies of the master lists it receives under paragraph (2) of
24 subsection (c) of this Section on its website in accordance
25 with Section 1-110 of this Act.

26 (f) Where an applicant, permittee, or the person performing

1 high volume horizontal hydraulic fracturing operations
2 furnishes chemical disclosure information to the Department
3 under this Section, Section 1-35, or Section 1-75 of this Act
4 under a claim of trade secret, the applicant, permittee, or
5 person performing high volume horizontal hydraulic fracturing
6 operations shall submit redacted and un-redacted copies of the
7 documents containing the information to the Department and the
8 Department shall use the redacted copies when posting materials
9 on its website.

10 (g) Upon submission or within 5 calendar days of submission
11 of chemical disclosure information to the Department under this
12 Section, Section 1-35, or Section 1-75 of this Act under a
13 claim of trade secret, the person that claimed trade secret
14 protection shall provide a justification of the claim
15 containing the following: a detailed description of the
16 procedures used by the person to safeguard the information from
17 becoming available to persons other than those selected by the
18 person to have access to the information for limited purposes;
19 a detailed statement identifying the persons or class of
20 persons to whom the information has been disclosed; a
21 certification that the person has no knowledge that the
22 information has ever been published or disseminated or has
23 otherwise become a matter of general public knowledge; a
24 detailed discussion of why the person believes the information
25 to be of competitive value; and any other information that
26 shall support the claim.

1 (h) Chemical disclosure information furnished under this
2 Section, Section 1-35, or Section 1-75 of this Act under a
3 claim of trade secret shall be protected from disclosure as a
4 trade secret if the Department determines that the statement of
5 justification demonstrates that:

6 (1) the information has not been published,
7 disseminated, or otherwise become a matter of general
8 public knowledge; and

9 (2) the information has competitive value.

10 There is a rebuttable presumption that the information has
11 not been published, disseminated, or otherwise become a matter
12 of general public knowledge if the person has taken reasonable
13 measures to prevent the information from becoming available to
14 persons other than those selected by the person to have access
15 to the information for limited purposes and the statement of
16 justification contains a certification that the person has no
17 knowledge that the information has ever been published,
18 disseminated, or otherwise become a matter of general public
19 knowledge.

20 (i) Denial of a trade secret request under this Section
21 shall be appealable under the Administrative Review Law.

22 (j) A person whose request to inspect or copy a public
23 record is denied, in whole or in part, because of a grant of
24 trade secret protection may file a request for review with the
25 Public Access Counselor under Section 9.5 of the Freedom of
26 Information Act or for injunctive or declaratory relief under

1 Section 11 of the Freedom of Information Act for the purpose of
2 reviewing whether the Department properly determined that the
3 trade secret protection should be granted.

4 (k) Except as otherwise provided in subsections (l) and (m)
5 of this Section, the Department must maintain the
6 confidentiality of chemical disclosure information furnished
7 under this Section, Section 1-35, or Section 1-75 of this Act
8 under a claim of trade secret, until the Department receives
9 official notification of a final order by a reviewing body with
10 proper jurisdiction that is not subject to further appeal
11 rejecting a grant of trade secret protection for that
12 information.

13 (l) The Department shall adopt rules for the provision of
14 information furnished under a claim of trade secret to a health
15 professional who states a need for the information and
16 articulates why the information is needed. The health
17 professional may share that information with other persons as
18 may be professionally necessary, including, but not limited to,
19 the affected patient, other health professionals involved in
20 the treatment of the affected patient, the affected patient's
21 family members if the affected patient is unconscious, unable
22 to make medical decisions, or is a minor, the Centers for
23 Disease Control, and other government public health agencies.
24 Except as otherwise provided in this Section, any recipient of
25 the information shall not use the information for purposes
26 other than the health needs asserted in the request and shall

1 otherwise maintain the information as confidential.
2 Information so disclosed to a health professional shall in no
3 way be construed as publicly available. The holder of the trade
4 secret may request a confidentiality agreement consistent with
5 the requirements of this Section from all health professionals
6 to whom the information is disclosed as soon as circumstances
7 permit. The rules adopted by the Department shall also
8 establish procedures for providing the information in both
9 emergency and non-emergency situations.

10 (m) In the event of a release of hydraulic fracturing
11 fluid, a hydraulic fracturing additive, or hydraulic
12 fracturing flowback, and when necessary to protect public
13 health or the environment, the Department may disclose
14 information furnished under a claim of trade secret to the
15 relevant county public health director or emergency manager,
16 the relevant fire department chief, the Director of the
17 Illinois Department of Public Health, the Director of the
18 Illinois Department of Agriculture, and the Director of the
19 Illinois Environmental Protection Agency upon request by that
20 individual. The Director of the Illinois Department of Public
21 Health, and the Director of the Illinois Environmental
22 Protection Agency, and the Director of the Illinois Department
23 of Agriculture may disclose this information to staff members
24 under the same terms and conditions as apply to the Director of
25 Natural Resources. Except as otherwise provided in this
26 Section, any recipient of the information shall not use the

1 information for purposes other than to protect public health or
2 the environment and shall otherwise maintain the information as
3 confidential. Information disclosed to staff shall in no way be
4 construed as publicly available. The holder of the trade secret
5 information may request a confidentiality agreement consistent
6 with the requirements of this Section from all persons to whom
7 the information is disclosed as soon as circumstances permit.

8 Section 1-80. Water quality monitoring.

9 (a) Each applicant for a high volume horizontal hydraulic
10 fracturing permit shall provide the Department with a work plan
11 to ensure accurate and complete sampling and testing as
12 required under this Section. The work plan shall ensure
13 compliance with the requirements of this Section and include,
14 at a minimum, the following:

15 (1) information identifying all water sources within
16 the range of testing under this Section;

17 (2) a sampling plan and protocol, including
18 notification to the Department at least 7 calendar days
19 prior to sample collection;

20 (3) the name and contact information of an independent
21 third party under the supervision of a professional
22 engineer or professional geologist that shall be
23 designated to conduct sampling to establish a baseline as
24 provided for under subsection (b) of this Section;

25 (4) the name and contact information of an independent

1 third party under the supervision of a professional
2 engineer or professional geologist that shall be
3 designated to conduct sampling to establish compliance
4 with monitoring as provided within subsection (c) of this
5 Section;

6 (5) the name and contact information of an independent
7 testing laboratory, certified to perform the required
8 laboratory method, to conduct the analysis required under
9 subsections (b) and (c) of this Section;

10 (6) proof of access and the right to test within the
11 area for testing prescribed within subsection (b) of this
12 Section during the duration of high volume horizontal
13 hydraulic fracturing operations covered under the permit
14 application, and copies of any non-disclosure agreements
15 made under subsection (d) of this Section; and

16 (7) identification of practicable contingency
17 measures, including provision for alternative drinking
18 water supplies, which could be implemented in the event of
19 pollution or diminution of a water source as provided for
20 in Section 1-83.

21 (b) Prior to conducting high volume horizontal hydraulic
22 fracturing operations on a well, a permittee shall retain an
23 independent third party, as required within paragraph (3) of
24 subsection (a) of this Section, and shall conduct baseline
25 water quality sampling of all water sources within 1,500 feet
26 of the well site prior to any fracturing activities. Where (i)

1 there are no groundwater wells within 1,500 feet of a well
2 site, or access to groundwater wells within 1,500 feet of the
3 well site has been denied under subsection (d) of this Section,
4 and (ii) the proposed well site is located within 1,500 feet
5 horizontally from any portion of an aquifer, the permittee
6 shall conduct sampling of the aquifer at the closest
7 groundwater well with access to the aquifer to which the
8 permittee has not been denied access under subsection (d) of
9 this Section. Installation of a groundwater monitoring well is
10 not required to satisfy the sampling requirements of this
11 Section. The samples collected by the independent third party,
12 under the supervision of a professional engineer or
13 professional geologist, shall be analyzed by an independent
14 testing laboratory in accordance with paragraph (4) of
15 subsection (a) of this Section. Testing shall be done by
16 collection of a minimum of 3 samples for each water source
17 required to be tested under this Section. The permittee shall,
18 within 7 calendar days after receipt of results of tests
19 conducted under this subsection, submit the results to the
20 Department or to the owner of the water source under a
21 non-disclosure agreement under subsection (d) of this Section.
22 The Department shall post the results on its website within 7
23 calendar days after receipt. The results shall, at a minimum,
24 include a detailed description of the sampling and testing
25 conducted under this subsection, the chain of custody of the
26 samples, and quality control of the testing.

1 (c) After baseline tests are conducted under subsection (b)
2 of this Section and following issuance of a permit by the
3 Department, the permittee shall have all water sources which
4 are subjected to sampling under subsection (b) of this Section
5 sampled and tested in the same manner 6 months, 18 months, and
6 30 months after the high volume horizontal hydraulic fracturing
7 operations have been completed. Sampling of a water source
8 under this subsection is not required if the water source was
9 sampled under this subsection or subsection (b) within the
10 previous month. The permittee shall notify the Department at
11 least 7 calendar days prior to taking the sample. The permittee
12 shall, within 7 calendar days after receipt of results of tests
13 conducted under this subsection (c), submit the results to the
14 Department or to the owner of the water source pursuant to a
15 non-disclosure agreement under subsection (d) of this Section.
16 The results shall include, at a minimum, a detailed description
17 of the sampling and testing conducted under this subsection,
18 the chain of custody of the samples, and quality control of the
19 testing.

20 (d) Sampling of private water wells or ponds wholly
21 contained within private property shall not be required where
22 the owner of the private property declines, expressly and in
23 writing, to provide access or permission for sampling. If the
24 owner of the private property declines to provide proof of his
25 or her refusal to allow access in writing, the operator shall
26 provide the Department evidence as to the good faith efforts

1 that were made to secure the required documentation. Permits
2 issued under this Act cannot be denied if the owner of the
3 private property declines to provide proof of his or her
4 refusal to allow access in writing and the permittee provides
5 evidence that good faith efforts were made to gain access for
6 the purposes of conducting tests. The owners of private
7 property may condition access or permission for sampling of a
8 private water well or pond wholly within the property or a
9 portion of any perennial stream or river that flows through the
10 property under a non-disclosure agreement, which must include
11 the following terms and conditions:

12 (1) the permittee shall provide the results of the
13 water quality testing to the property owners;

14 (2) the permittee shall retain the results of the water
15 quality testing until at least one year after completion of
16 all monitoring under this Section for review by the
17 Department upon request;

18 (3) the permittee shall not file with the Department
19 the results of the water quality testing, except under
20 paragraph (4) of subsection (d) of this Section; and

21 (4) the permittee shall notify the Department within 7
22 calendar days of its receipt of the water quality data
23 where any testing under subsection (c) of this Section
24 indicates that concentrations exceed the standards or
25 criteria referenced in the definition of pollution or
26 diminution under Section 1-5 of this Act.

1 (e) Each set of samples collected under subsections (b) and
2 (c) of this Section shall include analyses for:

3 (1) pH;

4 (2) total dissolved solids, dissolved methane,
5 dissolved propane, dissolved ethane, alkalinity, and
6 specific conductance;

7 (3) chloride, sulfate, arsenic, barium, calcium,
8 chromium, iron, magnesium, selenium, cadmium, lead,
9 manganese, mercury, and silver;

10 (4) BTEX; and

11 (5) gross alpha and beta particles to determine the
12 presence of any naturally occurring radioactive materials.

13 Sampling shall, at a minimum, be consistent with the work
14 plan and allow for a determination of whether any hydraulic
15 fracturing additive or other contaminant has caused pollution
16 or diminution for purposes of Sections 1-83 and 1-85 of this
17 Act.

18 Section 1-83. Order authority.

19 (a) Any person who has reason to believe they have incurred
20 pollution or diminution of a water source as a result of a high
21 volume horizontal hydraulic fracturing treatment of a well may
22 notify the Department and request that an investigation be
23 conducted.

24 (b) Within 30 calendar days after notification, the
25 Department shall initiate the investigation of the claim and

1 make a reasonable effort to reach a determination within 180
2 calendar days after notification. The Department may contact
3 the Agency to seek the Agency's assistance in water quality
4 sampling. The Agency may seek cost recovery under subsection
5 (e) of Section 1-87 of this Act and recover all costs for
6 samples taken for the investigation under this Section.

7 (c) Any person conducting or who has conducted high volume
8 horizontal hydraulic fracturing operations shall supply any
9 information requested by the Department to assist the
10 Department. The Department shall give due consideration to any
11 information submitted during the course of the investigation.

12 (d) If sampling results or other information obtained as
13 part of the investigation or the results of tests conducted
14 under subsection (c) of Section 1-80 of this Act indicate that
15 concentrations exceed the standards or criteria referenced by
16 pollution or diminution under Section 1-5 of this Act, the
17 Department shall issue an order to the permittee as necessary
18 to require permanent or temporary replacement of a water
19 source. In addition to any other penalty available under the
20 law and consistent with the Department's order, the permittee
21 shall restore or replace the affected supply with an
22 alternative source of water adequate in quantity and quality
23 for the purposes served by the water source. The quality of a
24 restored or replaced water source shall meet or exceed the
25 quality of the original water source based upon the results of
26 the baseline test results under subsection (b) of Section 1-80

1 for that water source, or other available information. The
2 Department may require the permittee to take immediate action,
3 including but not limited to, repair, replacement, alteration,
4 or prohibition of operation of equipment permitted by the
5 Department. The Department may issue conditions within any
6 order to protect the public health or welfare or the
7 environment.

8 (e) Within 15 calendar days after a determination has been
9 made regarding the pollution or diminution, the Department
10 shall provide notice of its findings and the orders, if any, to
11 all persons that use the water source for domestic,
12 agricultural, industrial, or any other legitimate beneficial
13 uses.

14 (f) Upon issuance of an Order or a finding of pollution or
15 diminution under subsection (d) of this Section, the Department
16 shall contact the Agency and forward all information from the
17 investigation to the Agency. The Agency shall investigate the
18 potential for violations as designated within Section 1-87 of
19 this Act.

20 (g) Reports of potential cases of water pollution that may
21 be associated with high volume horizontal hydraulic fracturing
22 operations may be submitted electronically. The Department
23 shall establish a format for these reports to be submitted
24 through the website developed under Section 1-110 of this Act.
25 The Department shall electronically provide these reports to
26 the Agency.

1 (h) The Department shall publish, on its website, lists of
2 confirmed cases of pollution or diminution that result from
3 high volume horizontal hydraulic fracturing operations. This
4 information shall be searchable by county.

5 (i) Nothing in this Section shall prevent the Department
6 from issuing a cessation order under Section 8a of the Illinois
7 Oil and Gas Act.

8 Section 1-85. Presumption of pollution or diminution.

9 (a) This Section establishes a rebuttable presumption for
10 the purposes of evidence and liability under State law
11 regarding claims of pollution or diminution of a water source
12 and for use regarding the investigation and order authority
13 under Section 1-83.

14 (b) Unless rebutted by a defense established in subsection
15 (c) of this Section, it shall be presumed that any person
16 conducting or who has conducted high volume horizontal
17 hydraulic fracturing operations shall be liable for pollution
18 or diminution of a water supply if:

19 (1) the water source is within 1,500 feet of the well
20 site;

21 (2) water quality data showed no pollution or
22 diminution prior to the start of high volume horizontal
23 hydraulic fracturing operations; and

24 (3) the pollution or diminution occurred during high
25 volume horizontal hydraulic fracturing operations or no

1 more than 30 months after the completion of the high volume
2 horizontal hydraulic fracturing operations.

3 (c) To rebut the presumption established under this
4 Section, a person presumed responsible must affirmatively
5 prove by clear and convincing evidence any of the following:

6 (1) the water source is not within 1,500 feet of the
7 well site;

8 (2) the pollution or diminution occurred prior to high
9 volume horizontal hydraulic fracturing operations or more
10 than 30 months after the completion of the high volume
11 horizontal hydraulic fracturing operations; or

12 (3) the pollution or diminution occurred as the result
13 of an identifiable cause other than the high volume
14 horizontal hydraulic fracturing operations.

15 Section 1-87. Water quality investigation and enforcement.

16 (a) No person shall cause or allow high volume horizontal
17 hydraulic fracturing operations permitted under this Act to
18 violate Section 12 of the Illinois Environmental Protection Act
19 or surface water or groundwater regulations adopted under the
20 Illinois Environmental Protection Act.

21 (b) The Agency shall have the duty to investigate
22 complaints that activities under this Act have caused a
23 violation of Section 12 of the Illinois Environmental
24 Protection Act or surface or groundwater rules adopted under
25 the Illinois Environmental Protection Act. Any action taken by

1 the Agency in enforcing these violations shall be taken under
2 and consistent with the Illinois Environmental Protection Act,
3 including but not limited to, the Agency's authority to seek a
4 civil or criminal cause of action under that Act. The test
5 results under subsections (b) and (c) of Section 1-80 of this
6 Act may be considered by the Agency during an investigation
7 under this Section.

8 (c) A person who has reason to believe they have incurred
9 contamination of a water source as a result of high volume
10 horizontal hydraulic fracturing may notify the Agency and
11 request an investigation be conducted. The Agency shall forward
12 this request to the Department for consideration of an
13 investigation under Section 1-83 of this Act. If the Agency is
14 provided with notice under subsection (f) of Section 1-83, the
15 Agency shall conduct an investigation to determine whether
16 pollution or diminution is continuing to occur at the location
17 subject to the order, as well as locations identified by the
18 Department or at any other water source within 1,500 feet of
19 the well site. Any person conducting or who has conducted high
20 volume horizontal hydraulic fracturing operations shall supply
21 any information requested to assist the Agency in its
22 investigation. The Agency shall give due consideration to any
23 information submitted during the course of the investigation.

24 (d) Pollution or diminution is a violation of this Act and
25 may be pursued by the Department subject to the procedures and
26 remedies under Sections 1-100 and 1-105 of this Act.

1 (e) If an Agency investigation under Section 1-83 or
2 subsection (c) of this Section confirms that the cause of the
3 pollution, diminution, or water pollution is attributable to
4 high volume horizontal hydraulic fracturing operations, in
5 addition to any other relief available under law, the permittee
6 shall be required to reimburse the costs and reasonable
7 expenses incurred by the Agency for all activities related to
8 the investigation and cleanup. These costs shall include, but
9 not be limited to, inspections, investigations, analyses,
10 personnel, direct and indirect costs, studies, assessments,
11 reports, and review and evaluation of that data, as well as
12 costs under the Agency's review of whether the quality of a
13 restored or replaced water supply meets or exceeds the quality
14 of the water supply before it was affected by the permittee.
15 Costs shall be reimbursed to the Agency by the permittee within
16 30 calendar days after receipt of a written request for
17 reimbursement by the Agency. For all costs that remain unpaid
18 following 30 calendar days after receipt of a written request
19 for reimbursement, the Agency may institute a civil action for
20 cost recovery under subsection (e) of Section 1-101 of this
21 Act. Failure to reimburse the Agency within 30 calendar days
22 after receipt of the written request for reimbursement is a
23 violation of this Act. Reimbursement of costs collected under
24 this subsection shall be deposited by the Agency into the
25 Illinois Clean Water Fund.

1 Section 1-95. Plugging; restoration.

2 (a) The permittee shall perform and complete plugging of
3 the well and restoration of the well site in accordance with
4 the Illinois Oil and Gas Act and any and all rules adopted
5 thereunder. The permittee shall bear all costs related to
6 plugging of the well and reclamation of the well site. If the
7 permittee fails to plug the well in accordance with this
8 Section, the owner of the well shall be responsible for
9 complying with this Section.

10 (b) Prior to conducting high volume horizontal hydraulic
11 fracturing operations at a well site, the permittee shall cause
12 to be plugged all previously unplugged well bores within 750
13 feet of any part of the horizontal well bore that penetrated
14 within 400 vertical feet of the formation that will be
15 stimulated as part of the high volume horizontal hydraulic
16 fracturing operations.

17 (c) For well sites where high volume horizontal hydraulic
18 fracturing operations were permitted to occur, the operator
19 shall restore any lands used by the operator other than the
20 well site and production facility to a condition as closely
21 approximating the pre-drilling conditions that existed before
22 the land was disturbed for any stage of site preparation
23 activities, drilling, and high volume horizontal hydraulic
24 fracturing operations. Restoration shall be commenced within 6
25 months of completion of the well site and completed within 12
26 months. Restoration shall include, but is not limited to,

1 repair of tile lines, repair of fences and barriers, mitigation
2 of soil compaction and rutting, application of fertilizer or
3 lime to restore the fertility of disturbed soil, and repair of
4 soil conservation practices such as terraces and grassed
5 waterways.

6 (d) Unless contractually agreed to the contrary by the
7 permittee and surface owner, the permittee shall restore the
8 well site and production facility in accordance with the
9 applicable restoration requirements in subsection (c) of this
10 Section and shall remove all equipment and materials involved
11 in site preparation, drilling, and high volume horizontal
12 hydraulic fracturing operations, including tank batteries,
13 rock and concrete pads, oil field debris, injection and flow
14 lines at or above the surface, electric power lines and poles
15 extending on or above the surface, tanks, fluids, pipes at or
16 above the surface, secondary containment measures, rock or
17 concrete bases, drilling equipment and supplies, and any and
18 all other equipment, facilities, or materials used during any
19 stage of site preparation work, drilling, or hydraulic
20 fracturing operations at the well site. Work on the removal of
21 equipment and materials at the well site shall begin within 6
22 months after plugging the final well on the well site and be
23 completed no later than 12 months after the last producing well
24 on the well site has been plugged. Roads installed as part of
25 the oil and gas operation may be left in place if provided in
26 the lease or pursuant to agreement with the surface owner, as

1 applicable.

2 Section 1-96. Seismicity.

3 (a) For purposes of this Section, "induced seismicity"
4 means an earthquake event that is felt, recorded by the
5 national seismic network, and attributable to a Class II
6 injection well used for disposal of flow-back and produced
7 fluid from hydraulic fracturing operations.

8 (b) The Department shall adopt rules, in consultation with
9 the Illinois State Geological Survey, establishing a protocol
10 for controlling operational activity of Class II injection
11 wells in an instance of induced seismicity.

12 (c) The rules adopted by the Department under this Section
13 shall employ a "traffic light" control system allowing for low
14 levels of seismicity while including additional monitoring and
15 mitigation requirements when seismic events are of sufficient
16 intensity to result in a concern for public health and safety.

17 (d) The additional mitigation requirements referenced in
18 subsection (c) of this Section shall provide for either the
19 scaling back of injection operations with monitoring for
20 establishment of a potentially safe operation level or the
21 immediate cessation of injection operations.

22 Section 1-97. Department mapping and reporting. On or
23 before February 1, 2014, the Department shall, with the
24 assistance of the Illinois State Geological Survey, submit a

1 report to the General Assembly and Governor identifying the
2 following in Illinois and include any recommendations for
3 additional legislative or administrative action on these
4 items:

5 (a) the location of resources of shale gas and oil,
6 conventional gas and oil, and process materials, including sand
7 and other naturally occurring geologic materials used in high
8 volume horizontal hydraulic fracturing operations;

9 (b) the potential impacts of high volume horizontal
10 hydraulic fracturing operations on:

11 (1) sites owned, managed or leased by the Department;

12 (2) nature preserves;

13 (3) sites on the Register of Land and Water Reserves;

14 (4) the availability of water for human consumption and
15 general domestic use; and

16 (5) the potential for influencing natural seismic
17 activity.

18 Two years after the effective date of the first high volume
19 horizontal hydraulic fracturing permit issued by the
20 Department, and every 3 years thereafter, the Department shall
21 prepare a report that examines the following:

22 (1) the number of high volume horizontal hydraulic
23 fracturing permits issued by the Department, on an annual
24 basis;

25 (2) a map showing the locations in this State where
26 high volume horizontal hydraulic fracturing operations

1 have been permitted by the Department;

2 (3) identification of the latest scientific research,
3 best practices, and technological improvements related to
4 high volume horizontal hydraulic fracturing operations and
5 methods to protect the environment and public health;

6 (4) any confirmed environmental impacts in this State
7 due to high volume horizontal hydraulic fracturing
8 operations, including, but not limited to, any reportable
9 release of hydraulic fracturing flowback, hydraulic
10 fracturing fluid, and hydraulic fracturing additive;

11 (5) confirmed public health impacts in this State due
12 to high volume horizontal hydraulic fracturing operations;

13 (6) a comparison of the revenues generated under
14 subsection (e) of Section 1-35 of this Act to the
15 Department's costs associated with implementing and
16 administering provisions of this Act;

17 (7) a comparison of the revenues generated under
18 subsection (e) of Section 1-87 of this Act to the Agency's
19 costs associated with implementing and administering
20 provisions of this Act;

21 (7.5) a summary of revenues generated annually from
22 income, ad valorem, sales, and any other State and local
23 taxes applicable to activity permitted under this Act by
24 the Department, including an estimate of the income tax
25 generated from lease payments and royalty payments;

26 (8) a description of any modifications to existing

1 programs, practices, or rules related to high volume
2 horizontal hydraulic fracturing operations made by the
3 Department;

4 (9) any problems or issues the Department identifies as
5 it implements and administers the provisions of this Act;

6 (10) any recommendations for legislative action by the
7 General Assembly to address the findings in the report; and

8 (11) any other information the Department deems
9 relevant regarding its specific experiences implementing
10 and administering the provisions of this Act and,
11 generally, high volume horizontal hydraulic fracturing
12 operations.

13 The first report shall also examine any studies issued by
14 the United States Environmental Protection Agency regarding
15 high volume horizontal hydraulic fracturing operations. The
16 report required by this Section shall be provided to the
17 General Assembly and Governor.

18 Section 1-98. Hydraulic fracturing completion reporting.

19 (a) For the purposes of this Section, "hydraulic fracturing
20 operations" means all stages of a stimulation treatment of a
21 horizontal well as defined by this Act by the pressurized
22 application of more than 80,000 gallons but less than 300,001
23 gallons of hydraulic fracturing fluid and proppant to initiate
24 or propagate fractures in a geologic formation to enhance
25 extraction or production of oil or gas.

1 (b) Within 60 calendar days after the conclusion of
2 hydraulic fracturing operations, the operator shall file a
3 hydraulic fracturing operations completion report with the
4 Department. The hydraulic fracturing operations completion
5 report shall contain the following information:

6 (1) the name and location of the well;

7 (2) the total and per-stage gallons of hydraulic
8 fracturing fluid used at the well;

9 (3) depth of the wellbore (including both total
10 vertical depth and total measured depth);

11 (4) length of horizontal wellbore;

12 (5) the maximum surface treating pressure used;

13 (6) the formation targeted;

14 (7) the number of hydraulic fracturing stages; and

15 (8) total perforated interval and individual
16 perforation intervals.

17 Section 1-99. Task Force on Hydraulic Fracturing
18 Regulation.

19 (a) There is hereby created the Task Force on Hydraulic
20 Fracturing Regulation.

21 (b) The task force shall consist of the following members
22 as follows:

23 (1) Four legislators, appointed one each by the
24 President of the Senate, the Minority Leader of the Senate,
25 the Speaker of the House of Representatives, and the

1 Minority Leader of the House of Representatives;

2 (2) The Governor, or his or her representative;

3 (3) The Director of the Illinois Environmental
4 Protection Agency, or his or her representative;

5 (4) The Director of the Illinois Department of Natural
6 Resources, or his or her representative;

7 (5) The Attorney General of the State of Illinois, or
8 his or her representative;

9 (6) The Director of the Illinois State Geological
10 Survey, or his or her representative;

11 (7) Four representatives from environmental
12 organizations, at least one of whom shall be a national
13 environmental organization, at least one of whom shall be a
14 Midwest regional environmental organization, and at least
15 one of whom shall be an Illinois-based environmental
16 organization, appointed by the Director of the Illinois
17 Department of Natural Resources; and

18 (8) Four representatives from entities representing
19 the interests of the oil and gas industry, at least one of
20 whom shall represent companies whose activities are
21 national in scope, at least one of whom shall represent
22 companies whose activities are primarily limited to this
23 State, at least one of whom shall represent an industry
24 trade association, and at least one of whom shall represent
25 a statewide labor federation representing more than one
26 international union, appointed by the Director of the

1 Illinois Department of Natural Resources.

2 (c) The Director of the Illinois Department of Natural
3 Resources shall serve as chairperson of the task force, and the
4 Department shall be responsible for administering its
5 operations and ensuring that the requirements of this Section
6 are met.

7 (d) The task force may consult with any persons or entities
8 it deems necessary to carry out its mandate.

9 (e) Members of the task force shall be appointed no later
10 than 90 days after the effective date of this amendatory Act of
11 the 98th General Assembly. The members of the task force shall
12 receive no compensation for serving as members of the task
13 force.

14 (f) The task force shall (1) prepare a report evaluating
15 the scope of hydraulic fracturing activity in the State and (2)
16 provide recommendations to the General Assembly as to whether
17 further legislation is needed to regulate hydraulic fracturing
18 in this State. In performing these tasks, the task force shall
19 consider, at a minimum, the data collected by the Department
20 under Section 1-98 of this Act and the Illinois Oil and Gas
21 Act.

22 (g) The task force shall submit its report and
23 recommendations specified in subsection (f) of this Section to
24 the General Assembly on or before September 15, 2016.

25 (h) The task force, upon issuance of its report and
26 recommendations, is dissolved and this Section is repealed.

1 Section 1-100. Criminal offenses; penalties.

2 (a) Except as otherwise provided in this Section, it shall
3 be a Class A misdemeanor to knowingly violate this Act, its
4 rules, or any permit or term or condition thereof, or knowingly
5 to submit any false information under this Act or regulations
6 adopted thereunder, or under any permit or term or condition
7 thereof. A person convicted or sentenced under this subsection
8 (a) shall be subject to a fine of not to exceed \$10,000 for
9 each day of violation.

10 (b) It is unlawful for a person knowingly to violate:

11 (1) subsection (c) of Section 1-25 of this Act;

12 (2) subsection (d) of Section 1-25 of this Act;

13 (3) subsection (a) of Section 1-30 of this Act;

14 (4) paragraph (9) of subsection (c) of Section 1-75 of
15 this Act; or

16 (5) subsection (a) of Section 1-87 of this Act.

17 A person convicted or sentenced for any knowing violation
18 of the requirements or prohibitions listed in this subsection
19 (b) commits a Class 4 felony, and in addition to any other
20 penalty prescribed by law is subject to a fine not to exceed
21 \$25,000 for each day of violation. A person who commits a
22 second or subsequent knowing violation of the requirements or
23 prohibitions listed in this subsection (b) commits a Class 3
24 felony and, in addition to any other penalties provided by law,
25 is subject to a fine not to exceed \$50,000 for each day of

1 violation.

2 (c) Any person who knowingly makes a false, fictitious, or
3 fraudulent material statement, orally or in writing, to the
4 Department or Agency as required by this Act, its rules, or any
5 permit, term, or condition of a permit, commits a Class 4
6 felony, and each false, fictitious, or fraudulent statement or
7 writing shall be considered a separate violation. In addition
8 to any other penalty prescribed by law, persons in violation of
9 this subsection (c) is subject to a fine of not to exceed
10 \$25,000 for each day of violation. A person who commits a
11 second or subsequent knowing violation of this subsection (c)
12 commits a Class 3 felony and, in addition to any other
13 penalties provided by law, is subject to a fine not to exceed
14 \$50,000 for each day of violation.

15 (d) Any criminal action provided for under this Section
16 shall be brought by the State's Attorney of the county in which
17 the violation occurred or by the Attorney General and shall be
18 conducted in accordance with the applicable provision of the
19 Code of Criminal Procedure of 1963. For criminal conduct in
20 this Section, the period for commencing prosecution shall not
21 begin to run until the offense is discovered by or reported to
22 a State or local agency having authority to investigate
23 violations of this Act.

24 Section 1-101. Violations; civil penalties and
25 injunctions.

1 (a) Except as otherwise provided in this Section, any
2 person who violates any provision of this Act or any rule or
3 order adopted under this Act or any permit issued under this
4 Act shall be liable for a civil penalty not to exceed \$50,000
5 for the violation and an additional civil penalty not to exceed
6 \$10,000 for each day during which the violation continues.

7 (b) Any person who violates any requirements or
8 prohibitions of provisions listed in this subsection (b) is
9 subject to a civil penalty not to exceed \$100,000 for the
10 violation and an additional civil penalty not to exceed \$20,000
11 for each day during which the violation continues. The
12 following are violations are subject to the penalties of this
13 subsection (b):

14 (1) subsection (c) of Section 1-25 of this Act;

15 (2) subsection (d) of Section 1-25 of this Act;

16 (3) subsection (a) of Section 1-30 of this Act;

17 (4) paragraph (9) of subsection (c) of Section 1-75 of
18 this Act; or

19 (5) subsection (a) of Section 1-87 of this Act.

20 (c) Any person who knowingly makes, submits, causes to be
21 made, or causes to be submitted a false report of pollution,
22 diminution, or water pollution attributable to high volume
23 horizontal hydraulic fracturing operations that results in an
24 investigation by the Department or Agency under this Act shall
25 be liable for a civil penalty not to exceed \$1,000 for the
26 violation.

1 (d) The penalty shall be recovered by a civil action before
2 the circuit court of the county in which the well site is
3 located or in the circuit court of Sangamon County. Venue shall
4 be considered proper in either court. These penalties may, upon
5 the order of a court of competent jurisdiction, be made payable
6 to the Environmental Protection Trust Fund, to be used in
7 accordance with the provisions of the Environmental Protection
8 Trust Fund Act.

9 (e) The State's Attorney of the county in which the
10 violation occurred, or the Attorney General, may, at the
11 request of the Department or on his or her own motion,
12 institute a civil action for the recovery of costs, an
13 injunction, prohibitory or mandatory, to restrain violations
14 of this Act, any rule adopted under this Act, the permit or
15 term or condition of the permit, or to require other actions as
16 may be necessary to address violations of this Act, any rule
17 adopted under this Act, the permit or term or condition of the
18 permit.

19 (f) The State's Attorney of the county in which the
20 violation occurred, or the Attorney General, shall bring
21 actions under this Section in the name of the People of the
22 State of Illinois. Without limiting any other authority that
23 may exist for the awarding of attorney's fees and costs, a
24 court of competent jurisdiction may award costs and reasonable
25 attorney's fees, including the reasonable costs of expert
26 witnesses and consultants, to the State's Attorney or the

1 Attorney General in a case where he or she has prevailed
2 against a person who has committed a knowing or repeated
3 violation of this Act, any rule adopted under this Act, or the
4 permit or term or condition of the permit.

5 (g) All final orders imposing civil penalties under this
6 Section shall prescribe the time for payment of those
7 penalties. If any penalty is not paid within the time
8 prescribed, interest on penalty at the rate set forth in
9 subsection (a) of Section 1003 of the Illinois Income Tax Act,
10 shall be paid for the period from the date payment is due until
11 the date payment is received. However, if the time for payment
12 is stayed during the pendency of an appeal, interest shall not
13 accrue during stay.

14 Section 1-102. Other relief.

15 (a) Any person having an interest that is or may be
16 adversely affected may commence a civil action on his or her
17 own behalf to compel compliance with this Act against any
18 governmental instrumentality or agency which is alleged to be
19 in violation of the provisions of this Act or of any rule,
20 order, or permit issued under this Act, or against any other
21 person who is alleged to be in violation of this Act or of any
22 rule, order, or permit issued under this Act. No action may be
23 commenced under this subsection (a): (i) prior to 60 days after
24 the plaintiff has given notice in writing of the alleged
25 violation to the Department and to any alleged violator or (ii)

1 if the State has commenced and is diligently prosecuting a
2 civil action to require compliance with the provisions of this
3 Act, or any rule, order, or permit issued under this Act.

4 (b) Any person having an interest that is or may be
5 adversely affected may commence a civil action against the
6 Department on his or her own behalf to compel compliance with
7 this Act where there is alleged a failure of the Department to
8 perform any act or duty under this Act that is not
9 discretionary with the Department. No action may be commenced
10 under this subsection (b) prior to 60 days after the plaintiff
11 has given notice in writing of the action to the Department,
12 except that action may be brought immediately after the
13 notification in the case where the violation or order
14 complained of constitutes an imminent threat to the health or
15 safety of the plaintiff or would immediately affect a legal
16 interest of the plaintiff.

17 (c) The court, in issuing any final order in any action
18 brought under this Section, may award costs of litigation
19 (including attorney and expert witness fees) to any party, on
20 the basis of the importance of the proceeding and the
21 participation of the parties to the efficient and effective
22 enforcement of this Act. The court may, if a temporary
23 restraining order or preliminary injunction is sought, require
24 the filing of a bond or equivalent security in accordance with
25 Part 1 of Article XI of the Code of Civil Procedure.

26 (d) Any person who is injured in his or her person or

1 property through the violation by any operator of any rule,
2 order, or permit issued under this Act may bring an action for
3 damages (including reasonable attorney and expert witness
4 fees). Nothing in this subsection (d) shall affect any of the
5 rights established by or limits imposed under the Workers'
6 Compensation Act.

7 (e) Any action brought under this Section may be brought
8 only in the county in which the high volume horizontal
9 hydraulic fracturing operation complained of is located.

10 (f) In any action under this Section, the Department shall
11 have an unconditional right to intervene.

12 (g) No existing civil or criminal remedy for any wrongful
13 action shall be excluded or impaired by this Act.

14 (h) Nothing in this Section shall restrict any right that
15 any person (or class of persons) may have under any statute or
16 common law to seek enforcement of any of the provisions of this
17 Act and the rules adopted under this Act, or to seek any other
18 relief (and including relief against the United States or the
19 Department).

20 Section 1-105. Violations, complaints, and notice;
21 website.

22 The Department shall maintain a detailed database that is
23 readily accessible to the public on the Department's website.
24 The database shall show each violation found by the Department
25 regarding high volume horizontal hydraulic fracturing

1 operations and the associated well owners, operators, and
2 subcontractors. When the Department determines that any person
3 has violated this Act, the Department shall provide notice by
4 U.S. Postal Service certified mail, return receipt requested,
5 of the Department's determination to all persons required to
6 receive specific public notice under Section 1-40 of this Act
7 within 7 calendar days after the determination. The Department
8 shall also post the notice on the Department's website. The
9 notice shall include a detailed, plain language description of
10 the violation and a detailed, plain language description of all
11 known risks to public health, life, property, aquatic life, and
12 wildlife resulting from the violation.

13 Section 1-110. Public information; website.

14 (a) All information submitted to the Department under this
15 Act is deemed public information, except information deemed to
16 constitute a trade secret under Section 1-77 of this Act and
17 private information and personal information as defined in the
18 Freedom of Information Act.

19 (b) To provide the public and concerned citizens with a
20 centralized repository of information, the Department shall
21 create and maintain a comprehensive website dedicated to
22 providing information concerning high volume horizontal
23 hydraulic fracturing operations. The website shall contain,
24 assemble, and link the documents and information required by
25 this Act to be posted on the Department's or other agencies'

1 websites. The Department shall also create and maintain an
2 online searchable database that provides information related
3 to high volume horizontal hydraulic fracturing operations on
4 wells that, at a minimum, include, for each well it permits,
5 the identity of its operators, its waste disposal, its chemical
6 disclosure information, and any complaints or violations under
7 this Act. The website created under this Section shall allow
8 users to search for completion reports by well name and
9 location, dates of fracturing and drilling operations,
10 operator, and by chemical additives.

11 Section 1-120. Applicable federal, State, and local laws.
12 Compliance with this Act does not relieve responsibility for
13 compliance with the Illinois Oil and Gas Act, the Illinois
14 Environmental Protection Act, and other applicable federal,
15 State, and local laws.

16 Section 1-123. Application of water well laws. Nothing in
17 this Act shall be construed to affect the application of the
18 Illinois Water Well Construction Code, the Illinois Water Well
19 Pump Installation Code, the Water Well and Pump Installation
20 Contractor's License Act, or any rules adopted thereunder to
21 all water wells, closed loop wells, or monitoring wells, as
22 those terms are defined in Section 3 of the Illinois Water Well
23 Construction Code, that are located, drilled, constructed, or
24 modified in connection with activities regulated by this Act.

1 Section 1-125. Administrative review. All final
2 administrative decisions, including issuance or denial of a
3 permit, made by the Department under this Act are subject to
4 judicial review under the Administrative Review Law and its
5 rules.

6 Section 1-130. Rules. The Department shall have the
7 authority to adopt rules as may be necessary to accomplish the
8 purposes of this Act. Any and all rules adopted under this Act
9 by the Department are not subject to the review, consultation,
10 or advisement of the Oil and Gas Board.

11 Section 1-135. The Mines and Minerals Regulatory Fund. The
12 Mines and Minerals Regulatory Fund is created as a special fund
13 in the State treasury. All moneys required by this Act to be
14 deposited into the Fund shall be used by the Department to
15 administer and enforce this Act and otherwise support the
16 operations and programs of the Office of Mines and Minerals.

17 Section 1-140. Severability. The provisions of this Act are
18 severable under Section 1.31 of the Statute on Statutes.

19 ARTICLE 2.

20 Section 2-5. Short title. This Act may be cited as the

1 "Illinois Hydraulic Fracturing Tax Act".

2 Section 2-10. Definitions. For the purposes of this Act,
3 unless the context otherwise requires:

4 "Barrel" for oil measurement means a barrel of 42 U.S.
5 gallons of 231 cubic inches per gallon, computed at a
6 temperature of 60 degrees Fahrenheit.

7 "Construction" means any constructing, altering,
8 reconstructing, repairing, rehabilitating, refinishing,
9 refurbishing, remodeling, remediating, renovating, custom
10 fabricating, maintaining, landscaping, improving, drilling,
11 testing, moving, wrecking, painting, decorating, demolishing,
12 and adding to or subtracting from any building, structure,
13 highway, roadway, street, bridge, alley, sewer, ditch, water
14 works, parking facility, railroad, excavation or other
15 structure, project, development, real property or improvement,
16 or to do any part thereof, whether or not the performance of
17 the construction involves the addition to, or fabrication into,
18 any structure, project, development, real property or
19 improvement herein described performed or done on behalf of an
20 operator in connection with and at the location of a well site
21 subject to the tax imposed by this Act.

22 "Construction worker" means a person performing
23 construction.

24 "Department" means the Illinois Department of Revenue.

25 "Fracturing" or "hydraulic fracturing" means the

1 propagation of fractures in a rock layer, by a pressurized
2 fluid used to release petroleum or natural gas (including shale
3 gas, tight gas, and coal seam gas), for extraction.

4 "Gas" means natural gas taken from below the surface of the
5 earth or water in this State, regardless of whether the gas is
6 taken from a gas well or from a well also productive of oil or
7 any other product.

8 "General prevailing rate of hourly wages" has the meaning
9 ascribed to it in Section 2 of the Prevailing Wage Act, as
10 determined by the Director of the Department of Labor under
11 Section 9 of the Prevailing Wage Act for the county in which
12 the construction occurs.

13 "Illinois construction worker" means a construction
14 worker, as defined in this Section, domiciled in Illinois for
15 24 months prior to the date of the issuance of a high volume
16 horizontal hydraulic fracturing permit for the well site on
17 which the construction is performed.

18 "Lease number" means the number assigned by the purchaser
19 to identify each production unit.

20 "Oil" means petroleum or other crude oil, condensate,
21 casinghead gasoline, or other mineral oil that is severed or
22 withdrawn from below the surface of the soil or water in this
23 State.

24 "Operator" means the person primarily responsible for the
25 management and operation of oil or gas productions from a
26 production unit.

1 "Person" means any natural individual, firm, partnership,
2 association, joint stock company, joint adventure, public or
3 private corporation, limited liability company, or a receiver,
4 executor, trustee, guardian, or other representative appointed
5 by order of any court.

6 "Producer" means any person owning, controlling, managing,
7 or leasing any oil or gas property or oil or gas well, and any
8 person who severs in any manner any oil or gas in this State,
9 and shall include any person owning any direct and beneficial
10 interest in any oil or gas produced, whether severed by such
11 person or some other person on their behalf, either by lease,
12 contract, or otherwise, including working interest owners,
13 overriding royalty owners, or royalty owners.

14 "Production unit" means a unit of property designated by
15 the Department of Natural Resources from which oil or gas is
16 severed.

17 "Purchaser" means a person who is the first purchaser of a
18 product after severance from a production unit.

19 "Remove" or "removal" means the physical transportation of
20 oil or gas off of the production unit where severed; and if the
21 oil or gas is used on the premises where severed, or if the
22 manufacture or conversion of oil or gas into refined products
23 occurs on the premises where severed, oil or gas shall be
24 deemed to have been removed on the date such use, manufacture,
25 or conversion begins.

26 "Severed" or "severing" means: (1) the production of oil

1 through extraction or withdrawal of the same, whether such
2 extraction or withdrawal is by natural flow, mechanical flow,
3 forced flow, pumping, or any other means employed to get the
4 oil from below the surface of the soil or water and shall
5 include the withdrawal by any means whatsoever of oil upon
6 which the tax has not been paid, from any surface reservoir,
7 natural or artificial, or from a water surface; and (2) the
8 production of gas through the extraction or withdrawal of the
9 same by any means whatsoever, from below the surface of the
10 earth or water.

11 "Severance" means the taking of oil or gas from below the
12 surface of the soil or water in any manner whatsoever.

13 "Total workforce hours" means all hours worked by
14 construction workers on a well site, beginning on the date an
15 application for a permit to perform high volume horizontal
16 hydraulic fracturing operations at the well is filed under
17 Section 1-35 of the Hydraulic Fracturing Regulatory Act and
18 ending on the date of first production following initial
19 drilling or any reworking of the well.

20 "Value" means the sale price of oil or gas at the time of
21 removal of the oil or gas from the production unit and if oil
22 or gas is exchanged for something other than cash, or if no
23 sale occurs at the time of removal, or if the Department
24 determines that the relationship between the buyer and the
25 seller is such that the consideration paid, if any, is not
26 indicative of the true value or market price, then the

1 Department shall determine the value of the oil or gas subject
2 to tax based on the cash price paid to one or more producers
3 for the oil or gas or based on the cash price paid to producers
4 for like quality oil or gas in the vicinity of the production
5 unit at the time of the removal of the oil or gas from the
6 production unit.

7 "Well site" has the meaning ascribed to the term in Section
8 1-5 of the Hydraulic Fracturing Regulatory Act.

9 "Working interest" means any interest in or any right to
10 the production of oil and gas, excluding royalty or overriding
11 royalty interests.

12 Section 2-15. Tax imposed.

13 (a) For oil and gas removed on or after July 1, 2013, there
14 is hereby imposed a tax upon the severance and production of
15 oil or gas from a well on a production unit in this State
16 permitted, or required to be permitted, under the Illinois
17 Hydraulic Fracturing Regulatory Act, for sale, transport,
18 storage, profit, or commercial use. The tax shall be applied
19 equally to all portions of the value of each barrel of oil
20 severed and subject to such tax and to the value of the gas
21 severed and subject to such tax. For a period of 24 months from
22 the month in which oil or gas was first produced from the well,
23 the rate of tax shall be 3% of the value of the oil or gas
24 severed from the earth or water in this State. Thereafter, the
25 rate of the tax shall be as follows:

1 (1) For oil:

2 (A) where the average daily production from the
3 well during the month is less than 25 barrels, 3% of
4 the value of the oil severed from the earth or water;

5 (B) where the average daily production from the
6 well during the month is 25 or more barrels but less
7 than 50 barrels, 4% of the value of the oil severed
8 from the earth or water;

9 (C) where the average daily production from the
10 well during the month is 50 or more barrels but less
11 than 100 barrels, 5% of the value of the oil severed
12 from the earth or water; or

13 (D) where the average daily production from the
14 well during the month is 100 or more barrels, 6% of the
15 value of the oil severed from the earth or water.

16 (2) For gas, 6% of the value of the gas severed from
17 the earth or water.

18 If a well is required to be permitted under the Illinois
19 Hydraulic Fracturing Regulatory Act, the tax imposed by this
20 Section applies, whether or not a permit was obtained.

21 (b) Oil produced from a well whose average daily production
22 is 15 barrels or less for the 12-month period immediately
23 preceding the production is exempt from the tax imposed by this
24 Act.

25 (c) For the purposes of the tax imposed by this Act the
26 amount of oil produced shall be measured or determined, in the

1 case of oil, by tank tables, without deduction for overage or
2 losses in handling. Allowance for any reasonable and bona fide
3 deduction for basic sediment and water, and for correction of
4 temperature to 60 degrees Fahrenheit will be allowed. For the
5 purposes of the tax imposed by this Act the amount of gas
6 produced shall be measured or determined, by meter readings
7 showing 100% of the full volume expressed in cubic feet at a
8 standard base and flowing temperature of 60 degrees Fahrenheit,
9 and at the absolute pressure at which the gas is sold and
10 purchased. Correction shall be made for pressure according to
11 Boyle's law, and used for specific gravity according to the
12 gravity at which the gas is sold and purchased.

13 (d) The following severance and production of gas shall be
14 exempt from the tax imposed by this Act: gas injected into the
15 earth for the purpose of lifting oil, recycling, or
16 repressuring; gas used for fuel in connection with the
17 operation and development for, or production of, oil or gas in
18 the production unit where severed; and gas lawfully vented or
19 flared; gas inadvertently lost on the production unit by reason
20 of leaks, blowouts, or other accidental losses.

21 (e) All oil and gas removed from the premises where severed
22 is subject to the tax imposed by this Act unless exempt under
23 the terms of this Act.

24 (f) The liability for the tax accrues at the time the oil
25 or gas is removed from the production unit.

1 Section 2-17. Local Workforce Tax Rate Reduction.

2 (a) The rate of tax imposed on working interest owners of a
3 well under Section 2-15 of this Act shall be reduced by 0.25%
4 for the life of the well when a minimum of 50% of the total
5 workforce hours on the well site are performed by Illinois
6 construction workers being paid wages equal to or exceeding the
7 general prevailing rate of hourly wages.

8 (b) When more than one well is drilled on a well site,
9 total workforce hours shall be determined on a well-by-well
10 basis.

11 (c) Any operator that intends to claim the reduction
12 provided for in this Section on his or her behalf, or on the
13 behalf of the working interest owners, shall be responsible for
14 obtaining from all construction contractors working on a well
15 site, records to document the claim for the reduction in tax
16 rate. Operators shall, at a minimum, obtain from construction
17 contractors, in writing, the total number of construction
18 workers that performed work under the contract, the number of
19 Illinois construction workers that performed work under the
20 contract, whether oral or written, between the operator and the
21 construction contractor, the hours worked by each construction
22 worker and the wage paid to each construction worker for the
23 hours of work performed on the well site. The operator shall
24 obtain and retain any other records the Department determines
25 are necessary to verify a claim for a reduction in the tax. The
26 operator shall make the records available to the Department

1 upon request.

2 For the purposes of this Section, each construction
3 contractor, upon written request from the operator, shall
4 retain the following records: each worker's name, address, and
5 telephone number, if available, years of residency in Illinois,
6 the type of work the worker performs, the hourly wages paid
7 each worker, and the number of hours worked by each worker for
8 the term of the contract. The construction contractor shall
9 retain any other records the Department determines are
10 necessary to verify a claim for a reduction in the tax. The
11 construction contractor shall make the records available to the
12 operator and Department upon request. The operator and
13 construction contractors shall retain the records for 3 years.

14 No later than the 6 months after the date of the first
15 purchase of oil or gas from a well, the operator shall file
16 with the Department, in the form and manner required by the
17 Department, a report and documentation to support that the
18 working interest owners qualify for the reduction in the rate
19 of tax provided for in this Section. The report shall be signed
20 by the operator, or an officer, employee, or agent of the
21 contractor, and state under oath that he or she has examined
22 the report and documentation and the report and documentation
23 are true and accurate. The Department shall keep the records
24 submitted in accordance with this subsection for a period of
25 not less than 3 years from the date of filing.

26 (d) The Department shall notify the first purchaser and the

1 operator when the working interest owners qualify for a
2 reduction in the tax under this Section and state the amount of
3 the reduction. The reduction shall be effective the date of
4 first production. The first purchaser or operator may take a
5 credit for any retroactive reduction in the tax rate on a
6 return filed under Sections 2-45 and 2-50 of this Act.

7 (e) Reports shall be filed on forms furnished and
8 prescribed by the Department and shall contain any other
9 information as the Department may reasonably require.

10 Section 2-20. Taxable value; method of determining. The
11 Department may determine the value of products severed from a
12 production unit when the operator and purchaser are affiliated
13 persons, when the sale and purchase of products is not an arm's
14 length transaction, or when products are severed and removed
15 from a production unit and a value is not established for those
16 products. The value determined by the Department shall be
17 commensurate with the actual price received for products of
18 like quality, character, and use which are severed in the same
19 field or area. If there are no sales of products of like
20 quality, character, and use severed in the same field or area,
21 then the Department shall establish a reasonable value based on
22 sales of products of like quality, character, and use which are
23 severed in other areas of the State, taking into consideration
24 any other relevant factors.

1 Section 2-25. Withholding of tax. Any purchaser who makes
2 a monetary payment to a producer for his or her portion of the
3 value of products from a production unit shall withhold from
4 such payment the amount of tax due from the producer. Any
5 purchaser who pays any tax due from a producer shall be
6 entitled to reimbursement from the producer for the tax so paid
7 and may take credit for such amount from any monetary payment
8 to the producer for the value of products. To the extent that a
9 purchaser required to collect the tax imposed by this Act has
10 actually collected that tax, such tax is held in trust for the
11 benefit of the State of Illinois.

12 Section 2-30. Payment and collection of tax.

13 (a) For oil and gas removed on or after July 1, 2013, the
14 tax incurred under this Act shall be due and payable on or
15 before the last day of the month following the end of the month
16 in which the oil or gas is removed from the production unit.
17 The tax is upon the producers of such oil or gas in the
18 proportion to their respective beneficial interests at the time
19 of severance. The first purchaser of any oil or gas sold shall
20 collect the amount of the tax due from the producers by
21 deducting and withholding such amount from any payments made by
22 such purchaser to the producers and shall remit the tax in this
23 Act.

24 In the event the tax shall be withheld by a purchaser from
25 payments due a producer and such purchaser fails to make

1 payment of the tax to the State as required herein, the first
2 purchaser shall be liable for the tax. However, in the event a
3 first purchaser fails to pay the tax withheld from a producer's
4 payment, the producer's interest remains subject to any lien
5 filed pursuant to subsection (c) of this Section. A producer
6 shall be entitled to bring an action against such purchaser to
7 recover the amount of tax so withheld together with penalties
8 and interest which may have accrued by failure to make such
9 payment. A producer shall be entitled to all attorney fees and
10 court costs incurred in such action. To the extent that a
11 producer liable for the tax imposed by this Act collects the
12 tax, and any penalties and interest, from a purchaser, such
13 tax, penalties, and interest are held in trust by the producer
14 for the benefit of the State of Illinois.

15 (b) For all production units a first purchaser begins to
16 purchase oil or gas from on or after July 1, 2013, the first
17 purchaser is required to withhold and remit the tax imposed by
18 this Act to the Department from the oil and gas purchased from
19 the production unit unless the first purchaser obtains from the
20 operator an exemption certificate signed by the operator
21 stating that the production unit is not subject to the tax
22 imposed by this Act. The exemption certificate must include the
23 following information:

24 (1) name and address of the operator;

25 (2) name of the production unit;

26 (3) number assigned to the production unit by the first

1 purchaser, if available;

2 (4) legal description of the production unit; and

3 (5) a statement by the operator that the production
4 unit is exempt from the tax imposed by the Illinois
5 Hydraulic Fracturing Tax Act.

6 If a first purchaser obtains an exemption certificate that
7 contains the required information and reasonably relies on the
8 exemption certificate and it is subsequently determined by the
9 Department that the production unit is subject to the tax
10 imposed by this Act, the Department will collect any tax that
11 is due from the operator and producers, and the first purchaser
12 is relieved of any liability.

13 (c) Notwithstanding subsection (a) of this Section, the tax
14 is a lien on the oil and gas from the time of severance from the
15 land or under the water until the tax and all penalties and
16 interest are fully paid, and the State shall have a lien on all
17 the oil or gas severed from the production unit in this State
18 in the hands of the operator, any producer or the first or any
19 subsequent purchaser thereof to secure the payment of the tax.
20 If a lien is filed by the Department, the purchaser shall
21 withhold from producers or operators the amount of tax, penalty
22 and interest identified in the lien.

23 Section 2-35. Registration of purchasers. A person who
24 engages in business as a purchaser of oil or gas in this State
25 shall register with the Department. Application for a

1 certificate of registration shall be made to the Department
2 upon forms furnished by the Department and shall contain any
3 reasonable information the Department may require. Upon
4 receipt of the application for a certificate of registration in
5 proper form, the Department shall issue to the applicant a
6 certificate of registration.

7 Section 2-40. Inspection of records by the Department;
8 subpoena power, contempt. The Department shall have the power
9 to require any operator, producer, transporter, or person
10 purchasing any oil or gas severed from the earth or water to
11 furnish any additional information deemed to be necessary for
12 the purpose of computing the amount of the tax, and for such
13 purpose to examine the meter and other charts, books, records,
14 and all files of such person, and for such purpose the
15 Department shall have the power to issue subpoenas and examine
16 witnesses under oath, and if any witness shall fail or refuse
17 to appear at the request of the director, or refuses access to
18 books, records, and files, the circuit court of the proper
19 county, or the judge thereof, on application of the Department,
20 shall compel obedience by proceedings for contempt, as in the
21 case of disobedience of the requirements of a subpoena issued
22 from such court or a refusal to testify therein.

23 Section 2-45. Purchaser's return and tax remittance. Each
24 purchaser shall make a return to the Department showing the

1 quantity of oil or gas purchased during the month for which the
2 return is filed, the price paid therefore, total value, the
3 name and address of the operator or other person from whom the
4 same was purchased, a description of the production unit in the
5 manner prescribed by the Department from which such oil or gas
6 was severed and the amount of tax due from each production unit
7 for each calendar month. All taxes due, or to be remitted, by
8 the purchaser shall accompany this return. The return shall be
9 filed on or before the last day of the month after the calendar
10 month for which the return is required. The Department may
11 require any additional report or information it may deem
12 necessary for the proper administration of this Act.

13 Such returns shall be filed electronically in the manner
14 prescribed by the Department. Purchasers shall make all
15 payments of that tax to the Department by electronic funds
16 transfer unless, as provided by rule, the Department grants an
17 exception upon petition of a purchaser. Purchasers' returns
18 must be accompanied by appropriate computer generated magnetic
19 media supporting schedule data in the format required by the
20 Department, unless, as provided by rule, the Department grants
21 an exception upon petition of a purchaser.

22 Section 2-50. Operator returns; payment of tax.

23 (a) If, on or after July 1, 2013, oil or gas is transported
24 off the production unit where severed by the operator, used on
25 the production unit where severed, or if the manufacture and

1 conversion of oil and gas into refined products occurs on the
2 production unit where severed, the operator is responsible for
3 remitting the tax imposed under subsections (a) of Section 15,
4 on or before the last day of the month following the end of the
5 calendar month in which the oil and gas is removed from the
6 production unit, and such payment shall be accompanied by a
7 return to the Department showing the gross quantity of oil or
8 gas removed during the month for which the return is filed, the
9 price paid therefore, and if no price is paid therefore, the
10 value of the oil and gas, a description of the production unit
11 from which such oil or gas was severed, and the amount of tax.
12 The Department may require any additional information it may
13 deem necessary for the proper administration of this Act.

14 (b) Operators shall file all returns electronically in the
15 manner prescribed by the Department unless, as provided by
16 rule, the Department grants an exception upon petition of an
17 operator. Operators shall make all payments of that tax to the
18 Department by electronic funds transfer unless, as provided by
19 rule, the Department grants an exception upon petition of an
20 operator. Operators' returns must be accompanied by
21 appropriate computer generated magnetic media supporting
22 schedule data in the format required by the Department, unless,
23 as provided by rule, the Department grants an exception upon
24 petition of a purchaser.

25 (c) Any operator who makes a monetary payment to a producer
26 for his or her portion of the value of products from a

1 production unit shall withhold from such payment the amount of
2 tax due from the producer. Any operator who pays any tax due
3 from a producer shall be entitled to reimbursement from the
4 producer for the tax so paid and may take credit for such
5 amount from any monetary payment to the producer for the value
6 of products. To the extent that an operator required to collect
7 the tax imposed by this Act has actually collected that tax,
8 such tax is held in trust for the benefit of the State of
9 Illinois.

10 (d) In the event the operator fails to make payment of the
11 tax to the State as required herein, the operator shall be
12 liable for the tax. A producer shall be entitled to bring an
13 action against such operator to recover the amount of tax so
14 withheld together with penalties and interest which may have
15 accrued by failure to make such payment. A producer shall be
16 entitled to all attorney fees and court costs incurred in such
17 action. To the extent that a producer liable for the tax
18 imposed by this Act collects the tax, and any penalties and
19 interest, from an operator, such tax, penalties, and interest
20 are held in trust by the producer for the benefit of the State
21 of Illinois.

22 (e) When the title to any oil or gas severed from the earth
23 or water is in dispute and the operator of such oil or gas is
24 withholding payments on account of litigation, or for any other
25 reason, such operator is hereby authorized, empowered and
26 required to deduct from the gross amount thus held the amount

1 of the tax imposed and to make remittance thereof to the
2 Department as provided in this Section.

3 (f) An operator required to file a return and pay the tax
4 under this Section shall register with the Department.
5 Application for a certificate of registration shall be made to
6 the Department upon forms furnished by the Department and shall
7 contain any reasonable information the Department may require.
8 Upon receipt of the application for a certificate of
9 registration in proper form, the Department shall issue to the
10 applicant a certificate of registration.

11 (g) If oil or gas is transported off the production unit
12 where severed by the operator and sold to a purchaser or
13 refiner, the State shall have a lien on all the oil or gas
14 severed from the production unit in this State in the hands of
15 the operator, the first or any subsequent purchaser thereof, or
16 refiner to secure the payment of the tax. If a lien is filed by
17 the Department, the purchaser or refiner shall withhold from
18 the operator the amount of tax, penalty and interest identified
19 in the lien.

20 Section 2-55. Tax withholding and remittance when title to
21 minerals disputed. When the title to any oil or gas severed
22 from the earth or water is in dispute and the purchaser of such
23 oil or gas is withholding payments on account of litigation, or
24 for any other reason, such purchaser is hereby authorized,
25 empowered and required to deduct from the gross amount thus

1 held the amount of the tax imposed and to make remittance
2 thereof to the Department as provided in this Act.

3 Section 2-60. Transporters. When requested by the
4 Department, all transporters of oil or gas out of, within or
5 across the State of Illinois shall be required to furnish the
6 Department such information relative to the transportation of
7 such oil or gas as the Department may require. The Department
8 shall have authority to inspect bills of lading, waybills,
9 meter, or other charts, documents, books and records as may
10 relate to the transportation of oil or gas in the hands of each
11 transporter. The Department shall further be empowered to
12 demand the production of such bills of lading, waybills,
13 charts, documents, books, and records relating to the
14 transportation of oil or gas at any point in the State of
15 Illinois.

16 Section 2-65. Rulemaking. The Department is hereby
17 authorized to adopt any rules as may be necessary to administer
18 and enforce the provisions of this Act.

19 Section 2-70. Incorporation by reference. All of the
20 provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 6,
21 6a, 6b, 6c, 7, 8, 9, 10, 11, 11a, 12, and 13 of the "Retailers'
22 Occupation Tax Act" which are not inconsistent with this Act,
23 and all provisions of the Uniform Penalty and Interest Act

1 shall apply, as far as practicable, to the subject matter of
2 this Act to the same extent as if such provisions were included
3 herein.

4 Section 2-75. Distribution of proceeds. All moneys
5 received by the Department under this Act shall be paid into
6 the General Revenue Fund in the State Treasury.

7 ARTICLE 3.

8 Section 3-150. The State Finance Act is amended by adding
9 Section 5.826 as follows:

10 (30 ILCS 105/5.826 new)

11 Sec. 5.826. The Mines and Minerals Regulatory Fund.

12 ARTICLE 9.

13 Section 99-999. Effective date. This Act takes effect upon
14 becoming law.".