



Sen. William E. Brady

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LRB098 15753 ZMM 58488 a

1 AMENDMENT TO SENATE BILL 3456

2 AMENDMENT NO. _____. Amend Senate Bill 3456 by replacing
3 everything after the enacting clause with the following:

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

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

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

12 (1) To require the drilling, casing and plugging of
13 wells to be done in such a manner as to prevent the
14 migration of oil or gas from one stratum to another; to
15 prevent the intrusion of water into oil, gas or coal
16 strata; to prevent the pollution of fresh water supplies by

1 oil, gas or salt water.

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

25 Additionally, each applicant who has not been issued a
26 permit that is of record on the effective date of this

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

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

24 The sureties on all bonds in effect on the effective
25 date of this amendatory Act of 1991 shall remain liable as
26 sureties in accordance with their undertakings until

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

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

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

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

1 operating the well, the new permittee shall pay the
2 required well transfer fee and, where applicable, file with
3 the Department the bond required under subsection (2) of
4 this Section.

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

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

25 (6) To prevent fires.

26 (7) To ascertain and identify the ownership of all oil

1 and gas wells, producing leases, refineries, tanks,
2 plants, structures, and all storage and transportation
3 equipment and facilities.

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

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

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

9 (11) To regulate directional drilling of oil or gas
10 wells.

11 (12) To regulate the plugging of wells.

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

15 (14) To require a description in such form as is
16 determined by the Department of the method of well plugging
17 for each well, indicating the character of material used
18 and the positions and dimensions of each plug.

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

20 (16) To require the keeping of such records, the
21 furnishing of such relevant information and the
22 performance of such tests as the Department may deem
23 necessary to carry into effect the purposes of this Act.

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

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

17 (19) To deposit the amount of any forfeited surety bond
18 or other security in the Plugging and Restoration Fund, a
19 special fund in the State treasury which is hereby created;
20 to deposit into the Fund any amounts collected, reimbursed
21 or recovered by the Department under Sections 19.5, 19.6
22 and 19.7 of this Act; to accept, receive, and deposit into
23 the Fund any grants, gifts or other funds which may be made
24 available from public or private sources and all earnings
25 received from investment of monies in the Fund; and to make
26 expenditures from the Fund for the purposes of plugging,

1 replugging or repairing any well, and restoring the site of
2 any well, determined by the Department to be abandoned or
3 ordered by the Department to be plugged, replugged,
4 repaired or restored under Sections 8a, 19 or 19.1 of this
5 Act, including expenses in administering the Fund.

6 (20) To determine if oil and gas leases submitted with
7 an application for a permit or transfer of a permit for a
8 well are operative on the basis that prior oil and gas
9 leases covering the same lands have terminated due to
10 non-development or non-production. Department
11 determinations under this paragraph may be based upon
12 affidavits of non-development or non-production from
13 knowledgeable individuals familiar with the history of
14 development and production of oil or gas as to such lands,
15 together with other evidence, which create a rebuttable
16 presumption that the prior oil and gas leases have
17 terminated and are of no further force and effect and that
18 the submitted oil and gas leases are operative and
19 effective. To create a rebuttable presumption, such
20 affidavits, together with other evidence provided to or
21 available from the Department, shall reasonably indicate
22 that there has been no development, operations, or
23 production of oil and gas on the lands described in the
24 prior leases for at least 24 consecutive months subsequent
25 to the expiration of the primary term or any extension of
26 the primary term as set forth in the leases, or the period

1 of time of no development or production after expiration of
2 the primary term as provided in the leases. A court order
3 or judgment declaring the prior leases terminated is not
4 required for determinations under this paragraph, except
5 in extraordinary circumstances where such determinations
6 cannot reasonably be concluded from the affidavits or
7 evidence submitted to or available from the Department.
8 Upon the Department's determination of a rebuttable
9 presumption under this paragraph, the Department shall
10 provide the current permittee with notice and a 30-day
11 opportunity to request a hearing to rebut the presumption
12 before a final determination on a lease is made. Upon the
13 Department's determination of a rebuttable presumption
14 under this paragraph, if the applicant is not requesting a
15 transfer of any existing permit as to a well located on the
16 lands, but is requesting a new permit, the permit shall be
17 issued to the applicant. Any determination made by the
18 Department under this paragraph shall not diminish the
19 rights or obligations of any current permittee of a well
20 that are otherwise provided by statute or regulation of the
21 Department. Any request for a determination under this
22 paragraph shall require the payment of a nonrefundable fee
23 of \$1000 by the applicant. All determinations on leases by
24 the Department under this paragraph shall be made no later
25 than 90 days after the Department's receipt of a valid
26 request for such determination.

1 For the purposes of this Act, the State Geological Survey
2 shall co-operate with the Department in making available its
3 scientific and technical information on the oil and gas
4 resources of the State, and the Department shall in turn
5 furnish a copy to the State Geological Survey of all drilling
6 permits as issued, and such other drilling and operating data
7 received or secured by the Department which are pertinent to
8 scientific research on the State's mineral resources.

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

10 Section 99. Effective date. This Act takes effect upon
11 becoming law."