

Oil and Gas, Natural Resources, and Energy Journal

Volume 4 | Number 3


The 2018 Survey on Oil & Gas

September 2018

Illinois

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Recommended Citation

Justin Fisher, *Illinois*, 4 OIL & GAS, NAT. RESOURCES & ENERGY J. 331 (2018),
<https://digitalcommons.law.ou.edu/onej/vol4/iss3/5>

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I. Legislative and Regulatory Developments

A. State Regulatory Developments

1. Illinois Oil and Gas Act Regulations

The General Assembly adopted amendments to the Illinois Oil and Gas Act regulations on March 30, 2018,¹ which became effective as of March 14, 2018. The amendments implement incremental changes in various

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1. 2018 IL REG TEXT 475503 (NS).

areas of the law covered by the Illinois Oil and Gas Act, including but not limited to: permit applications, public notice, applications for modified and special drilling units, plugging and temporary abandonment of inactive Class II UIC wells and permit transfers.

The most significant changes in the 2018 amendments address the standard drilling unit location and spacing requirements for oil and gas wells. Ill. Admin. Code tit. 62, § 240.410 requires that oil and gas wells producing from reservoirs at certain depths conform to the location and spacing requirements prescribed therein. Prior to the 2018 amendments, wells drilled for the production of oil and gas at certain depths or coalbed gas from unmined seams were required to be not less than 330 feet (or not less than 660 feet for deep gas wells) from the nearest external unit boundary lines.² Under the 2018 amendments, the setback requirements for such wells are now measured from the nearest lease boundary line, excluding lease boundary lines located within a pooled unit, and such wells must now be located “no less than 10 feet from the nearest drilling unit boundary line.”³ The amended regulations also change the minimum spacing for oil and shallow gas wells producing from the same reservoir at certain depths from 660 feet to 330 feet,⁴ and coalbed gas wells, which were not previously subject to such requirements, are now required to be “no less than 330 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.”⁵ The 2018 amendments require horizontal wells, regardless of depth, to be spaced “no less than 330 feet from the nearest lease boundary line except any boundary line located within a pooled unit”⁶ and no less than 330 feet (660 feet prior to the 2018 amendments) from a well in the same reservoir.⁷ The 2018 amendments also expressly allow horizontal wells to travel “in any direction or directions necessary for efficient production within the drilling unit.”⁸

2. ILL. ADMIN. CODE tit. 62, § 240.410(a)(1) (2017); ILL. ADMIN. CODE tit. 62, § 240.410(b) (2017); ILL. ADMIN. CODE tit. 62, § 240.410(c) (2017).

3. ILL. ADMIN. CODE tit. 62, § 240.410(a)(1) (2018); ILL. ADMIN. CODE tit. 62, § 240.410(b) (2018); ILL. ADMIN. CODE tit. 62, § 240.410(c) (2018).

4. *Id.*

5. ILL. ADMIN. CODE tit. 62, § 240.410(c) (2018).

6. ILL. ADMIN. CODE tit. 62, § 240.455(e)(2) (2018).

7. ILL. ADMIN. CODE tit. 62, § 240.455(e)(3) (2018).

8. ILL. ADMIN. CODE tit. 62, § 240.455(e)(1) (2018).