

**How to Submit a Complete  
Oil or Gas Permit  
Application – OG – 10 –  
to the Illinois Department  
of Natural Resources**

**Instructions,  
Administrative Rules,  
And  
Other Helpful Cites**

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## **General Instructions For Completing an OG-10 Permit Application**

- 1. Fill in all blanks on the OG-10 Permit Application that apply.**
- 2. Answer all questions. Most are yes, or no answers, however, three questions may not apply (N/A) to your permit application.**
- 3. A registered Illinois Land Surveyor or Professional Engineer must sign the first page of the application certifying the location of the proposed new well. Do not sign and make this certification if you are not a registered Illinois Land Surveyor or Professional Engineer.**
- 4. The cites to the Administrative Rules and Statutes are provided for additional instruction on how to fill in any blanks that apply, or answer the questions on the permit application.**
- 5. Please review the administrative rule, or statute section (included below) that applies to a particular question, or questions, if you are unsure how to answer.**
- 6. Carefully review the entire application and all the attached documents to ensure it is complete, accurate, and complies with the requirements of the application, Administrative Rules, and Statute before submitting it to the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management.**
- 7. If necessary, please consult an Illinois professional - geologist, engineer, lawyer, or consultant - for additional assistance with this application. The Illinois Department of Natural Resources cannot make any recommendations for such a professional; if you need a recommendation, you might consider contacting the Illinois Oil & Gas Association.**
- 8. Copies of the Administrative Rules and Statute sections cited in the OG-10 are attached which may be helpful in completing the application.**
- 9. There are also cites to Statutes, administrative rules, and websites which may be useful in the permit application process at the end of this document.**

**10. TITLE 62: MINING**  
**CHAPTER I: DEPARTMENT OF NATURAL RESOURCES**  
**PART 240 THE ILLINOIS OIL AND GAS ACT**

**Section 240.210 Application for Permit to Drill, Deepen or Convert to a Production Well**

- a) No person shall drill, deepen or convert any well to a production well without a permit from the Department.
- b) Application for a permit to drill, deepen or convert to a production well shall be made on forms prescribed by the Department. The application shall be executed under penalties of perjury, and accompanied by the non-refundable fee of \$100 and the required bond under Subpart O.
- c) If the application does not contain all of the required information or documents, the Department shall notify the applicant in writing. The notification shall specify the additional information or documents necessary to an evaluation of the application, and shall advise the applicant that the application will be deemed denied unless the information or documents are submitted within 60 days following the date of notification.
- d) *Any well for which a permit is required under the Act, other than a plugged well, which was drilled prior to the effective date of the Act and for which no permit has previously been issued, is required to be permitted.* Application for a permit shall be made on forms prescribed by the Department. The application shall be executed under penalties of perjury, and accompanied by the required bond under Subpart O and existing well construction information reported on Department forms. If application is made on or before August 14, 1991, no permit fee is required. An application made after that date shall be accompanied by the non-refundable fee of \$300. *Spacing requirements and provisions of the Act and these rules pertaining to well construction shall not apply. After August 14, 1991, any unpermitted well to which this Subpart applies will be deemed to be operating without a permit and subject to the penalties set forth in the Act.* (Section 12 of the Act)

(Source: Amended at 21 Ill. Reg. 7164, effective June 3, 1997)

## Section 240.220 Contents of Application

The application for a permit to drill, deepen or convert to a production well shall include:

- a) The name of the well.
- b) The well location surveyed by an Illinois licensed land surveyor or Illinois registered professional engineer, the GPS (Global Positioning System) latitude and longitude location, and ground elevation of the well. A survey or GPS location is not required for a converted or deepened well, for a drilled out plugged hole if the original well location was surveyed, or for a well permitted under Section 240.210(d). The GPS location shall be recorded as degrees and decimal degrees recorded to 6 decimal places in the North American Datum 1983 projection and shall be accurate to within 3 feet. The reported GPS location is required to be an actual GPS field measurement and not a calculated or conversion measurement.
- c) A map showing:
  - 1) the boundaries of the leasehold or enhanced oil recovery unit;
  - 2) the exact location of the well proposed to be drilled, deepened or converted, and an outline of the proposed drilling unit;
  - 3) the location of all producing wells previously drilled on the drilling unit; and
  - 4) the location of all offset wells on adjacent drilling units.
- d) Information to show the applicant has 100% of the rights to drill and to operate a well on the lands in question. The applicant shall submit copies of the recorded operative lease instruments or assignment.
- e) A statement as to whether the proposed well location is within the limits of any incorporated city, town, or village. If the consent of municipal authorities for the drilling of a well is required, a certified copy of the official consent must be submitted.
- f) The name and address of the drilling contractor and the type of drilling tools or equipment to be used.
- g) If the well is located over an active mine, over a temporarily abandoned mine or within the undeveloped limits of a mine, or if the coal rights are owned by someone other than the lessor under the oil and gas lease, the applicant shall submit documentation establishing compliance with Section 240.1305.

- h) If the application is for a newly drilled well located over an underground gas storage field as defined in Section 240.1805(c) or the gas storage rights are owned by someone other than the lessor under the oil and gas lease, the applicant shall submit documentation establishing compliance with Section 240.1820.
- i) The proposed depth of the well and the name of the lowest geologic formation to be tested.
- j) A statement whether the applicant has ever had a well bond forfeited by the Department, and if so when and for what well.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

### **Section 240.230 Authority of Person Signing Application**

- a) The application for a permit to drill, deepen, or convert to a production well shall identify whether the owner of the right to drill and to operate the well is an individual, partnership, corporation or other entity, and shall contain the address and signature of the owner or person authorized to sign for such owner.
- b) If the owner is an individual, the application shall be signed by the individual. If the owner is a partnership, the application shall be signed by a general partner. If the owner is a corporation, the application shall be signed by an officer of the corporation.
- c) In lieu of the signature of the owner or such authorized person, the application may be signed by a person having a power of attorney to sign for such owner or authorized person, provided a certified copy of the power of attorney is on file with the Department or accompanies the application.
- d) The entity or person to whom the permit is issued shall be called the Permittee and shall be responsible for all regulatory requirements relative to the well.
- e) If the applicant is a corporation, the charter must authorize the corporation to engage in the permitted activity, and the corporation must be incorporated or authorized to do business in the State of Illinois.
- f) If the applicant is an individual, partnership, or other unincorporated entity that is not a resident of Illinois, provide an irrevocable consent to be sued in Illinois.
- g) If the applicant has been issued a FEIN, that number must be reported on the application.

(Source: Amended at 21 Ill. Reg. 7164, effective June 3, 1997)

### **Section 240.240 Additional Requirements for Directional Drilling**

- a) If the applicant intends to deviate from the vertical in accordance with Section 240.450, the application shall include a map showing the proposed direction of deviation and proposed horizontal distance between the end of the well bore and the surface location of the well.
- b) Within sixty (60) days after the completion of drilling, a certified directional survey of the well must be filed with the Department showing the surface location of the well, the location of the top and bottom of the producing interval and the location of the end of the well bore.

(Source: Amended at 19 Ill. Reg. 10981, effective July 14, 1995)

### **Section 240.245 Additional Requirements for Horizontal Drilling**

- a) If the applicant intends to drill one or more horizontal drainholes using a short radius, from a vertical wellbore, the wellbore shall be spaced in accordance with Section 240.455.
- b) The wellbore shall require only one permit.
- c) The application for horizontal drilling shall include:
  - 1) The legal location of the vertical wellbore and the proposed legal location of the bottomhole termination of each horizontal drainhole.
  - 2) A plat map showing the surface location of the vertical wellbore and the location and length of each proposed horizontal drainhole. The applicant shall mark each horizontal drainhole on the application with a separate identifier.
  - 3) A copy of the directional drilling survey for each horizontal drainhole shall be submitted to the Department within sixty (60) days after the completion of drilling of the horizontal drainhole.
  - 4) A Well Completion Report shall be submitted for the vertical wellbore, if the vertical wellbore is newly drilled, and for each horizontal drainhole in accordance with Section 240.640 (a).
  - 5) A Well Drilling Report shall be submitted for the vertical wellbore, if the vertical wellbore is newly drilled, and for each horizontal drainhole in accordance with Section 240.640 (b).

(Source: Added at 19 Ill. Reg. 10981, effective July 14, 1995)

## Section 240.410 Drilling Units

### a) Oil Wells

The Department shall not issue a permit for the drilling or deepening of a well for the production of oil within the State of Illinois unless the proposed well location and spacing conform to the following drilling units:

- 1) 10 acres of surface area lying within the quarter-quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of oil from a reservoir other than limestone/dolomite, the top of which lies less than 4,000 feet beneath the surface; the location of the well shall not be less than 330 feet from the nearest external boundary lines of the drilling unit, nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued, but not yet drilled, for a well to the same individual reservoir; or
- 2) 20 acres of surface area lying within the east-west or north-south one-half of a quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of oil from a limestone/dolomite reservoir, the top of which lies less than 4,000 feet beneath the surface; the location of the well shall not be less than 330 feet from the nearest external boundary lines of the drilling unit, nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued, but not yet drilled, for a well to the same individual reservoir; or
- 3) 40 acres of surface area lying within a quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of oil from a reservoir, the top of which lies at or below 4,000 feet beneath the surface; the location of the well shall be not less than 330 feet from the nearest external boundary lines of the drilling unit, nor less than 900 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued, but not yet drilled, for a well to the same individual reservoir.

### b) Gas Wells

The Department shall not issue a permit for the drilling or deepening of a well for the production of gas within the State of Illinois unless the proposed well location and spacing conform to the following drilling units:

- 1) 10 acres of surface area lying within the quarter-quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of gas from a reservoir other

than limestone/dolomite, the top of which lies less than 2,000 feet beneath the surface; the location of the well shall not be less than 330 feet from the nearest external boundary lines of the drilling unit, nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued, but not yet drilled, for a well to the same individual reservoir; or

- 2) 20 acres of surface area lying within the east-west or north-south one-half of a quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of gas from a limestone/dolomite reservoir, the top of which lies less than 2,000 feet beneath the surface; the location of the well shall not be less than 330 feet from the nearest external boundary lines of the drilling unit, nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued, but not yet drilled, for a well to the same individual reservoir; or
- 3) 40 acres of surface area lying within a quarter-quarter section of land (as established by the official United States Public Land Survey) for wells drilled or deepened for the production of gas from a reservoir, the top of which lies between 2,000 feet below the surface and 5,000 feet or the top of the Trenton Formation, whichever depth is greater; the location of the well shall not be less than 330 feet from the nearest external boundary lines of the drilling unit nor less than 900 feet from the nearest location of a producing well or well being drilled or for which a permit has previously been issued but not yet drilled for a well to the same individual reservoir.
- 4) Establishment of Drilling Units for Deep Gas
  - A) In the case of wells drilled or deepened for the production of gas from a reservoir lying below 5,000 feet or the top of the Trenton formation, whichever depth is greater, no permit shall be issued for an exploratory well unless the proposed spacing and well location provide for a minimum of 160 acres of surface area lying within a quarter section of land (as established by the official United States Public Land Survey) with the well location not less than 660 feet from the nearest external boundary line of the drilling unit.
  - B) After completion of the exploratory well or wells, but prior to commencement of production activities, application shall be made to the Department for the adoption of rules establishing spacing and well location requirements for the reservoir or reservoirs completed. The application shall identify the lands underlying the reservoir or reservoirs for which spacing and well location rules are requested, and shall include any geological, engineering or

economic data, studies or reports upon which the requested spacing and well location rules are based.

- C) Within 20 days after receipt of the application, the Department shall submit proposed spacing and well location rules for the reservoir or reservoirs in accordance with Section 5-40 of the Illinois Administrative Procedure Act, which shall include notice of a public hearing to be commenced no later than 20 days after publication of the notice of proposed rulemaking in the Illinois Register. In addition to the notice requirements of the Illinois Administrative Procedure Act, the applicant shall give notice of public hearing, at least 10 days prior to the date of the hearing, to all permittees of record and leaseholders whose wells or leases are within  $\frac{1}{4}$  mile of the area described in the proposed rules by first class mail, postage pre-paid, and by publication in a newspaper of general circulation in each county in which any portion of the area described in proposed rules is located.
  - D) The public hearing shall be conducted in accordance with the provisions of Section 240.370(d)(4) and (d)(5). The Department shall fully consider the record from the public hearing and any other public comment received during the first notice period and, prior to commencement of the second notice period, shall make such changes to the proposed rules as may be necessary to prevent waste, protect correlative rights and prevent the unnecessary drilling of wells.
- c) **Coalbed Gas Wells**  
The Department shall not issue a permit for the drilling or deepening of a well for the production of coalbed gas from unmined seams of coal unless the proposed well location and spacing conform to drilling unit requirements of 10 acres of surface area lying within a quarter-quarter-quarter section of land (as established by the official United States Public Land Survey); the location of the well shall be not less than 330 feet from the nearest external boundary lines of the drilling unit.
  - d) **Coal Mine Gas Wells**  
A well drilled into a mine void or a pillar within the mined out area for the production of gas from an abandoned coal mine is exempt from the spacing requirements of this Subpart.
  - e) **Other Wells**  
Class II UIC wells, coal, mineral and structure test holes, observation wells, water supply wells used in relation to oil or gas production, and gas storage wells are exempt from the requirements of this Section.

- f) All new well locations shall not be less than 200 feet from the nearest occupied dwelling existing at the time the permit application is filed with the Department, unless the permittee obtains a written agreement with the surface owner upon which the dwelling is located specifically allowing for a closer well location.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

#### **Section 240.420 Well Location Exceptions within Drilling Unit**

- a) Whenever the topographical conditions (e.g., hills, creeks, ponds, lakes) or cultural features (e.g., occupied dwellings, buildings, roadways, powerlines, pipelines) of a drilling unit render it impractical to drill an oil or gas well at a location conforming to the requirements of Section 240.410, an oil or gas well may be drilled at a nonconforming location as follows:
  - 1) The permittee is allowed, without prior approval from the Department, to move the location maximum of 30 feet from the permitted location, provided the amended location is not closer than 330 feet (or other applicable setback) to the nearest lease boundary line, and provided the amended location is surveyed and an amended application, showing the amended location and the reason the location was moved, is submitted to the Department within 10 days of moving the location.
  - 2) If the proposed well location is more than 30 feet from a location conforming to the requirements of Section 240.410, an application must be submitted showing the proposed location and the reason the location is requested. Approval for such location must be received from the Department prior to the commencement of drilling. If the proposed location is less than 330 feet (or other applicable setback) from the nearest lease boundary line, the application shall be accompanied by a written agreement or agreements between the applicant and any leaseholders or mineral rights owners (if no leaseholder exist) whose leases or mineral rights are adjacent to and less than 330 feet (or other applicable setback) from the proposed location. In lieu of the submission of a written agreement or agreements, the applicant shall give notice by certified mail, return receipt requested, to any leaseholders or mineral rights owners (if no leaseholders exist) whose leases or mineral rights are adjacent to and less than 330 feet (or other applicable setback) from the proposed location. The notice shall include the proposed location of the well and the reason the location is requested, and shall inform the leaseholders or mineral rights owners that they may file written objections with the Department within 15 days after service of the notice. If a written objection is received, the matter shall be set for hearing, which shall be conducted in accordance with the provisions of Section 240.370(d) of this Part.

- 3) In determining whether to approve a proposed nonconforming location, the Department will consider the feasibility and expense of drilling on location, any hazard or damage to persons or property or to the environment, and whether the proposed location would adversely affect the correlative rights of any of the owners of the reservoir or result in waste or the drilling of unnecessary wells.
- b) If at the time of application, a lease immediately adjacent to a proposed drilling unit has producing wells located less than 330 feet from the common boundary line, then a well on the proposed drilling unit may be located at a distance closer than 330 feet but no closer than the distance to the common boundary line of the immediately offsetting well.
- c) If a drilling unit is located over an active mine, the mined-out or inaccessible portion of an active mine, an abandoned mine, or the undeveloped limits of a mine, the proposed well can be located so that it will be drilled into an existing or proposed mine pillar subject to the conditions and limitations set forth in subsections (a) and (b) above.
- d) If during drilling the well is lost (collapsed casing or hole, etc.), the permittee may terminate drilling and move the rig up to 30 feet from the permitted location and commence drilling operations, provided that:
  - 1) the permittee notifies the District Office prior to the move and receives approval;
  - 2) a new application and fee is submitted within 10 days in accordance with Section 240.220 of this Part; and
  - 3) the new location is in compliance with all other requirements of this Part.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

## Section 240.430 Drilling Unit Exceptions

- a) In the case of irregular sections containing more or less than 640 acres, in those areas where the United States Government has not made an official survey, in areas covered by the old French Surveys and Grants, in meandered lands, in government lots, and in subdivisions thereof where the acreage in quarter-quarter-quarter sections and quarter-quarter sections do not conform to the requirements of Section 240.410, the Department shall establish drilling units for wells such that drilling units will not cause a greater well density than would be encountered in regular official surveys relative to the distance between wells and the external drilling unit boundary lines specified in Section 240.410.
- b) If the proposed oil wells will be part of an enhanced oil recovery project, spacing requirements for oil or gas production wells are as follows:
  - 1) Except as provided in subsection (b)(2), the drilling unit and well location requirements of Section 240.410 do not apply to an oil well that is part of an enhanced oil recovery project. For purposes of this Subpart, an enhanced oil recovery project is a lease, or a unit composed of a group of leases operating under an agreement that provides for the sharing of production by all of the owners within the unit, which has one or more enhanced oil recovery injection wells permitted and in operation at the time an application for a permit to drill and operate an oil well is filed. The enhanced oil recovery injection wells in operation must be injecting into the reservoir that will be produced in order for the project to be classified as an enhanced oil recovery project.
  - 2) Oil wells permitted and drilled in accordance with this Section must be located no less than 330 feet from the nearest lease boundary line or unit boundary, except that, if, at the time of application, a lease immediately adjacent to the proposed well has producing wells located less than 330 feet from the common boundary line, then the proposed well may be located at a distance closer than 330 feet, but no closer than the distance to the common boundary line of the immediately offsetting well.
- c) If the proposed well is to be a post-primary recovery well:
  - 1) The spacing requirements shall comply with Section 240.410; or
  - 2) A new drilling unit may be designated consisting of two or more drilling units of the same size, shape and location as that required in Section 240.410 and located in the same reservoir. At least one-half of the drilling units used to make up the new drilling unit are required to contain at least one plugged or non-producing well. The new drilling unit shall not contain any drilling unit of a well actively producing from the same individual reservoir. The new drilling unit may cross section lines. In a

reservoir in which the top lies less than 4,000 feet beneath the surface, the well shall be no less than 330 feet from the nearest external boundary lines of the new drilling unit nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued (but under which the well has not yet been drilled) using the same individual reservoir. In a reservoir in which the top lies at or below 4,000 feet beneath the surface, the well shall be no less than 330 feet from the nearest external boundary lines of the new drilling unit nor less than 900 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued (but under which the well has not yet been drilled) using the same individual reservoir.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

#### **Section 240.450 Directional Drilling**

- a) A directional drilled well is a wellbore which is purposely deviated from the vertical and intersects the planned zone of production at a projected surface location other than the surface location of the well specified on the permit.
- b) For a directionally drilled well, the drilling unit shall be established and the well permitted with reference to the location of the well where it is proposed to be completed. All portions of the reservoir exposed in the wellbore shall meet the well location and spacing requirements specified in Section 240.410 or Section 240.460 for modified units.
- c) If a directionally drilled well is drilled with more than one (1) directional hole from a single vertical wellbore, each directional hole shall be considered a separate well and permitted in accordance with Subpart B.

(Source: Amended at 19 Ill. Reg. 10981, effective July 14, 1995)

#### **Section 240.455 Horizontal Drilling**

- a) For purposes of this Subpart, a horizontal well is a wellbore that has an overall length within the reservoir of twice the thickness of the reservoir.
- b) An oil or gas production well may be developed with one or more horizontal drainholes drilled from a single vertical wellbore and may be considered a single well and permitted in accordance with the provisions of Subpart B.
- c) If the proposed horizontal well will be part of an enhanced oil recovery project, the spacing requirements for all portions of the horizontal drainholes shall comply with Section 240.430(b).

- d) If the proposed horizontal well is to be a primary recovery well:
- 1) The spacing requirements shall comply with Section 240.410; or
  - 2) A horizontal drilling unit may be designated consisting of two or more drilling units of the same size, shape and location as that required for a well of the same depth in accordance with Section 240.410 set out in a north-south or east-west pattern. The north-south or east-west pattern of a horizontal drilling unit may cross section lines. In a reservoir in which the top lies less than 4,000 feet beneath the surface, all portions of the horizontal drainhole shall be no less than 330 feet from the nearest external boundary lines of the horizontal drilling unit nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued (but under which the well has not yet been drilled) using the same individual reservoir. In a reservoir in which the top lies at or below 4,000 feet beneath the surface, all portions of the horizontal drainhole shall be no less than 330 feet from the nearest external boundary lines of the horizontal drilling unit nor less than 900 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued (but under which the well has not yet been drilled) using the same individual reservoir.
- e) If the proposed horizontal well is to be a post-primary recovery well:
- 1) The spacing requirements shall comply with Section 240.410; or
  - 2) A horizontal drilling unit may be designated consisting of two or more drilling units of the same size, shape and location as that required for a well of the same depth in accordance with Section 240.410 and located in the same reservoir. At least one-half of the drilling units used to make up the horizontal drilling unit are required to contain at least one plugged or non-producing well. The horizontal drilling unit shall not contain any drilling unit of a well actively producing from the same individual reservoir. The horizontal drilling unit may cross section lines. In a reservoir in which the top lies less than 4,000 feet beneath the surface, all portions of the horizontal drainhole shall be no less than 330 feet from the nearest external boundary lines of the horizontal drilling unit nor less than 660 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been issued (but under which the well has not yet been drilled) using the same individual reservoir. In a reservoir in which the top lies at or below 4,000 feet beneath the surface, all portions of the horizontal drainhole shall be no less than 300 feet from the nearest external boundary lines of the horizontal drilling unit nor less than 900 feet from the nearest location of a producing well, a well being drilled, or a well for which a permit has previously been

issued (but under which the well has not yet been drilled) using the same individual reservoir.

- f) If a horizontal drilling unit configuration other than that allowed in subsection (d) or (e) is necessary because of geology or reservoir conditions, a modified or special drilling unit is required in compliance with Section 240.460 and/or Section 240.465.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

### **Section 240.1305 Permit Requirements in Mine Areas**

- a) **Requirements for Areas of Mining Activity**

When the location of a well to be drilled for oil or gas, or any purpose in connection with that drilling, will penetrate an active mine or through the mined out and inaccessible or sealed off area of an active mine, or will penetrate those areas in a temporarily abandoned mine, or the undeveloped limits of any such mine property, as included in the shadow areas set forth in an approved mining permit, a drilling permit shall not be issued by the Mining Board until an agreement shall be reached between the owner of the proposed well and the mine owner, or in the event of failure to reach an agreement a permit will not be issued until a hearing is held as provided in this Section.

  - 1) **Agreement with Mine Owner**

A copy of the agreement, jointly signed by the applicant for a permit and the mine owner, agreeing to the drilling of the well and the proposed location shall be filed with the application and accompanied by a map or sketch showing the well location, its relation to shafts and mine buildings and to each coal seam and mine workings underlying applicant's lease. As an alternative, a statement from the mine owner that the location is over the undeveloped limits of the mine shall be filed.
  - 2) **Requirements in Absence of Agreement**
    - A) In the absence of the agreement or statement outlined in subsection (a)(1), the applicant shall file with the application for permit a map or sketch showing the well location, its relation to shafts and mine buildings, if any, and its relation to the mine workings underlying applicant's lease, with a sworn statement that a true and exact copy of application and accompanying exhibits was mailed postage prepaid to the coal company or its authorized agent in Illinois, by United States registered mail.

- B) If, within 10 days from the receipt of the application for permit by the Mining Board, no written objections are filed, the Mining Board shall issue or deny the permit.
  - C) Upon the filing of objections to the issuance of the permit, the Mining Board shall promptly set the matter for hearing and decisions.
- b) **Requirements for Areas with Presence of Workable Coal**  
 In inactive mining areas where the existence of workable coal is known and the coal rights are owned by someone other than the lessor under an oil and gas lease, the applicant for a permit to drill a well for oil and gas or to drill any well in connection with the production of oil and gas shall notify the owner of the workable coal by registered mail, return receipt requested. The notice shall show the exact location of the proposed test and the approximate depth of the formation to be tested. The Mining Board shall be furnished with a copy of the notice attached to the application for permit, with the return receipt from the owner of the workable coal or a sworn statement that the applicant has the return receipt in his or her possession, giving the names and addresses of the owners of the coal rights and date of delivery of the notice.
- 1) **Notice to Owner of the Workable Coal**  
 No permit shall be issued to the applicant until 10 days have elapsed following the receipt of the registered notice by the owner of the workable coal.
  - 2) **Maps Available at Well Site**  
 During the drilling of a well, the permittee shall keep at the well site for use of the Mining Board and its representatives an exact copy of the maps and sketches that accompanied his or her application for the permit.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

**Section 240.1330 Well Locations Prohibited**

No well for oil or gas shall be drilled within two hundred fifty (250) feet from any opening of an active coal mine used as a means of ingress or egress for the persons employed in such mine, or which is used as an air shaft, except by mutual agreement between the person owning or operating the mine and oil or gas operator.

(Source: Recodified from Section 240.830 at 15 Ill. Reg. 8566)

## **Section 240.1500 When Required, Amount and When Released**

- a) To Drill, Deepen, Convert or Operate an Oil or Gas Well
  - 1) A bond, in the amount provided in this Section, shall be submitted, along with an application to drill, deepen, convert, operate or transfer a production or Class II well, if:
    - A) the applicant was not an owner on September 26, 1991 of the right to drill and produce the well or wells in the transfer request; or
    - B) the applicant was not a permittee of record on September 26, 1991; or
    - C) the applicant has had a bond forfeited or is the subject of an unappealed, unabated Department final administrative decision requiring wells to be plugged; or
    - D) the applicant was not assessed an annual well fee as of July 1 preceding the application date, unless applicant was a permittee of record of an unplugged well in the previous fiscal year and not the subject of an unappealed, unabated Department final administrative decision; or
    - E) the applicant has had funds expended and/or wells plugged on its behalf by the Department using funds from the PRF; or
    - F) the applicant is not an appointed trustee or receiver in accordance with Section 240.1410(a)(4).
  - 2) When a bond is required to be filed with the Department to drill, deepen, convert or operate an oil or gas well or Class II well, the amount of the bond shall be:
    - A) \$1,500 for a well less than 2000 feet deep;
    - B) \$3,000 for a well 2,000 or more feet deep;
    - C) \$25,000 for up to 25 wells of a permittee;
    - D) \$50,000 for up to 50 wells of a permittee; or
    - E) \$100,000 for all wells of a permittee.
  - 3) Failure to provide the required bond will result in the issuance of a cessation of operations order in accordance with Section 240.185(b).

- 4) A bond submitted pursuant to Section 240.1500(a) shall be released when:
  - A) all wells covered by the bond are plugged and restored in accordance with Subpart K; or
  - B) all wells covered by the bond are transferred in accordance with Subpart N; or
  - C) the permittee has paid assessments to the Department in accordance with Section 19.7 for 2 consecutive years and the permittee is not in violation of the Act.
  
- b) **To Operate a Liquid Oilfield Waste Transportation System**  
The amount of bond required to be filed with the Department before a permit is issued authorizing a person to operate a liquid oilfield waste system shall be \$10,000. When requested by permittee, bond shall be released when the permittee ceases operation and this system and the permittee's system is not in violation of the Act.
  
- c) **To Drill a Test Hole**  
The amount of bond required to be filed with the Department before a permit is issued to drill a geological structure, coal or other mineral test hole, or a monitoring well in connection with any activity regulated by the Department shall be \$2500 for each permit or a blanket bond of \$25,000 for all permits. The bond requirements of this Subpart shall not apply to a hole or well drilled on acreage permitted and bonded under the Surface-Mined Land Conservation and Reclamation Act [225 ILCS 715] or the Surface Coal Mining Land Conservation and Reclamation Act [225 ILCS 720]. When requested by permittee, bonds shall be released when the hole or holes are plugged and restored in accordance with Section 240.1260 and the permittee is not in violation of the Act.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

## **Section 240.1710 Annual Permittee Reporting**

- a) Permittees are required to submit, on a form prescribed by the Department, an annual verification of address and status.
- b) The form shall contain the permittee's:
  - 1) current address;
  - 2) verification of well ownership;
  - 3) type of business entity and supporting documentation;
  - 4) FEIN, or Social Security Number if an individual; and
  - 5) names and addresses of principals, officers or owners.
- c) Forms shall accompany the Annual Well Fee payment and shall be submitted by September 1 of each year.
- d) Authority of Person Signing Forms
  - 1) If the permittee is a sole proprietor, the form shall be signed by the individual. If the permittee is a partnership, the form shall be signed by a general partner. If the permittee is a corporation, the form shall be signed by an officer of the corporation.
  - 2) In lieu of the signature of the permittee, the form may be signed by a person having a power of attorney to sign for the permittee, provided a certified copy of the power of attorney is on file with the Department or accompanies the form.
- e) If a permittee did not submit an annual verification of address and status form during the most recent annual fee payment period, a reporting form is required at the time of all well permit and transfer requests.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

## **Section 240.1805 Definitions**

- a) "Gas Storage Well" means a well drilled for input and/or withdrawal of natural gas or manufactured gas in a gas storage field.
- b) "Observation Well" means a well drilled to monitor subsurface conditions in oil and gas projects or gas storage fields.
- c) "Underground Gas Storage Field" means an area of land that is contained within the lowest closing structural contour for which gas can be stored in a subsurface stratum.
- d) "Gas Storage Operator" means any entity that owns or operates an underground gas storage field.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

## **Section 240.1820 Permit Requests in an Underground Gas Storage Field**

- a) When the proposed location to drill, deepen, convert or amend an oil or gas production or Class II well, as defined in Subparts B and C, or a test hole, as defined in Subpart L, occurs within the limits of an underground gas storage field, or within any protective boundary shown on the gas storage operators map submitted to the Department, a permit shall not be issued until the applicant complies with subsection (a)(1) or (2):
  - 1) The applicant enters into an agreement with the gas storage operator, outlining safety precautions and well drilling, completion, operating and plugging specifications. The agreement shall be signed by the applicant and the gas storage operator and shall be submitted with the permit application.
  - 2) The applicant submits a copy of an agreement previously reached with the gas storage operator which governs the relationship between the applicant and the gas storage operator with respect to safety precautions and well drilling, completion, operating and plugging issues. The agreement must be in full effect and cover the proposed drilling location.
  - 3) If an agreement cannot be reached after the applicant has exercised due diligence in negotiations, the applicant shall notify the gas storage operator of the proposed location and depth of the well by certified mail, return receipt requested. The certified mail receipt shall be attached to the permit application. If a written objection is not received by the Department within 15 days after the date of receipt the permit shall be issued. If a written objection to the application is filed with the

Department within 15 days after receipt of the notice of application, the Department shall consider the objection in determining whether the permit should be issued. If the objection raises a question regarding public safety, resource ownership or sufficiency of application, the permit objection shall be set for a public hearing. A hearing shall be set only after all other requirements for issuance of the permit have been fulfilled.

b) Public Hearing

- 1) Any public hearing held pursuant to this Section shall be a formal hearing conducted by the Department solely for the purpose of resolving the factual or legal question raised by the objection.
- 2) Notice of the hearing shall be sent by the Department to the applicant and to the objector by mailing the notice by United States mail, postage prepaid, addressed to their last known home or business addresses.
- 3) A certified court reporter shall record the hearing at the Department's expense.
- 4) A Hearing Officer designated by the Department shall conduct the hearing. The Hearing Officer shall allow all parties at the hearing to present evidence in any form, including by oral testimony or documentary evidence, unless the Hearing Officer determines the evidence is irrelevant, immaterial, unduly repetitious, or of such a nature that reasonably prudent members of the public or people knowledgeable in the oil and gas field would not rely upon it in the conduct of their affairs.
- 5) The Hearing Officer shall have the power to continue the hearing or to leave the record open for a certain period of time in order to obtain or receive further relevant evidence.
- 6) Within 30 days after the closing of the record or the receipt of the transcript of the hearing, whichever comes later, the Department shall render a decision on the objection.

(Source: Amended at 35 Ill. Reg. 13281, effective July 26, 2011)

**Hydraulic Fracturing Regulatory Act  
(225 ILCS 732/)**

**(225 ILCS 732/1-5)**

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

\* \* \*

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

\* \* \*

**(225 ILCS 732/1-35)**

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

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

- (1) the name and address of the registrant and any parent, subsidiary, or affiliate thereof;
- (2) disclosure of all findings of a serious violation or an equivalent violation under federal or state laws or regulations in the development or operation of an oil or gas exploration or production site via hydraulic fracturing by the applicant or any parent, subsidiary, or affiliate thereof within the previous 5 years; and
- (3) proof of insurance to cover injuries, damages, or loss related to pollution or diminution in the amount of at least \$5,000,000, from an insurance carrier authorized, licensed, or permitted to do this insurance business in this State that holds at least an A- rating by A.M. Best & Co. or any comparable rating service.

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

\* \* \*

**(225 ILCS 732/1-98)**

**Section 1-98. Hydraulic fracturing completion reporting.**

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

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

- (1) the name and location of the well;
- (2) the total and per-stage gallons of hydraulic fracturing fluid used at the well;
- (3) depth of the wellbore (including both total vertical depth and total measured depth);
- (4) length of horizontal wellbore;
- (5) the maximum surface treating pressure used;
- (6) the formation targeted;
- (7) the number of hydraulic fracturing stages; and
- (8) total perforated interval and individual perforation intervals.

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

## **Statutes, Administrative Rules, and Websites**

Illinois Oil and Gas Act, 225 ILCS 725

Illinois Oil and Gas Regulations, 62 Ill. Adm. Code 240.

Hydraulic Fracturing Regulatory Act, 225 ILCS 732

Hydraulic Fracturing Regulatory Act Regulations – see IDNR website or Illinois Register, November 15, 2013 edition (when promulgated, they will be found at 62 Ill. Adm. Code 245)

Illinois Department of Natural Resources website: <http://www.dnr.illinois.gov>

Illinois Oil and Gas Association website: <http://www.ioga.com/index.htm>

Office of Oil & Gas Resource Mgmt: [www.dnr.illinois.gov/OilAndGas/Pages/default.aspx](http://www.dnr.illinois.gov/OilAndGas/Pages/default.aspx)

General Assembly website – all statutes, administrative rules, etc. - <http://www.ilga.gov/>

Joint Committee on Administrative Rules website - <http://www.ilga.gov/commission/jcar/>  
- JCAR, Illinois Register, proposed administrative rules, etc.