

1 AN ACT concerning Finance.

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

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

6 (20 ILCS 801/10-5)

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

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

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

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

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

1 practice of coal mining in the State of Illinois.

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

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

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

14 (30 ILCS 105/5.832)

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

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

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

20 (225 ILCS 732/1-35)

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

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

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

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

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

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

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

1 form provided by the Department:

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

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

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

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

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

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

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

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

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

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

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

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

14 (B) the anticipated surface treating pressure
15 range;

16 (C) the maximum anticipated injection treating
17 pressure;

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

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

22 (7) a plat showing all known previous wellbores within
23 750 feet of any part of the horizontal wellbore that
24 penetrated within 400 vertical feet of the formation that
25 will be stimulated as part of the high volume horizontal
26 hydraulic fracturing operations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (18) a statement that the well site at which the high
21 volume horizontal hydraulic fracturing operation will be
22 conducted will be restored in compliance with Section
23 240.1181 of Title 62 of the Illinois Administrative Code
24 and Section 1-95 of this Act;

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

1 \$5,000,000; and

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

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

16 (d) The hydraulic fracturing permit application shall be
17 accompanied by a bond as required by subsection (a) of Section
18 1-65 of this Act.

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

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

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

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

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

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

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

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

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

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

1 (225 ILCS 732/1-65)

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

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

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

24 (c) If, after notice and hearing, the Department determines
25 that any of the requirements of this Act or rules adopted under
26 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 Oil and Gas
14 Resource Management ~~Mines and Minerals Regulatory~~ Fund to be
15 used, as necessary, to mitigate or remediate violations of this
16 Act or rules adopted under this Act.

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

18 (225 ILCS 732/1-135)

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

1 Management Office of Mines and Minerals.

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

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