

SB3246



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3246

Introduced 2/15/2018, by Sen. Dale Fowler

SYNOPSIS AS INTRODUCED:

225 ILCS 725/19.6 from Ch. 96 1/2, par. 5430.1
225 ILCS 728/15
225 ILCS 728/60 new
225 ILCS 728/65 new

Amends the Illinois Oil and Gas Act, and the Illinois Petroleum Education and Marketing Act. Transfers the administration of the Landowner Grant Program from the Department of Natural Resources to the Illinois Petroleum Resources Board. Provides that the Department has the power to transfer an amount not to exceed \$250,000 per fiscal year from the Plugging and Restoration Fund to the Board for the sole purpose of implementing the Landowner Grant Program. Provides that the Board shall keep accurate records of all financial transactions regarding such funds. Establishes the Board's specific powers and duties in administering the Landowner Grant Program and utilizing the funds.

LRB100 18756 XWW 33990 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Oil and Gas Act is amended by
5 changing Section 19.6 as follows:

6 (225 ILCS 725/19.6) (from Ch. 96 1/2, par. 5430.1)

7 Sec. 19.6. The Department has the following specific powers
8 and duties in administering the Oil and Gas Well Site Plugging
9 and Restoration Program, ~~Landowner Grant Program,~~ and the
10 Plugging and Restoration Fund:

11 (a) To adopt rules in conformity with this Act, including
12 rules establishing priorities for well site plugging, repair,
13 and restoration consistent with this Act.

14 (b) To adopt rules necessary to implement the Oil and Gas
15 Well Site Plugging and Restoration Program ~~and Landowner Grant~~
16 ~~Program.~~

17 (c) To collect the fees assessed by the Department under
18 this Act and to make deposits into the Plugging and Restoration
19 Fund.

20 (d) To deposit the amount of any forfeited surety bond or
21 other security in the Plugging and Restoration Fund.

22 (e) To recover well site plugging, repair, and restoration
23 costs from permittees who fail to reimburse the Plugging and

1 Restoration Fund for expenses attributable to those permittees
2 and to deposit any amounts reimbursed or collected into the
3 Plugging and Restoration Fund.

4 (f) To accept, receive, and deposit into the Plugging and
5 Restoration Fund any grants, gifts, or other funds that may be
6 made available from public or private sources.

7 (g) To make expenditures of amounts appropriated from the
8 Plugging and Restoration Fund, as it may deem appropriate in
9 its sole discretion, for the sole purposes of plugging,
10 replugging, or repairing any well, restoring the site of any
11 well, including but not limited to removal of well site
12 equipment or production facilities, ~~and for reimbursement to~~
13 ~~landowners for plugging a well and restoring the site of a~~
14 ~~well, including but not limited to removal of well site~~
15 ~~equipment located on the landowner's property, for which the~~
16 ~~landowner has no legal obligation to plug the wells or remove~~
17 ~~the well site equipment,~~ if the well is determined by the
18 Department to be abandoned or ordered by the Department to be
19 plugged, replugged, repaired, or restored under Section 8a, 19,
20 19.1, or 19.8 of this Act including the costs of administering
21 the Oil and Gas Well Site Plugging and Restoration Program and
22 ~~the Plugging and Restoration Fund, and the Landowner Grant~~
23 ~~Program.~~

24 (h) To sell or assign any lien arising under Section 19.5
25 of this Act to the highest and best bidder who may agree to
26 perform the necessary plugging or corrective work as prescribed

1 by the Department and to deposit the proceeds of such sale in
2 the Plugging and Restoration Fund or to offset Department
3 plugging costs.

4 (i) To enter into contracts in accordance with the Illinois
5 Purchasing Act ~~and to administer the Landowner Grant Program.~~
6 In contracts or grants for the plugging, replugging, repairing
7 or restoration of a well, well site, or an associated tank
8 battery or production facility, the consideration paid by the
9 Department may include the sale and assignment of any lien
10 arising under Section 19.5 of this Act.

11 (j) To dispose in a commercially reasonable manner, at
12 generally recognized market value, well site equipment,
13 including an associated tank battery and production facility
14 equipment, and any amount of hydrocarbons from the well that is
15 stored on the lease, by either or both of the following methods
16 after it has been determined to be abandoned by the Department
17 through inclusion of the well in the Oil and Gas Well Site
18 Plugging and Restoration Program:

19 (1) a plugging contract may provide that the person
20 plugging the well or remediating oil field waste pollution,
21 or both, will have clear title, subject to any perfected,
22 prior legal or equitable claim, on all well site equipment
23 and hydrocarbons from the well that are stored on the
24 lease, or hydrocarbons recovered during the plugging
25 operation in exchange for a sum of money deducted as a
26 credit from the contract price; or

1 (2) the well site equipment, including but not limited
2 to an associated tank battery and production facility
3 equipment, hydrocarbons from the well that are stored on
4 the lease, and hydrocarbons recovered during the plugging
5 operation may be sold at a public auction or a public or
6 private sale. All well site equipment and hydrocarbons
7 acquired by a person by sale shall be acquired under clear
8 title, subject to any perfected prior legal or equitable
9 claims.

10 (k) To transfer an amount from the Plugging and Restoration
11 Fund not to exceed \$250,000 per fiscal year, subject to
12 appropriation and availability of funds, to the Illinois
13 Petroleum Resources Board, for the sole purpose of implementing
14 the Landowner Grant Program.

15 (Source: P.A. 90-260, eff. 7-30-97.)

16 Section 10. The Illinois Petroleum Education and Marketing
17 Act is amended by changing Section 15 and by adding Sections 60
18 and 65 as follows:

19 (225 ILCS 728/15)

20 (Section scheduled to be repealed on January 1, 2028)

21 Sec. 15. Board powers and duties. The Board shall have the
22 following powers and duties:

23 (1) To administer and enforce the provisions of this
24 Act.

1 (2) To establish an office for the Board within the
2 State of Illinois.

3 (3) To elect a chairperson and any other officers that
4 may be necessary to direct the operations of the Board.

5 (4) To employ personnel as shall be deemed necessary to
6 carry out the purpose and provisions of this Act and to
7 prescribe their duties and fix their compensation.

8 (5) To receive and administer all assessments,
9 donations, grants, contributions, and gifts received by
10 the Board pursuant to this Act and to deposit them into
11 accounts maintained by the Board.

12 (6) To annually establish priorities and approve a
13 prepared budget consistent with estimated resources.

14 (7) To adopt rules as it deems necessary to carry out
15 the provisions of this Act.

16 (8) To enter into contracts or agreements for studies,
17 research projects, experimental work, supplies, or other
18 services to carry out the purposes of this Act and to incur
19 those expenses necessary to carry out those purposes. A
20 contract or agreement entered into under this item shall
21 provide that:

22 (A) the person entering the contract or agreement
23 on behalf of the Board shall develop and submit to the
24 Board a plan or project together with a budget that
25 shows estimated costs to be incurred for the plan or
26 project; and

1 (B) the person entering the contract or agreement
2 shall keep accurate records of all of its transactions,
3 account for funds received and expended, and make
4 periodic reports to the Board of activities conducted
5 and other reports that the Board may require.

6 (9) To keep accurate records of all financial
7 transactions performed pursuant to this Act. These records
8 shall include a complete accounting of all funds received
9 by the Board for the Landowner Grant Program, including how
10 much was received, how the money was spent, and any money
11 remaining in a Board account at the end of the fiscal year.
12 These records shall be audited annually by an independent
13 auditor who is a certified public accountant and has been
14 selected by the Board, and an annual report shall be
15 compiled and made available to any interest owner and filed
16 with the Department within 60 days after the close of the
17 Board's fiscal year.

18 (10) To cooperate with any private, local, state, or
19 national commission, organization, agency, or group and to
20 make contracts and agreements for joint programs
21 beneficial to the oil and gas industry.

22 (11) To accept donations, grants, contributions, and
23 gifts from any public or private source and deposit them
24 into accounts maintained by the Board.

25 (12) To keep an accurate record of all assessments
26 collected.

1 (13) To enter into voluntary agreements with the
2 Department to support oilfield environmental remediation
3 and restoration activities.

4 (Source: P.A. 100-220, eff. 8-18-17.)

5 (225 ILCS 728/60 new)

6 Sec. 60. Landowner Grant Program; powers and duties. The
7 Board has the following specific powers and duties in
8 administering the Landowner Grant Program:

9 (1) To adopt rules necessary to implement the Landowner
10 Grant Program; the rules of the Department that are in
11 effect on the effective date of this amendatory Act of the
12 100th General Assembly that pertain to the rights, powers,
13 duties, and functions transferred from the Department
14 under this amendatory Act of the 100th General Assembly
15 shall become the rules of the Board and shall continue in
16 effect until amended or repealed by the Board.

17 (2) To accept and receive funds from the Department to
18 administer the Landowner Grant Program and to deposit those
19 funds into accounts, operating or reserve, to be used as
20 authorized by Section 65.

21 (3) To make expenditures as it may deem appropriate in
22 its sole discretion for the sole purposes of providing
23 reimbursement to landowners for plugging a well and
24 restoring the site of a well, including, but not limited
25 to, removal of well site equipment located on the

1 landowner's property, for which the landowner has no legal
2 obligation to plug the wells or remove the well site
3 equipment, if the well is determined by the Department to
4 be abandoned or ordered by the Department to be plugged,
5 replugged, repaired, or restored under Section 8a, 19,
6 19.1, or 19.8 of the Illinois Oil and Gas Act.

7 (4) To enter into contracts to administer the Landowner
8 Grant Program.

9 (5) To expend funds collected under Section 30 of this
10 Act, as it may deem appropriate in its sole discretion, to
11 implement and administer the Landowner Grant Program, in
12 addition to funds received from the Department under this
13 Section.

14 (225 ILCS 728/65 new)

15 Sec. 65. Use of Department Landowner Grant Program funds.

16 (a) The Board shall utilize the funds received from the
17 Department under Section 60 only for the purpose of
18 implementing the Landowner Grant Program.

19 (b) All interest earned on moneys received by the Board
20 under Section 60 shall be property of the Board and shall be
21 used for the sole purpose of implementing the Landowner Grant
22 Program.