

ILLINOIS OIL AND GAS ADVISORY BOARD
10:00 a.m., Thursday, November 8th, 2018
Illinois Oil and Gas Association Boardroom
824 IL-15, Mt. Vernon, IL 62864

MEETING AGENDA

1. Call to Order – roll call and introductions
2. Approval of minutes
3. Administrative Issues – Required Sexual Harassment Training
4. Round Table Discussion –
 - A. Revisit the Gas Storage Rules voted on at last meeting:
 - i. Section 240.1805 Definitions
 - ii. Section 240.1852 Annular Pressure Monitoring
 - iii. Section 240.1880 Natural Gas Incident Notice to Department
 - iv. Section 240.1890 Inspection Fees for Underground Natural Gas Storage
 - v. Section 240.1892 When Annual Inspection Fees are Due
 - vi. Section 240.1894 Opportunity to Contest Billing
 - B. Section 240.420 Well Location Exceptions within a Drilling Unit
 - C. Section 240.425 Change of a Permitted Drilling Location
 - D. Section 240.810 Tanks, Tank Batteries and Containment Dikes
 - E. Proposed Future Rulemaking Issues
 - i. Potential Landowner Grant Program rule changes
 - ii. Tank Battery preapproval instead of current system where approved after already constructed
 - iii. Rule Change to allow for Department approved variances
 - iv. Coal related rule changes-meeting with the Mining Board
 - v. Should vacuum be allowed on coal mine gas wells?
 - vi. OG-1 for waste haulers.
 - F. Proposed revisions to the OG-10 permit application
 - G. Drains for rainwater on containment dikes
 - H. Continuation of Discussion on Deepening
5. New Business
6. Public Participation
7. Next Meeting – CY19 Quarterly Meeting Schedule
8. Adjourn

Section 240.1805 Definitions

a) —“Downhole” means the portion of an underground natural gas storage facility from the first flange attaching the wellhead to the pipeline equipment and continuing down the well casing to and including the storage reservoir.

~~d) —“Gas Storage Operator” means any entity that owns or operates an underground gas storage field.~~

“Gas Storage Well” means a well drilled for input and/or withdrawal of natural gas or manufactured gas in a gas storage field.

“Natural Gas Incident” means an event that involves a release of stored natural gas from the downhole portion of an underground natural gas storage facility located within the footprint of a Sole Source Aquifer in the State, and that results in the unintentional estimated gas loss of three million cubic feet or more.

Commented [MM1]: Revised definition to be more consistent with language of Public Act 100-0896. Public Act 100-0896 requires that the definition of natural gas incident be at least as stringent as the definition of “incident” as promulgated by the United States Secretary of Transportation under 49 CFR 191.3(1)(iii). This revised definition mirrors the federal definition.

b) —“Observation Well” means a well drilled to monitor subsurface conditions in oil and gas projects or gas storage fields.

“Sole Source Aquifer” means an aquifer which is the sole or principal drinking water source for an area and which, if contaminated, would create a significant hazard to public health as defined in 42 U.S.C. 300h-3(e) and further defined in U.S. EPA, 1987, *Sole Source Aquifer Designation Decision Process, Petition Review Guidance*.

“Stored Natural Gas” means natural gas that is transported by pipeline into an underground natural gas storage facility for the purpose of storage prior to transmission back to the pipeline and which is stored within the underground gas storage field.

Commented [MM2]: New definition required in association with the “natural gas incident” definition. Please advise if there is a better way to define the gas brought to the storage field and stored underground.

e) —“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.~~

“Underground Natural Gas Storage Facility” means a facility that stores natural gas in an underground natural gas storage field incident to natural gas transportation, including:

- (1) A depleted hydrocarbon reservoir;
- (2) An aquifer reservoir; or
- (3) A solution-mined salt cavern reservoir, including associated material and equipment used for injection, withdrawal, monitoring, or observation wells, and wellhead equipment, piping, rights-of-way, property, buildings, compressor units, separators, metering equipment, and regulator equipment.

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

Section 240.1852 Gas Storage and Observation Well, Construction, Operating and Reporting Requirements

- a) Wells shall, at a minimum, be constructed in accordance with Section 240.610(a) and (b).
- b) Wells shall be subject to the operating requirements of Section 240.630(a), (b) and (c) and the leaking well provisions of Section 240.1610. Production of hydrocarbons from a well permitted as an observation well is prohibited until a permit is obtained to convert the well to a production well under Section 240.210.
- c) Wells shall be subject to the reporting requirements of Section 240.640 and confidentiality provisions of Section 240.650.
- d) For wells located at an underground natural gas storage facility located within the footprint of a sole source aquifer, the permittee shall contact the District Office in which the well is located at least 24 hours prior to the initial setting or any resetting of the packer in a gas storage well or observation well to enable an inspector to be present when the packer is set. Setting of the packer must be reported on a form prescribed by the Department.

Section 240.1880 Natural Gas Incident Notice to Department

a) Applicability

This Section applies to all natural gas incidents.

- b) For all natural gas incidents, the permittee shall immediately notify the District Office in which the underground natural gas storage facility is located and provide public notice in compliance with Section 7.5 of the Act.

Section 240.1890 Inspection Fees for Underground Natural Gas Storage Fields Within Footprint of Sole Source Aquifer

- a) The Department shall conduct annual inspections at all gas storage fields lying on the footprint of a Sole Source Aquifer designated as such in 2015 by the United States Environmental Protection Agency in the State to ensure that there are no infrastructure deficiencies or failures that could pose any harm to public health. The owner of the gas storage field shall cover the costs of the annual inspection. (Section 7.6 of the Act)
- b) Beginning on January 1, 2019, the Department shall assess an inspection fee during each fiscal year for the total costs incurred by the Department to perform annual inspections of all wells permitted under the Act and this Section, present at an underground natural gas

Commented [MM3]: We forgot to add this in the last version. This is how we treat Class II UIC wells and flowing production wells utilizing tubing and packer. We feel that this requirement should be consistent for storage wells utilizing a tubing and packer setup. See 62 Ill. Adm. Code 240.760(d) and 240.610(e).

Commented [MM4]: Term is defined in 1805.

Commented [MM5]: Public Act 100-0896 failed to include notification of the IDNR if there is a natural gas incident. IDNR cannot determine whether a permittee is compliant with this new requirement if they are not notified of the incident.

Commented [MM6]: In a conference call with PGL, PGL expressed concern about the previous version of the fee section. IDNR revisited the issue and in order to comply with new Section 7.6 of the Act and ensure that any permittee with a storage field within the footprint of a Sole Source Aquifer is accurately billed for inspections which occur at their fields, IDNR proposes to send a bill for actual inspection costs. This appears to be the only way to implement the language in Section 7.6. This way we can avoid the over or under-billing issues that could arise if we merely charge a flat, per well fee. The following sections have been redrafted to reflect this new scheme.

storage facility located within the footprint of a Sole Source Aquifer, including wells reported to be transferred pursuant to Subpart N but not yet approved for transfer by the Department. The permittee for each well is responsible for paying the full assessed amount.

c) Assessment of Inspection Fees

1) For the period of January 1, 2019 through June 30, 2019, no later than December 31, 2019, the Department shall calculate the applicable annual inspection fees incurred by the Department and issue the assessment to the permittee;

2) For the fiscal year beginning on July 1, 2019 and for every fiscal year thereafter, no later than December 31, the Department shall calculate the applicable annual inspection fees incurred by the Department during the preceding fiscal year and issue the assessment to the permittee;

d) Liability for assessed inspection fees does not cease until full payment is received by the Department.

e) If a permittee fee check is returned due to insufficient funds or because payment was stopped, the permittee is required to repay fees for that fiscal year by cashier's check or money order.

f) All fees collected under this subpart shall be deposited into the Department's Underground Resources Conservation Enforcement Fund.

Section 240.1892 When Annual Inspection Fees are Due

Annual inspection fees assessed under this subpart shall become due upon assessment and shall be deemed delinquent if not paid within 90 days of the initial assessment date. Any permittee with delinquent annual inspection fees shall not operate, permit or transfer wells within the State of Illinois without first paying all delinquent fees and associated civil penalties assessed under the Act.

Section 240.1894 Opportunity to Contest Billing

a) Permittees may contest the amount of annual inspection fees assessed under this subpart by submitting a written objection to the billing no later than 30 days after the assessment date.

b) The objection must be in writing, signed by the permittee, or by an individual authorized to sign for the permittee, and must identify the nature of the objection. The written objection shall be mailed to the Office at its main Springfield location and must include a statement of the facts supporting the objection.

Commented [MM7]: Defined in 1805

c) The Department shall respond to any valid objections within 30 days and either deny the objection or affirm it and issue an amended assessment. The Department's decision to deny or affirm the objection is a final administrative decision of the Department, pursuant to Section 10 of the Act.

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.~~
 - 1) 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 240.425 Change of a Permitted Drilling Location

- a) If after ~~receiving~~ a permit is issued, but prior to the commencement of drilling, the permittee determines that the permitted location is impractical to drill:
 - 1) The permittee is allowed, without prior approval from the Department, to move the location a maximum of 30 feet from the permitted location, provided the amended location meets the requirements of 240.410 or the location exceptions in 240.420. A surveyed, amended application, showing the amended location and the reason the location was moved, shall be submitted to the Department within 10 days of moving the location.
 - 2) If the proposed well location is more than 30 feet from the permitted location, provided the amended location meets the requirements of 240.410 or the location exceptions in 240.420, a surveyed, amended 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.

b4) 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.



Illinois Department of Natural Resources Office of Oil and Gas Resource Management



One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov (217) 782 - 7756

OG-10 PERMIT APPLICATION TO DRILL, DEEPEN, OR CONVERT A WELL

Well to be used for: OIL PRODUCTION WATER SUPPLY GAS STORAGE* OBSERVATION*
 SERVICE WELL* GAS PRODUCTION COAL BED GAS COAL MINE GAS *May be additional requirements

I. Contents of Application, 62 Ill. Adm. Code 240.220. Fill in all blanks that apply and answer all questions.

1. WELL NAME: _____ WELL NUMBER: _____

Is this a (mark all that apply): New Well Conversion** Deepening** Drilled Out Plugged Hole** Renewal**

**Previous well name _____ **Permit # _____ **Reference # _____

2. LOCATION OF WELL: ELEVATION OF GROUND LEVEL AT WELL LOCATION IS _____ FT.

_____ Ft. North; OR _____ Ft. South; AND _____ Ft. East; OR _____ Ft. West,

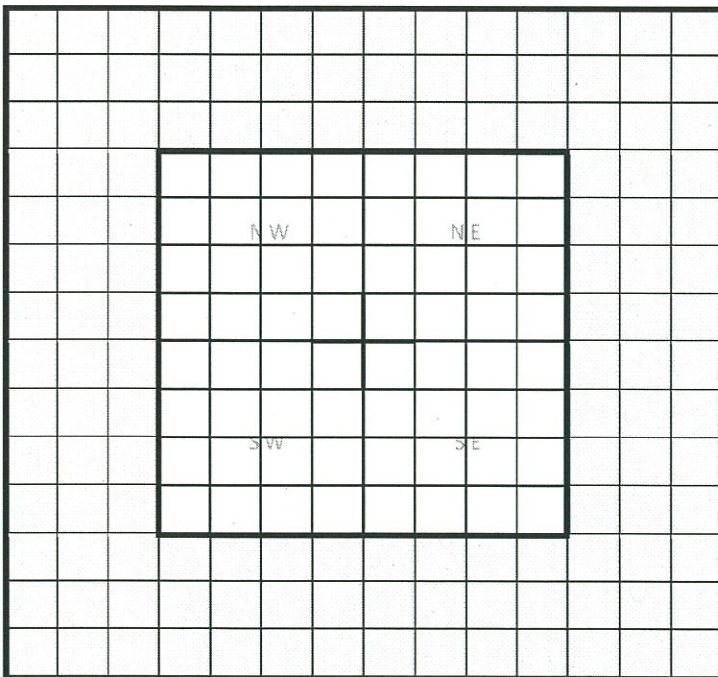
OF THE _____ CORNER, OF THE _____ QUARTER, OF THE _____ QUARTER, OF THE _____ QUARTER, OF SECTION _____, TOWNSHIP _____ (NORTH-SOUTH), RANGE _____ (EAST-WEST) IN _____ COUNTY, ILLINOIS.

LATITUDE: _____ LONGITUDE: _____

(Degrees and Decimal Degrees to 6 places North American Datum 1983 accurate to within 3 feet (62 Ill. Adm. Code 240.220(b))

3. MAP (240.220(c)): **OUTLINE THE LEASE(S) AND DRILLING UNIT (OR ENHANCED OIL RECOVERY UNIT) BOUNDARIES BELOW; INCLUDE THE PROPOSED WELL LOCATION, THE LOCATION OF ALL PRODUCING WELLS PREVIOUSLY DRILLED ON THE PROPOSED DRILLING UNIT AND THE LOCATION OF ALL OFFSET WELLS ON ADJACENT DRILLING UNITS; A SEPARATE MAP MAY BE ATTACHED IF NECESSARY AND A LARGER MAP DIAGRAM IS AVAILABLE AT <http://www.dnr.illinois.gov/OilandGas/Pages/default.aspx>**

I HEREBY CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE LOCATION AND ELEVATION OF THE ABOVE DESCRIBED WELL, FIXED AS THE RESULT OF AN INSTRUMENT SURVEY AND GLOBAL POSITIONING READING MADE BY ME IN COMPLIANCE WITH THE ILLINOIS OIL AND GAS ACT AND REGULATIONS, IS TRUE AND CORRECT, AND I HAVE SET A STAKE AT THE EXACT LOCATION DESIGNATED ABOVE.



SIGNATURE OF REGISTERED ILLINOIS LAND SURVEYOR OR REGISTERED ILLINOIS PROFESSIONAL ENGINEER

DATE

PRINTED NAME OF REGISTERED ILLINOIS LAND SURVEYOR OR REGISTERED ILLINOIS PROFESSIONAL ENGINEER

ILLINOIS LICENSE REGISTRATION NUMBER

STREET ADDRESS

CITY

STATE

The diagram is 1.75 miles long by 1.75 miles wide; the smallest squares are 660' X 660', and contain 10 acres each.

4. Yes No Have you provided a map (in item 3 or separately attached) which shows the proposed well; an outline of the proposed drilling unit; the boundaries of each leasehold which comprise the drilling unit or the outer boundary of the enhanced oil recovery unit; the location of all producing wells previously drilled on the drilling unit; and the location of all offset wells on adjacent drilling units? (240.220(c))
5. Yes No Is the proposed well location within the limits of any incorporated city, town or village? (240.220(e))
If yes, attach a certified copy of the official consent from the city, town or village.
6. Yes No Are you using a drilling contractor to drill this well? (240.220(f)) If yes, provide the following:
Drilling Contractor _____ Address _____
Type of drilling tools to be used (240.220(f)): Rotary Cable Air
7. Yes No Are you using company tools to drill this well? (240.220(f))
Type of drilling tools to be used (240.220(f)): Rotary Cable Air
8. Yes No Is the well located over an active mine, a temporarily abandoned mine, or within the undeveloped limits of a mine? (240.220(g))
If yes, submit documentation establishing compliance with 62 Ill. Adm. Code 240.1305 and list such mine owner: _____
9. Yes No Is the well located over an area where the coal rights are owned by someone other than the lessor(s) under the oil and gas lease? (240.220(g))
If yes, submit documentation establishing compliance with 62 Ill. Adm. Code 240.1305 and list the coal rights owner: _____
10. Yes No Is this application for a newly drilled well located over an underground gas storage field as defined in Section 240.1805(c), within any protective boundary shown on the gas storage operators map submitted to the Department, or located over gas storage rights that are owned by someone other than the lessor(s) under the oil and gas lease? (240.220(h))
If yes, submit documentation establishing compliance with Section 240.1820 and list the gas storage operator: _____
11. What is the proposed depth of well? (240.220(i)) _____
12. Name of lowest geological **formation** to be tested? (240.220(i)) _____
13. Yes No Is the formation listed in the above item 12 a limestone/dolomite reservoir? (240.410)
14. Yes No Have you ever had a well bond forfeited by the IDNR? If yes, attach a separate sheet of paper explaining when and for what well? (240.220(j))

II. Other Information

15. Yes No Is this a directional well? If yes, comply with 62 Ill. Adm. Code 240.240 by providing 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 (See also Section 240.450).
Bottom Hole Location (PLSS and GPS) _____
16. Yes No Does your drilling plan include horizontal drilling? If yes, comply with 62 Ill. Adm. Code 240.245 by providing specified map and provide the beginning point of the drainhole and the bottom hole termination of the drainhole. See also Section 240.455.
Beginning point of Drainhole(s) (PLSS and GPS): _____
Bottom Hole Termination of Drainhole(s) (PLSS and GPS): _____

17. Yes No N/A If Yes to (16) above, will you use "high volume horizontal hydraulic fracturing operations as defined in Section 1-5 of the Hydraulic Fracturing Regulatory Act ("HFRA")? (225 ILCS 732/1-5)
18. Yes No N/A If yes to (17) above, have you registered with the Department as required by 62 Ill. Adm. Code 245.200? (62 Ill. Adm. Code 245.200)
19. Yes No N/A If yes to (17) above, have you submitted a High Volume Horizontal Hydraulic Fracturing Permit Application as required by 62 Ill. Adm. Code 245.210? (62 Ill. Adm. Code 245.210)
20. Yes No N/A If yes to (16) above, but no to (17) above, will you be required to file a "Medium Volume Horizontal Hydraulic Fracturing Completion Report" with the Department in accordance with 62 Ill. Adm. Code 245.1200? (62 Ill. Adm. Code 245.1200)
21. Yes No Is the proposed well location less than 200 feet from an occupied dwelling? If yes, you must also submit documentation establishing that you are in compliance with 62 Ill. Adm. Code 240.410(f).
22. Yes No Are you requesting a Standard Drilling Unit for the proposed well as outlined in 240.410? If yes, indicate which of the following applies:
- a. Oil Well:
 - 10 Acre (1/4-1/4-1/4 Section)
 - 20 Acre (1/2 of 1/4-1/4 Section)
 - North-South Orientation
 - East-West Orientation
 - b. Gas Well:
 - 40 Acre (1/4-1/4 Section)
 - 10 Acre (1/4-1/4-1/4 Section)
 - 20 Acre (1/2 of 1/4-1/4 Section)
 - North-South Orientation
 - East-West Orientation
 - c. Deep Gas:
 - 40 Acre (1/4-1/4 Section)
 - 160 Acre minimum (1/4 Section) (NOTE: must apply to Department for spacing rules (240.410(b(4)))
 - d. Coalbed Gas
 - 10 Acre (1/4-1/4-1/4 Section)

23. Yes No Is the proposed well at least 330 feet from the nearest lease external boundary line except any lease boundary line located within a pooled unit?

24. Yes No Are you requesting a "well location exception within a regular drilling unit" as explained in 62 Ill. Adm. Code 240.420? If yes, indicate which of the following subsection(s) apply and attach all documentation showing the cited regulation(s) have been met:

- a. **Topographical Condition** (240.420(a)) Please Describe: _____
Also, attach Copy of a Topographic Map Showing the Well Location in relation to the Identified Condition
 Yes No Is the well at least 330 feet from the nearest lease boundary line? If "no", follow the procedure outlined in 240.420(a)(2))
- b. **Cultural Feature** (240.420(a)) Please Describe: _____
Also, attach Copy of a Map Showing the Well Location in relation to the Identified Cultural Feature
 Yes No Is the well at least 330 feet from the nearest lease boundary line? If "no", follow the procedure outlined in 240.420(a)(2))
- c. A lease immediately adjacent to the proposed drilling unit has producing well(s) located less than 330 feet from the **Common Boundary line** (240.420(b)): Provide Well Name and Reference # _____
- d. **Intersection of an Existing or Proposed Mine Pillar** (240.420(c))
Attach Copy of Map Showing the Well Location in relation to the Mine Pillar
 Yes No Is the well at least 330 feet from the nearest lease boundary line? If "no", follow the procedure outlined in 240.420(a)(2))
- e. During drilling of a previously permitted well, the well was lost due to collapsed casing, hole, etc. (240.420(d)).
Identify previous well name and Reference # and explanation _____

25. Yes No Are you requesting a "drilling unit exception" as explained in 62 Ill. Adm. Code 240.430? If yes, indicate which subsection(s) apply and attach all documentation showing the cited regulation(s) have been met:
- Irregular Section (240.430(a))** and also provide surveyed plat signed by a Registered Illinois Land Surveyor or a Registered Illinois Professional Engineer showing the dimensions of the quarter-quarter Section in which the proposed well is located
 - Enhanced Oil Recovery Project (240.430(b))**
 - Within Lease—Also, provide Reference # of Active Injection Well(s) _____
 Yes No Is the proposed well at least 330 feet from the **LEASE** boundaries?
 - Within Waterflood Unit—Also, provide Name of Unit and Reference # of Active Injection Well(s) _____
 Yes No Is the proposed well at least 330 feet from the **UNIT** boundaries?
 - Post-Primary Recovery Well (240.430(c)(2))** Provide public land survey description of proposed drilling unit
26. Yes No Are you requesting a horizontal well drilling unit 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 (240.455(d)(2))? If yes, please provide public land survey description of proposed drilling unit:
- _____
- If Yes, are all areas between the formation entry point and the bottom hole of the wellbore at least 10 feet from the nearest drilling unit boundary lines; at least 330 feet from the nearest lease boundary line except any boundary line located within a pooled unit; and at least 330 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? Yes No
27. Yes No Will the proposed well require a Modified Drilling Unit (MDU) (240.460)? If yes, provide approximate date petition has been or will be submitted. _____
28. Yes No Will the proposed well require a Special Drilling Unit (SDU) (240.465)? If yes, provide approximate date petition has been or will be submitted. _____
29. Yes No Will the proposed well require a Pool-Wide Drilling Unit (PWDU) (240.470)? If yes, provide approximate date petition has been or will be submitted or provide name/unit number of already established PWDU _____
30. Yes No Is the proposed well 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? If yes, submit documentation establishing compliance with 62 Ill. Adm. Code 240.1330.
31. Yes No Is the proposed well an observation well, a gas storage well, or a service well? If yes, provide a statement of purpose of the well _____
and attach a schematic showing proposed construction of the well (240.1835(c) and 240.1910(c)) _____
32. Yes No Is the proposed well located on state owned surface property?
33. Yes No Does the State of Illinois control any percentage of mineral interests of the proposed drilling unit?
34. Yes No Does applicant have a current PERMITTEE STATUS REPORTING FORM (OG-1) on file with the Department? (62 Ill. Adm. Code 240.1710(e)) If no, submit a current OG-1 form with this permit application.
35. Yes No Are you required to include a bond with this application? (62 Ill. Adm. Code 240.1500). If yes, submit the bond with this application.
36. Yes No Have you included with this application a non-refundable fee of \$300 (check or money order payable to the Illinois Department of Natural Resources-OOGRM)? (62 Ill. Adm. Code 240.210)

III. Applicant Information, 62 Ill. Adm. Code 240.210 and 240.230.

37. Name of Applicant/Permittee: _____ Permittee # _____

Mailing Address: _____

City, State, Zip Code: _____

38. Technical Contact for Application: _____

E-Mail Address: _____

Telephone Number: _____

39. UNDER PENALTIES OF PERJURY, I CERTIFY THAT

- a) THE PERMITTEE HAS THE RIGHT, PURSUANT TO VALID AND SUBSISTING OIL AND GAS LEASES, DOCUMENTS, OR MEMORANDA OF PUBLIC RECORD, AND/OR STATUTE OR REGULATION, TO DRILL AND OPERATE THE WELL(S) DESCRIBED HEREIN; AND
- b) THE PERMITTEE HAS REVIEWED THIS APPLICATION TOGETHER WITH ANY ACCOMPANYING STATEMENTS AND DOCUMENTS AND STATES THAT TO THE BEST OF THE PERMITTEE'S KNOWLEDGE, THE REQUEST, STATEMENTS, AND DOCUMENTS ARE TRUE AND CORRECT.

NAME OF PERSON AUTHORIZED TO SIGN (Print)

TITLE

SIGNATURE

62 Ill. Adm. Code 240.230

DATE

This State agency is requesting disclosure of information that is necessary to accomplish the statutory purpose as outlined in 225 ILCS 725/1 et seq. Failure to disclose this information will result in this form not being processed. This form has been approved by the Forms Management Center.

Summary of reasons for proposed changes to OG-10 application

Question #	Summary of Change	Reason for Change
3	Made "Lease" plural because there could be more than one lease that comprises a drilling unit	Clarification purposes
4	New Question which requests confirmation that the map being submitted as part of the application contains all of the required information.	One of the most common reasons that an application is deficient is due to insufficient information on the map. Hopefully, answering this question will help the operators submit all of the required information.
13	New question which requests clarification as to whether the lowest formation to be tested is a limestone or dolomite.	The Aux Vases and Ste. Genevieve are sometimes limestone and sometimes sandstone. This question keeps us from having to contact the operator for clarification on these formations.
15	Clarification that a map must be provided showing the deviation and distance of the directional well bore in accordance with the regulations. It also requests both PLSS and GPS coordinates of the bottom hole.	The request for the map is just clarification for what the regulation at 62 Ill. Adm. Code 240.240 requires. Request for both GPS and PLSS coordinates of the bottom hole is to help the Department analyze and map the deviated bottom hole.
16	Use of the term "drainhole"; Requesting beginning and bottom hole termination of drainhole in both PLSS and GPS coordinates.	Use of the word "drainhole" is consistent with the regulations at 62 Ill. Adm. Code 240.245 and 240.455. Request for both GPS and PLSS coordinates help the Department analyze and map the horizontal well. This is important in verifying spacing requirements are being met for the proposed well and for any future wells, horizontal or otherwise, that may be in the area.
17	Adjustment in reference to previous question #s.	As questions have been added to the form, the numbering has changed and this question had to be updated based on the numbering change.
18	Adjustment in reference to previous question #s.	As questions have been added to the form, the numbering has changed and this question had to be updated based on the numbering change.

Question #	Summary of Changes	Reason for Change
19	Adjustment in reference to previous question #s.	As questions have been added to the form, the numbering has changed and this question had to be updated based on the numbering change.
20	Adjustment in reference to previous question #s.	As questions have been added to the form, the numbering has changed and this question had to be updated based on the numbering change.
23	New question requesting clarification as to whether the 330' setback from lease boundary is being maintained.	This will be helpful, particularly where there are irregularly shaped leases that don't necessarily follow the quarter-quarter section boundaries to verify, when necessary, that the lease setback is being maintained. Answering "no" to the question doesn't automatically indicate the permit cannot be issued because the operator may have requested a drilling unit exception within the drilling unit due to topo condition, etc. and provided an agreement from adjacent leaseholder or mineral rights owner
26	Clarification of the spacing for a "build your own" horizontal drilling unit based on general spacing changes in Subpart D.	Need verification that all the spacing setbacks are maintained for a horizontal drilling unit as outlined in 62 Ill.Adm.Code 240.455(d) and (e).
31	For gas storage and observation wells, a statement of purpose and a well schematic are being requested.	This is a requirement of the regulations for each type of well and was never addressed on the OG-10 form before. See 62 Ill.Adm.Code 240.1835(c) and 240.1910(c).
38	Requesting technical contact for applications	The technical contact person for the application may be an individual not listed on the OG-1. This just verifies that the Department is communicating with the correct individual regarding any deficiencies or clarifications.

Section 240.810 Tanks, Tank Batteries and Containment Dikes

- a) Tank Battery Registration
 - 1) All new tank batteries constructed after July 1, 2001 shall be registered with the Department, when the tank battery is constructed, by the permittee of the wells on the lease where the tank battery is located. Registration shall be on a form prescribed by the Department.
 - 2) All tank batteries existing on July 1, 2001 are required to be registered with the Department by the permittee of the wells on the lease where the tank battery is located.
 - 3) All tank batteries shall be transferred, at the time of associated well transfers, on forms prescribed by the Department.
 - 4) No fee will be charged for tank registration and tank battery transfer.
 - 5) The tank battery registration number shall be displayed on the tank battery.

- b) Tank and Tank Battery Requirements
 - 1) All tanks and tank batteries containing produced fluids or equipped to receive produced fluids shall be surrounded by containment dikes.
 - 2) Tanks shall not be buried.
 - 3) All tanks shall be maintained in a leak-free condition.
 - 4) All open top tanks shall be covered with bird netting or other system designed to keep birds and flying mammals from landing in the tank.
 - 5) New tank batteries constructed after July 1, 2001 shall not be located:
 - A) within 200 feet of an existing occupied dwelling, unless the current owner of the structure has provided a written waiver consenting to the construction closer than 200 feet, in which case the tank battery shall be completely fenced to prevent unauthorized access; or
 - B) within 200 feet of a stream, body of water, or marshy land, unless the permittee can demonstrate to the Department that construction standards or topography will prevent accidental discharge into these features.

- c) Containment Dike Construction

- 1) A containment dike shall have a capacity of at least 1½ times the largest tank it contains and be bermed at least 18 inches above the highest ground surface surrounding the outside of the containment dike and at least 18 inches above the highest ground surface inside of the containment dike.
- 2) Containment dikes shall be constructed of native soil. In areas of sand, containment dikes shall be constructed of clay soil and the bottom of the dike area shall be lined with at least 6 inches of clay soil.
- 3) **Alternative Construction of Containment Dikes**
Containment dikes may be constructed of formed corrugated galvanized steel sheeting and a synthetic flexible liner at least 30 mils in thickness that is manufactured specifically for this purpose. The containment dike structure shall be constructed in accordance with the manufacturer's specifications and must meet the following requirements:
 - A) The bottom of the corrugated steel enclosure shall be set into the soil to a depth of at least 6 inches below the ground surface.
 - B) The corrugated steel enclosure shall be secured to galvanized steel braces placed around the outside perimeter at intervals that will prevent sagging or collapse of the structure.
 - C) Adjoining sections of the liner must be sealed together to prevent leaks.
 - D) The liner shall be secured to the top of the entire perimeter of the steel enclosure.
 - E) The containment dike structure shall be approved by a Department representative prior to being placed into service. If the construction is not approved by the Department, any deficiencies shall be remedied by the permittee and approved by the Department prior to the structure being placed into service.
 - F) The containment dike structure shall be maintained in a leak-free condition. If the Department has reason to believe the liner has a leak, the permittee shall immediately cease use of the enclosed tank battery until the liner has been repaired to a leak-free condition and has been inspected and approved for future use by the Department.
 - G) The containment dike structure shall meet all other requirements of subsections (c), (d) and (e).

The permittee may petition the Department to utilize an alternative construction method for containment dikes than the one described above. The request must be made in writing and submitted to the Office's main Springfield location. Upon receipt of a written request for an alternative containment dike construction method, the Department shall review the request and shall respond to the permittee within 30 days. All final decisions upon requests for alternative construction methods for containment dikes shall be considered final administrative decisions of the Department.

- 4) Containment dikes shall not have any breach or other uncontrolled conduit that penetrates the dike and allows the discharge of produced water, liquid oilfield wastes or stormwater.
 - 5) Discharge of produced fluids, stormwater or other liquid oilfield wastes is prohibited, unless the permittee obtains an NPDES permit from the Illinois Environmental Protection Agency (IEPA).
- d) Containment Dike Maintenance
- 1) The area within the dike shall remain free of liquid oilfield waste, general oilfield waste, equipment debris, stormwater runoff and excessive vegetation.
 - 2) Any spill or discharge of produced fluids or other liquid oilfield wastes occurring within a containment dike shall be remediated in place in accordance with Section 240.891(a).
 - 3) Any spill escaping from a containment dike shall be cleaned up in accordance with Sections 240.890 and 240.895.
- e) Tank and Containment Dike Restoration
- 1) Remove all tanks and aboveground piping and flowlines coming into tank battery.
 - 2) Level and grade soil containment dikes.
 - 3) Remove from site all non-soil constructed containment dikes.
- 4) Remediate all oil contaminated soil at tank site in accordance with Section 240.891(a).