

**Illinois Department of Revenue
Regulations**

Title 86 Part 475 Section 105	Definitions
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TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 475
ILLINOIS HYDRAULIC FRACTURING TAX ACT

Section 475.105 Definitions

"Average daily production" means the average amount of oil produced daily from a well, as determined by Section 475.115.

"Barrel" for oil measurement means a barrel of 42 U.S. gallons of 231 cubic inches per gallon, computed at a temperature of 60 degrees Fahrenheit.

"Department" means the Illinois Department of Revenue.

"DNR" means the Illinois Department of Natural Resources.

"Fracturing" or "hydraulic fracturing" means the propagation of fractures in a rock layer, by a pressurized fluid used to release petroleum or natural gas (including shale gas, tight gas, and coal seam gas), for extraction.

"Gas" means natural gas taken from below the surface of the earth or water in this State, regardless of whether the gas is taken from a gas well or from a well also productive of oil or any other product.

"Lease number" means the number assigned by the purchaser to identify each production unit.

"Oil" means petroleum or other crude oil, condensate, casinghead gasoline, or other mineral oil that is severed or withdrawn from below the surface of the soil or water in this State.

"Operator" means the person primarily responsible for the management and operation of oil or gas productions from a production unit.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, or limited liability company, or a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Produced" means severed.

"Producer" means any person owning, controlling, managing, or leasing any oil or gas property or oil or gas well, and any person who severs in any manner any oil or gas in this State, and shall include any person owning any direct and beneficial interest in any

oil or gas produced, whether severed by that person or some other person on their behalf, either by lease, contract, or otherwise, including working interest owners, overriding royalty owners, or royalty owners.

"Production unit" means a unit of property designated by the Department of Natural Resources from which oil or gas is severed.

"Purchaser" means a person who is the first purchaser of a product after severance from a production unit.

"Regulatory Act" means the Hydraulic Fracturing Regulatory Act [225 ILCS 732].

"Remove" or "removal" means the physical transportation of oil or gas off of the production unit where severed; and if the oil or gas is used on the premises where severed, or if the manufacture or conversion of oil or gas into refined products occurs on the premises where severed, oil or gas shall be deemed to have been removed on the date that use, manufacture, or conversion begins.

"Severed" or "severing" means:

the production of oil through extraction or withdrawal of the same, whether that extraction or withdrawal is by natural flow, mechanical flow, forced flow, pumping, or any other means employed to get the oil from below the surface of the earth, soil, or water and shall include the withdrawal by any means whatsoever of oil upon which the tax has not been paid, from any surface reservoir, natural or artificial, or from a water surface; and

the production of gas through the extraction or withdrawal of the same by any means whatsoever, from below the surface of the earth, soil, or water.

"Severance" means the taking or severing of oil or gas from below the surface of the earth, soil, or water by any means or in any manner whatsoever.

"Tax" means the tax levied pursuant to the Tax Act.

"Tax Act" means the Illinois Hydraulic Fracturing Tax Act [35 ILCS 450].

"Value" means the sale price of oil or gas at the time of removal of the oil or gas from the production unit and if oil or gas is exchanged for something other than cash, or if no sale occurs at the time of removal, or if the Department determines that the relationship between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the Department shall determine the value of the oil or gas subject to tax based on the cash price paid to one or more producers for the oil or gas or based on the cash price paid to producers for like quality oil or gas in the vicinity of the production unit at the time of the removal of the oil or gas from the production unit.

"Well" means the entire length of any drill hole, including all horizontal well bores, required to be permitted under the Illinois Oil and Gas Act [225 ILCS 725].

"Well site" has the meaning ascribed to that term in Section 1-5 of the Regulatory Act.

"Working interest" means any interest in or any right to the production of oil and gas, excluding royalty or overriding royalty interests. [35 ILCS 450/2-10]