

ILLINOIS OIL AND GAS ADVISORY BOARD MEETING
I.O.G.A. OFFICE, MT. VERNON, IL
SEPTEMBER 14, 2017

VOTING BOARD MEMBERS IN ATTENDANCE

Bryan DicusChairperson
Kyle Kingston.....Vice Chairperson
Casey Lampley.....Secretary
Bob Herr
Larry Miller
Stephanie Storckman
Steve Persinger

NON-VOTING BOARD MEMBERS IN ATTENDANCE

Mike Mankowski
Sam Barbee
Craig Hedin
Jarred Tynes

DNR-OGRM GUESTS IN ATTENDANCE

Dough Shutt
Ernie Kierbach

GUESTS IN ATTENDANCE

Mathew L. McArthy, Law Offices of Mathew L. McArthy
J. Nelson Wood, Wood Energy
Brad Richards, Bi-Petro

- 1) CALL TO ORDER: Mr. Dicus called the meeting to order at 10:20am.
- 2) APPROVAL OF MINUTES: Mr. Persinger moved to accept the board's May 11, 2017 meeting minutes, seconded by Ms. Storckman. The board unanimously approved the motion.
- 3) FY 17 FINANCIAL REPORT: The following information was provided to the board via an IDNR memorandum:

Underground Resource Conservation Fund (URC)
Income: \$1,190,900 Expenditures: \$547,400.00

Plugging and Restoration Fund (PRF)
Income: \$1,227,800 Expenditures: \$591,600

Plugging Fund Activity
Wells Plugged: 17 \$240,483.77
Tank Site Cleanups: 0
Current PRF Well Population: 3540

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Mr. Mankowski advised the board that 17 wells have been plugged, 13 of them being in Ashmore in Coles County. There are 30-40 old gas well that are leaking, and those have priority for plugging. He mentioned that the state could sweep \$1.9 million from the URC and PRF funds. He expects to have \$250,000 to \$500,000 appropriated to plugging wells until the end of the current state fiscal year ending June 30, 2018. Larry miller asked why the money that is currently in the funds has not been spent on plugging activities. Mr. Mankowski indicated that the money was appropriated but, due to the budget crisis, the Department has been told not to spend it.

4) OOGRM STAFFING UPDATES: Mr. Mankowski advised the board of various staff changes in the Department office in Springfield, as well as staff changes at multiple district offices. He said the Department plans to get an organizational chart of Department employees available online.

5) ROUND TABLE DISCUSSION:

A. Update on Recent Rulemaking: Mr. Mankowski advised the board that JCAR desired changes to the latest rules package submitted, mostly formatting rather than substance. The changes were made, and the rules package is now back at JCAR waiting for approval. Hope to get the rules into the register in February or March of next year.

Mr. Mankowski also brought attention to the board regarding Modified Drilling Units. MDU's expire in one year, and could run an operator short on time, depending on when the Department grants the operator a drilling permit. Mr. Shutt pointed out other things, like Special Drilling Units, also expire in a year, and those should be addressed, as well. General consensus among the board was to handle these issues at a later date, so as to avoid any delays with the recent rule making submitted to JCAR.

Meeting guest, Mr. McArthy, brought up a concern regarding well spacing. He explained that the current rules, which require 660ft well spacing, can lead to undrillable well locations. The argument was made that adjusting the well spacing to 330ft would eliminate this problem without affecting well density. **Mr. Kingston moved to amend the IL Oil and Gas Act Section 240.410, such that the 660ft well spacing requirement is amended to 330ft. The motion was seconded by Mr. Persinger, and the board unanimously approved the motion.**

B. Temporary Abandonment: Mr. Dicus posed the question of what mechanisms are available to extend the 90 days between a failed MIT/TA and the issuance of an NOV. Mr. Shutt indicated that the Department doesn't have the authority to extend prior to an NOV getting issued.

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C. UIC Issues – AOR Requirements: Mr. Mankowski advised the board that the Department was receiving pressure from the US EPA regarding the Departments interpretation of “only protecting freshwater”, rather than protecting all zones from migration.

D: PHMSA Update: Mr. Mankowski advised the board that this subject was kept on the agenda because it is still in process. The Board might start dealing with rules for gas storage early next year.

E: Future Rulemaking: Mr. Dicus brought up the concern that the previous Department director, Mr. Cohen, has instituted a policy that retroactively issued NOVs and fines. He asked if this policy was still in effect. Mr. Mankowski advised the board that this policy was not currently being utilized. He suggested rewriting Section 160 to help take care of “bad operators”. He indicated that penalties get too steep for some, and not enough for others. He advised the board that the current rulemaking go through before addressing this.

F: Abandoned Well Plugging: Mr. Mankowski indicated that he wants to get the word out that vendors will get paid by the Department for services rendered. Various board members spoke of inconsistencies between well inspectors, such as pulling versus not pulling casing. Mr. Mankowski made a request to the Board to come up with ideas on how to plug wells cheaper.

6) NEW BUSINESS: Mr. Mankowski advised the board that any Department decision made must see if it is going to affect animal species that are “endangered and threatened”. He said this used to just be required for state-owned land, but not its for all land. He indicated that there is a GIS program in place that checks this. He indicated that this probably won’t affect permitting, but he is unsure. Mr. Mankowski also advised the Board that there is a bill on the governor’s desk that charges fees for consultation and an “Eco-Cat” system. Either the Department or the operator will have to pay for this service. Mr. Shutt advised the board that the Department has been doing consultations for 10 years on state land, and has only found one issue. In that instance, the operator was able to simply make an adjustment to his drilling location.

7) PUBLIC PARTICIPATION: No public participation.

8) NEXT MEETING: Next Board meeting is scheduled for **10:00am on Thursday, December 14, 2017**, at the I.O.G.A. boardroom.

9) ADJOURN: Mr. Persinger moved to adjourn, seconded by Mr. Miller. The board unanimously approved the motion. The meeting was adjourned at 12:20pm.