

1 A bill to be entitled
2 An act relating to the regulation of oil and gas
3 resources; amending s. 211.06, F.S.; revising the
4 distribution of proceeds in the Oil and Gas Tax Trust
5 Fund; allocating proceeds to the credit of the
6 Environmental Rapid Response Trust Fund; providing for
7 specified use of the proceeds; providing a condition
8 for the redistribution of proceeds credited to the
9 Environmental Rapid Response Trust Fund; amending s.
10 377.19, F.S.; applying the definitions of certain
11 terms to additional sections of chapter 377, F.S.;
12 conforming a cross-reference; defining the term "high-
13 pressure well stimulation"; amending s. 377.22, F.S.;
14 revising the rulemaking authority of the Department of
15 Environmental Protection; providing that certain
16 information may be considered proprietary business
17 information; amending s. 377.24, F.S.; requiring that
18 a permit be obtained before the performance of a high-
19 pressure well stimulation; specifying that a permit
20 may authorize single or multiple activities; amending
21 s. 377.241, F.S.; requiring the Division of Resource
22 Management to give consideration to and be guided by
23 certain additional criteria when issuing permits;
24 amending s. 377.242, F.S.; authorizing the department
25 to issue permits for the performance of a high-
26 pressure well stimulation; revising permit

27 requirements that permit holders agree not to prevent
28 division inspections; directing the department to
29 notify counties in which certain activities will
30 occur; prohibiting a county, municipality, or other
31 political subdivision of the state from adopting or
32 establishing permitting programs for certain oil and
33 gas activities; amending s. 377.2425, F.S.; requiring
34 an applicant or operator to provide surety that
35 performance of a high-pressure well stimulation will
36 be conducted in a safe and environmentally compatible
37 manner; creating s. 377.2436, F.S.; directing the
38 Department of Environmental Protection to conduct a
39 study on high-pressure well stimulation; providing
40 study criteria; requiring the study to be submitted to
41 the Governor and Legislature; requiring rulemaking
42 under certain circumstances; amending s. 377.37, F.S.;
43 increasing the maximum amount of a civil penalty;
44 creating s. 377.45, F.S.; requiring the department to
45 designate the national chemical registry as the
46 state's registry; requiring well owners or operators
47 to report certain information to the department;
48 providing applicability; requiring the department to
49 adopt rules; providing an effective date.

50
51 Be It Enacted by the Legislature of the State of Florida:
52

53 Section 1. Section 211.06, Florida Statutes, is amended to
 54 read:

55 211.06 Oil and Gas Tax Trust Fund; distribution of tax
 56 proceeds.—All taxes, interest, and penalties imposed under this
 57 part shall be collected by the department and placed in a
 58 special fund designated the "Oil and Gas Tax Trust Fund."

59 (1) There is hereby annually appropriated a sufficient
 60 amount from the Oil and Gas Tax Trust Fund for the Chief
 61 Financial Officer to refund any overpayments that have been
 62 properly approved.

63 (2) The remaining proceeds in the Oil and Gas Tax Trust
 64 Fund shall be distributed monthly by the department and shall be
 65 paid into the State Treasury as follows:

66 (a) To the credit of the General Revenue Fund of the
 67 state:

68 1. Seventy ~~Seventy-five~~ percent of the proceeds from the
 69 oil production tax imposed under s. 211.02(1)(c).

70 2. Sixty ~~Sixty-three and one-half~~ percent of the proceeds
 71 from the tax on small well oil, tertiary oil, and mature field
 72 recovery oil imposed under s. 211.02(1)(a) and (b).

73 3. Sixty-one ~~Sixty-seven and one-half~~ percent of the
 74 proceeds from the tax on gas imposed under s. 211.025.

75 4. Sixty-one ~~Sixty-seven and one-half~~ percent of the
 76 proceeds of the tax on sulfur imposed under s. 211.026.

77 (b) To the credit of the general revenue fund of the board
 78 of county commissioners of the county where produced, subject to

79 the service charge imposed under chapter 215:

80 1. Twelve and one-half percent of the proceeds from the tax
81 on oil imposed under s. 211.02(1)(c).

82 2. Twenty percent of the proceeds from the tax on small
83 well oil, tertiary oil, and mature field recovery oil imposed
84 under s. 211.02(1)(a) and (b).

85 3. Twenty percent of the proceeds from the tax on gas
86 imposed under s. 211.025.

87 4. Twenty percent of the proceeds from the tax on sulfur
88 imposed under s. 211.026.

89 (c) To the credit of the Minerals Trust Fund:

90 1. Twelve and one-half percent of the proceeds from the
91 tax on oil imposed under s. 211.02(1)(c).

92 2. Sixteen and one-half percent of the proceeds from the
93 tax on small well oil, tertiary oil, and mature field recovery
94 oil imposed under s. 211.02(1)(a) and (b).

95 3. Twelve and one-half percent of the proceeds from the
96 tax on gas imposed under s. 211.025.

97 4. Twelve and one-half percent of the proceeds from the
98 tax on sulfur imposed under s. 211.026.

99 (d) To the credit of the Environmental Rapid Response
100 Trust Fund:

101 1. Five percent of the proceeds from the tax on oil
102 imposed under s. 211.02(1)(c).

103 2. Three and one-half percent of the proceeds from the tax
104 on small well oil, tertiary oil, and mature field recovery oil

105 imposed under s. 211.02(1)(a) and (b).

106 3. Six and one-half percent of the proceeds from the tax
 107 on gas imposed under s. 211.025.

108 4. Six and one-half percent of the proceeds from the tax
 109 on sulfur imposed under s. 211.026.

110
 111 The proceeds under this paragraph shall be used to improve the
 112 plugging of abandoned wells and to clean up the spillage of oil
 113 or any other pollutant during activities under chapter 377
 114 relating to the drilling for, and extracting of, oil, gas, or
 115 other petroleum products, pursuant to rules of the Department of
 116 Environmental Protection. Beginning July 1 of the fiscal year
 117 after the balance of the Environmental Rapid Response Trust Fund
 118 exceeds \$100 million, the proceeds of the taxes distributed
 119 pursuant this paragraph shall be paid into the General Revenue
 120 Fund.

121 Section 2. Section 377.19, Florida Statutes, is amended to
 122 read:

123 377.19 Definitions.—As used in ss. 377.06, 377.07, and
 124 377.10-377.45 ~~377.10-377.40~~, the term:

125 (1) "Completion date" means the day, month, and year that
 126 a new productive well, a previously shut-in well, or a
 127 temporarily abandoned well is completed, repaired, or
 128 recompleted and the operator begins producing oil or gas in
 129 commercial quantities.

130 (2) "Department" means the Department of Environmental

131 Protection.

132 (3) "Division" means the Division of Resource Management
133 of the Department of Environmental Protection.

134 (4) "Field" means the general area that is underlaid, or
135 appears to be underlaid, by at least one pool. The term includes
136 the underground reservoir, or reservoirs, containing oil or gas,
137 or both. The terms "field" and "pool" mean the same thing if
138 only one underground reservoir is involved; however, the term
139 "field," unlike the term "pool," may relate to two or more
140 pools.

141 (5) "Gas" means all natural gas, including casinghead gas,
142 and all other hydrocarbons not defined as oil in subsection (16)
143 ~~(15)~~.

144 (6) "High-pressure well stimulation" means a well
145 intervention performed by injecting more than 100,000 gallons of
146 fluid into a rock formation at high pressure that exceeds the
147 fracture gradient of the rock formation in order to propagate
148 fractures in such formation to increase production at an oil or
149 gas well by improving the flow of hydrocarbons from the
150 formation into the wellbore.

151 (7)~~(6)~~ "Horizontal well" means a well completed with the
152 wellbore in a horizontal or nearly horizontal orientation within
153 10 degrees of horizontal within the producing formation.

154 (8)~~(7)~~ "Illegal gas" means gas that has been produced
155 within the state from any well or wells in excess of the amount
156 allowed by any rule, regulation, or order of the division, as

157 distinguished from gas produced within the State of Florida from
 158 a well not producing in excess of the amount so allowed, which
 159 is "legal gas."

160 (9)~~(8)~~ "Illegal oil" means oil that has been produced
 161 within the state from any well or wells in excess of the amount
 162 allowed by rule, regulation, or order of the division, as
 163 distinguished from oil produced within the state from a well not
 164 producing in excess of the amount so allowed, which is "legal
 165 oil."

166 (10)~~(9)~~ "Illegal product" means a product of oil or gas,
 167 any part of which was processed or derived, in whole or in part,
 168 from illegal gas or illegal oil or from any product thereof, as
 169 distinguished from "legal product," which is a product processed
 170 or derived to no extent from illegal oil or illegal gas.

171 (11)~~(10)~~ "Lateral storage reservoir boundary" means the
 172 projection up to the land surface of the maximum horizontal
 173 extent of the gas volume contained in a natural gas storage
 174 reservoir.

175 (12)~~(11)~~ "Native gas" means gas that occurs naturally
 176 within this state and does not include gas produced outside the
 177 state, transported to this state, and injected into a permitted
 178 natural gas storage facility.

179 (13)~~(12)~~ "Natural gas storage facility" means an
 180 underground reservoir from which oil or gas has previously been
 181 produced and which is used or to be used for the underground
 182 storage of natural gas, and any surface or subsurface structure,

183 or infrastructure, except wells. The term also includes a right
184 or appurtenance necessary or useful in the operation of the
185 facility for the underground storage of natural gas, including
186 any necessary or reasonable reservoir protective area as
187 designated for the purpose of ensuring the safe operation of the
188 storage of natural gas or protecting the natural gas storage
189 facility from pollution, invasion, escape, or migration of gas,
190 or any subsequent extension thereof. The term does not mean a
191 transmission, distribution, or gathering pipeline or system that
192 is not used primarily as integral piping for a natural gas
193 storage facility.

194 (14)~~(13)~~ "Natural gas storage reservoir" means a pool or
195 field from which gas or oil has previously been produced and
196 which is suitable for or capable of being made suitable for the
197 injection, storage, and recovery of gas, as identified in a
198 permit application submitted to the department under s.
199 377.2407.

200 (15)~~(14)~~ "New field well" means an oil or gas well
201 completed after July 1, 1997, in a new field as designated by
202 the Department of Environmental Protection.

203 (16)~~(15)~~ "Oil" means crude petroleum oil and other
204 hydrocarbons, regardless of gravity, which are produced at the
205 well in liquid form by ordinary production methods, and which
206 are not the result of condensation of gas after it leaves the
207 reservoir.

208 (17)~~(16)~~ "Oil and gas" has the same meaning as the term

209 "oil or gas."

210 (18)~~(17)~~ "Oil and gas administrator" means the State
211 Geologist.

212 (19)~~(18)~~ "Operator" means the entity who:

213 (a) Has the right to drill and to produce a well; or

214 (b) As part of a natural gas storage facility, injects, or
215 is engaged in the work of preparing to inject, gas into a
216 natural gas storage reservoir; or stores gas in, or removes gas
217 from, a natural gas storage reservoir.

218 (20)~~(19)~~ "Owner" means the person who has the right to
219 drill into and to produce from any pool and to appropriate the
220 production for the person or for the person and another, or
221 others.

222 (21)~~(20)~~ "Person" means a natural person, corporation,
223 association, partnership, receiver, trustee, guardian, executor,
224 administrator, fiduciary, or representative of any kind.

225 (22)~~(21)~~ "Pool" means an underground reservoir containing
226 or appearing to contain a common accumulation of oil or gas or
227 both. Each zone of a general structure which is completely
228 separated from any other zone on the structure is considered a
229 separate pool as used herein.

230 (23)~~(22)~~ "Producer" means the owner or operator of a well
231 or wells capable of producing oil or gas, or both.

232 (24)~~(23)~~ "Product" means a commodity made from oil or gas
233 and includes refined crude oil, crude tops, topped crude,
234 processed crude petroleum, residue from crude petroleum,

235 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,
236 residuum, gas oil, casinghead gasoline, natural gas gasoline,
237 naphtha, distillate, condensate, gasoline, waste oil, kerosene,
238 benzine, wash oil, blended gasoline, lubricating oil, blends or
239 mixtures of oil with one or more liquid products or byproducts
240 derived from oil or gas, and blends or mixtures of two or more
241 liquid products or byproducts derived from oil or gas, whether
242 hereinabove enumerated or not.

243 (25)~~(24)~~ "Reasonable market demand" means the amount of
244 oil reasonably needed for current consumption, together with a
245 reasonable amount of oil for storage and working stocks.

246 (26)~~(25)~~ "Reservoir protective area" means the area
247 extending up to and including 2,000 feet surrounding a natural
248 gas storage reservoir.

249 (27)~~(26)~~ "Shut-in bottom hole pressure" means the pressure
250 at the bottom of a well when all valves are closed and no oil or
251 gas has been allowed to escape for at least 24 hours.

252 (28)~~(27)~~ "Shut-in well" means an oil or gas well that has
253 been taken out of service for economic reasons or mechanical
254 repairs.

255 (29)~~(28)~~ "State" means the State of Florida.

256 (30)~~(29)~~ "Temporarily abandoned well" means a permitted
257 well or wellbore that has been abandoned by plugging in a manner
258 that allows reentry and redevelopment in accordance with oil or
259 gas rules of the Department of Environmental Protection.

260 (31)~~(30)~~ "Tender" means a permit or certificate of

261 clearance for the transportation or the delivery of oil, gas, or
262 products, approved and issued or registered under the authority
263 of the division.

264 (32)~~(31)~~ "Waste," in addition to its ordinary meaning,
265 means "physical waste" as that term is generally understood in
266 the oil and gas industry. The term "waste" includes:

267 (a) The inefficient, excessive, or improper use or
268 dissipation of reservoir energy; and the locating, spacing,
269 drilling, equipping, operating, or producing of any oil or gas
270 well or wells in a manner that results, or tends to result, in
271 reducing the quantity of oil or gas ultimately to be stored or
272 recovered from any pool in this state.

273 (b) The inefficient storing of oil; and the locating,
274 spacing, drilling, equipping, operating, or producing of any oil
275 or gas well or wells in a manner that causes, or tends to cause,
276 unnecessary or excessive surface loss or destruction of oil or
277 gas.

278 (c) The producing of oil or gas in a manner that causes
279 unnecessary water channeling or coning.

280 (d) The operation of any oil well or wells with an
281 inefficient gas-oil ratio.

282 (e) The drowning with water of any stratum or part thereof
283 capable of producing oil or gas.

284 (f) The underground waste, however caused and whether or
285 not defined.

286 (g) The creation of unnecessary fire hazards.

287 (h) The escape into the open air, from a well producing
 288 both oil and gas, of gas in excess of the amount that is
 289 necessary in the efficient drilling or operation of the well.

290 (i) The use of gas for the manufacture of carbon black.

291 (j) Permitting gas produced from a gas well to escape into
 292 the air.

293 (k) The abuse of the correlative rights and opportunities
 294 of each owner of oil and gas in a common reservoir due to
 295 nonuniform, disproportionate, and unratable withdrawals, causing
 296 undue drainage between tracts of land.

297 ~~(33)~~~~(32)~~ "Well site" means the general area around a well,
 298 which area has been disturbed from its natural or existing
 299 condition, as well as the drilling or production pad, mud and
 300 water circulation pits, and other operation areas necessary to
 301 drill for or produce oil or gas, or to inject gas into and
 302 recover gas from a natural gas storage facility.

303 Section 3. Subsection (2) of section 377.22, Florida
 304 Statutes, is amended to read:

305 377.22 Rules and orders.—

306 (2) The department shall issue orders and adopt rules
 307 pursuant to ss. 120.536 and 120.54 to implement and enforce ~~the~~
 308 ~~provisions of~~ this chapter. Such rules and orders shall ensure
 309 that all precautions are taken to prevent the spillage of oil or
 310 any other pollutant in all phases of the drilling for, and
 311 extracting of, oil, gas, or other petroleum products, including
 312 high-pressure well stimulations, or during the injection of gas

313 into and recovery of gas from a natural gas storage reservoir.
314 The department shall revise such rules from time to time as
315 necessary for the proper administration and enforcement of this
316 chapter. Rules adopted and orders issued in accordance with this
317 section are for, but not limited to, the following purposes:

318 (a) To require the drilling, casing, and plugging of wells
319 to be done in such a manner as to prevent the pollution of the
320 fresh, salt, or brackish waters or the lands of the state and to
321 protect the integrity of natural gas storage reservoirs.

322 (b) To prevent the alteration of the sheet flow of water
323 in any area.

324 (c) To require that appropriate safety equipment be
325 installed to minimize the possibility of an escape of oil or
326 other petroleum products in the event of accident, human error,
327 or a natural disaster during drilling, casing, or plugging of
328 any well and during extraction operations.

329 (d) To require the drilling, casing, and plugging of wells
330 to be done in such a manner as to prevent the escape of oil or
331 other petroleum products from one stratum to another.

332 (e) To prevent the intrusion of water into an oil or gas
333 stratum from a separate stratum, except as provided by rules of
334 the division relating to the injection of water for proper
335 reservoir conservation and brine disposal.

336 (f) To require a reasonable bond, or other form of
337 security acceptable to the department, conditioned upon properly
338 drilling, casing, producing, and operating each well, and

339 properly plugging ~~the performance of the duty to plug properly~~
340 each dry and abandoned well and the full and complete
341 restoration by the applicant of the area over which geophysical
342 exploration, drilling, or production is conducted to the similar
343 contour and general condition in existence before ~~prior to~~ such
344 operation.

345 (g) To require and carry out a reasonable program of
346 monitoring and inspecting ~~or inspection of~~ all drilling
347 operations, high-pressure well stimulations, producing wells, ~~or~~
348 injecting wells, and well sites, including regular inspections
349 by division personnel. Inspections will be required during the
350 testing of blowout preventers, during the pressure testing of
351 the casing and casing shoe, and during the integrity testing of
352 the cement plugs in plugging and abandonment operations.

353 (h) To require the making of reports showing the location
354 of all oil and gas wells; the making and filing of logs; the
355 taking and filing of directional surveys; the filing of
356 electrical, sonic, radioactive, and mechanical logs of oil and
357 gas wells; if taken, the saving of cutting and cores, the cuts
358 of which shall be given to the Bureau of Geology; ~~and~~ the making
359 of reports with respect to drilling, and production, and high-
360 pressure well stimulations; and the disclosure of chemicals and
361 other materials added during high-pressure well stimulations to
362 a chemical disclosure registry created or identified by the
363 department records. However, such information, or any part
364 thereof, at the request of the operator: 7

365 1. Shall be exempt from ~~the provisions of~~ s. 119.07(1) and
366 held confidential by the division for ~~a period of~~ 1 year after
367 the completion of a well.

368 2. May be considered proprietary business information as
369 defined in s. 377.24075(1)(a)-(e).

370 (i) To prevent wells from being drilled, operated, or
371 produced in such a manner as to cause injury to neighboring
372 leases, property, or natural gas storage reservoirs.

373 (j) To prevent the drowning by water of any stratum, or
374 part thereof, capable of producing oil or gas in paying
375 quantities and to prevent the premature and irregular
376 encroachment of water which reduces, or tends to reduce, the
377 total ultimate recovery of oil or gas from any pool.

378 (k) To require the operation of wells with efficient gas-
379 oil ratio, and to fix such ratios.

380 (l) To prevent "blowouts," "caving," and "seepage," in the
381 sense that conditions indicated by such terms are generally
382 understood in the oil and gas business.

383 (m) To prevent fires.

384 (n) To identify the ownership of all oil or gas wells,
385 producing leases, refineries, tanks, plants, structures, and
386 storage and transportation equipment and facilities.

387 (o) To regulate the "shooting," perforating, ~~and~~ chemical
388 treatment, and high-pressure stimulations of wells.

389 (p) To regulate secondary recovery methods, including the
390 introduction of gas, air, water, or other substance into

391 producing formations.

392 (q) To regulate gas cycling operations.

393 (r) To regulate the storage and recovery of gas injected
394 into natural gas storage facilities.

395 (s) If necessary for the prevention of waste, as herein
396 defined, to determine, limit, and prorate the production of oil
397 or gas, or both, from any pool or field in the state.

398 (t) To require, either generally or in or from particular
399 areas, certificates of clearance or tenders in connection with
400 the transportation or delivery of oil or gas, or any product.

401 (u) To regulate the spacing of wells and to establish
402 drilling units.

403 (v) To prevent, so far as is practicable, reasonably
404 avoidable drainage from each developed unit which is not
405 equalized by counterdrainage.

406 (w) To require that geophysical operations requiring a
407 permit be conducted in a manner which will minimize the impact
408 on hydrology and biota of the area, especially environmentally
409 sensitive lands and coastal areas.

410 (x) To regulate aboveground crude oil storage tanks in a
411 manner which will protect the water resources of the state.

412 (y) To act in a receivership capacity for fractional
413 mineral interests for which the owners are unknown or unlocated
414 and to administratively designate the operator as the lessee.

415 (z) To evaluate the history of past adjudicated violations
416 committed by permit applicants or the applicants' affiliated

417 entities of any substantive and material rule or law pertaining
 418 to the regulation of oil or gas.

419 Section 4. Subsections (1), (2), and (4) of section
 420 377.24, Florida Statutes, are amended to read:

421 377.24 Notice of intention to drill well; permits;
 422 abandoned wells and dry holes.—

423 (1) Before drilling a well in search of oil or gas, before
 424 performing a high-pressure well stimulation, or before storing
 425 gas in or recovering gas from a natural gas storage reservoir,
 426 the person who desires to drill for, store, or recover gas, ~~or~~
 427 drill for oil or gas, or perform a high-pressure well
 428 stimulation shall notify the division upon such form as it may
 429 prescribe and shall pay a reasonable fee set by rule of the
 430 department not to exceed the actual cost of processing and
 431 inspecting for each well or reservoir. The drilling of any well,
 432 the performance of any high-pressure well stimulation, and the
 433 storing and recovering of gas are prohibited until such notice
 434 is given, the fee is paid, and a ~~the~~ permit is granted. A permit
 435 may authorize a single activity or multiple activities.

436 (2) An application for the drilling of a well in search of
 437 oil or gas, for the performance of a high-pressure well
 438 stimulation, or for the storing of gas in and recovering of gas
 439 from a natural gas storage reservoir~~r~~ in this state must include
 440 the address of the residence of the applicant~~r~~ or applicants,
 441 which must be the address of each person involved in accordance
 442 with the records of the Division of Resource Management until

443 such address is changed on the records of the division after
444 written request.

445 (4) Application for permission to drill or abandon any
446 well or perform a high-pressure well stimulation may be denied
447 by the division for only just and lawful cause.

448 Section 5. Subsections (5) and (6) are added to section
449 377.241, Florida Statutes, to read:

450 377.241 Criteria for issuance of permits.—The division, in
451 the exercise of its authority to issue permits as hereinafter
452 provided, shall give consideration to and be guided by the
453 following criteria:

454 (5) For high-pressure well stimulations, whether the high-
455 pressure well stimulation as proposed is designed to ensure
456 that:

457 (a) The groundwater through which the well will be or has
458 been drilled is not contaminated by the high-pressure well
459 stimulation; and

460 (b) The high-pressure well stimulation is consistent with
461 the public policy of this state as specified in s. 377.06.

462 (6) As a basis for permit denial or imposition of specific
463 permit conditions, including increased bonding up to five times
464 the applicable limits and increased monitoring, the history of
465 past adjudicated violations committed by the applicant or an
466 affiliated entity of the applicant of any substantive and
467 material rule or law pertaining to the regulation of oil or gas,
468 including violations that occurred outside the state.

469 Section 6. Section 377.242, Florida Statutes, is amended
 470 to read:

471 377.242 Permits for drilling or exploring and extracting
 472 through well holes or by other means.—The department is vested
 473 with the power and authority:

474 (1)(a) To issue permits for the drilling for, exploring
 475 for, performance of a high-pressure well stimulation, or
 476 production of, oil, gas, or other petroleum products that ~~which~~
 477 are to be extracted from below the surface of the land,
 478 including submerged land, only through the well hole drilled for
 479 oil, gas, and other petroleum products.

480 1. No structure intended for the drilling for, or
 481 production of, oil, gas, or other petroleum products may be
 482 permitted or constructed on any submerged land within any bay or
 483 estuary.

484 2. No structure intended for the drilling for, or
 485 production of, oil, gas, or other petroleum products may be
 486 permitted or constructed within 1 mile seaward of the coastline
 487 of the state.

488 3. No structure intended for the drilling for, or
 489 production of, oil, gas, or other petroleum products may be
 490 permitted or constructed within 1 mile of the seaward boundary
 491 of any state, local, or federal park or aquatic or wildlife
 492 preserve or on the surface of a freshwater lake, river, or
 493 stream.

494 4. No structure intended for the drilling for, or

495 production of, oil, gas, or other petroleum products may be
496 permitted or constructed within 1 mile inland from the shoreline
497 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
498 or within 1 mile of any freshwater lake, river, or stream unless
499 the department is satisfied that the natural resources of such
500 bodies of water and shore areas of the state will be adequately
501 protected in the event of accident or blowout.

502 5. Without exception, after July 1, 1989, no structure
503 intended for the drilling for, or production of, oil, gas, or
504 other petroleum products may be permitted or constructed south
505 of 26°00'00" north latitude off Florida's west coast and south
506 of 27°00'00" north latitude off Florida's east coast, within the
507 boundaries of Florida's territorial seas as defined in 43 U.S.C.
508 s. 1301. After July 31, 1990, no structure intended for the
509 drilling for, or production of, oil, gas, or other petroleum
510 products may be permitted or constructed north of 26°00'00"
511 north latitude off Florida's west coast to the western boundary
512 of the state bordering Alabama as set forth in s. 1, Art. II of
513 the State Constitution, or located north of 27°00'00" north
514 latitude off Florida's east coast to the northern boundary of
515 the state bordering Georgia as set forth in s. 1, Art. II of the
516 State Constitution, within the boundaries of Florida's
517 territorial seas as defined in 43 U.S.C. s. 1301.

518 (b) Subparagraphs (a)1. and 4. do not apply to permitting
519 or construction of structures intended for the drilling for, or
520 production of, oil, gas, or other petroleum products pursuant to

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521 an oil, gas, or mineral lease of such lands by the state under
522 which lease any valid drilling permits are in effect on the
523 effective date of this act. In the event that such permits
524 contain conditions or stipulations, such conditions and
525 stipulations shall govern and supersede subparagraphs (a)1. and
526 4.

527 (c) The prohibitions of subparagraphs (a)1.-4. ~~in this~~
528 ~~subsection~~ do not include "infield gathering lines," provided no
529 other placement is reasonably available and all other required
530 permits have been obtained.

531 (2) To issue permits to explore for and extract minerals
532 which are subject to extraction from the land by means other
533 than through a well hole.

534 (3) To issue permits to establish natural gas storage
535 facilities or construct wells for the injection and recovery of
536 any natural gas for storage in natural gas storage reservoirs.

537
538 Each permit shall contain an agreement by the permit holder that
539 the permit holder will not prevent inspection by division
540 personnel at any time, including during installation and
541 cementing of casing, testing of blowout preventers, pressure
542 testing of the casing and casing shoe, and integrity testing of
543 the cement plugs in plugging and abandonment operations. The
544 provisions of this section prohibiting permits for drilling or
545 exploring for oil in coastal waters do not apply to any leases
546 entered into before June 7, 1991.

547 (4) Upon issuance of a permit under this section, the
 548 department shall notify the county in which the activities will
 549 occur of the issuance of the permit and the activities
 550 authorized by the permit.

551 (5) To avoid unnecessary duplication, a county,
 552 municipality, or other political subdivision of the state may
 553 not adopt or establish programs to accomplish the purposes of
 554 this section.

555 Section 7. Subsection (1) of section 377.2425, Florida
 556 Statutes, is amended to read:

557 377.2425 Manner of providing security for geophysical
 558 exploration, drilling, and production.—

559 (1) Before ~~Prior to~~ granting a permit for conducting ~~to~~
 560 ~~conduct~~ geophysical operations; drilling of exploratory,
 561 injection, or production wells; producing oil and gas from a
 562 wellhead; performing a high-pressure well stimulation; or
 563 transporting oil and gas through a field-gathering system, the
 564 department shall require the applicant or operator to provide
 565 surety that these operations will be conducted in a safe and
 566 environmentally compatible manner.

567 (a) The applicant for a drilling, production, high-
 568 pressure well stimulation, or injection well permit or a
 569 geophysical permit may provide the following types of surety to
 570 the department for this purpose:

571 1. A deposit of cash or other securities made payable to
 572 the Minerals Trust Fund. Such cash or securities so deposited

573 shall be held at interest by the Chief Financial Officer to
574 satisfy safety and environmental performance provisions of this
575 chapter. The interest shall be credited to the Minerals Trust
576 Fund. Such cash or other securities shall be released by the
577 Chief Financial Officer upon request of the applicant and
578 certification by the department that all safety and
579 environmental performance provisions established by the
580 department for permitted activities have been fulfilled.

581 2. A bond of a surety company authorized to do business in
582 the state in an amount as provided by rule.

583 3. A surety in the form of an irrevocable letter of credit
584 in an amount as provided by rule guaranteed by an acceptable
585 financial institution.

586 (b) An applicant for a drilling, production, high-pressure
587 well stimulation, or injection well permit, or a permittee who
588 intends to continue participating in long-term production
589 activities of such wells, has the option to provide surety to
590 the department by paying an annual fee to the Minerals Trust
591 Fund. For an applicant or permittee choosing this option the
592 following shall apply:

593 1. For the first year, or part of a year, of a drilling,
594 production, or injection well permit, or change of operator, the
595 fee is \$4,000 per permitted well.

596 2. For each subsequent year, or part of a year, the fee is
597 \$1,500 per permitted well.

598 3. The maximum fee that an applicant or permittee may be

599 required to pay into the trust fund is \$30,000 per calendar
600 year, regardless of the number of permits applied for or in
601 effect.

602 4. The fees set forth in subparagraphs 1., 2., and 3.
603 shall be reviewed by the department on a biennial basis and
604 adjusted for the cost of inflation. The department shall
605 establish by rule a suitable index for implementing such fee
606 revisions.

607 (c) An applicant for a drilling or operating permit for
608 operations planned in coastal waters that by their nature
609 warrant greater surety shall provide surety only in accordance
610 with paragraph (a), or similar proof of financial responsibility
611 other than as provided in paragraph (b). For all such
612 applications, including applications pending at the effective
613 date of this act and notwithstanding ~~the provisions of~~ paragraph
614 (b), the Governor and Cabinet in their capacity as the
615 Administration Commission, at the recommendation of the
616 department ~~of Environmental Protection~~, shall set a reasonable
617 amount of surety required under this subsection. The surety
618 amount shall be based on the projected cleanup costs and natural
619 resources damages resulting from a maximum oil spill and adverse
620 hydrographic and atmospheric conditions that would tend to
621 transport the oil into environmentally sensitive areas, as
622 determined by the department ~~of Environmental Protection~~.

623 Section 8. Section 377.2436, Florida Statutes, is created
624 to read:

625 377.2436 Study on high-pressure well stimulation.—

626 (1) The department shall conduct a study on high-pressure
627 well stimulation. The study shall:

628 (a) Evaluate the underlying geologic features present in
629 the counties where oil wells have been permitted and analyze the
630 potential impact that high-pressure well stimulation and
631 wellbore construction may have on the underlying geologic
632 features.

633 (b) Evaluate the potential hazards and risks that high-
634 pressure well stimulation poses to surface water or groundwater
635 resources. The study shall assess the potential impacts of high-
636 pressure well stimulation on drinking water resources and
637 identify the main factors affecting the severity and frequency
638 of impacts and shall analyze the potential for the use or reuse
639 of recycled water in well stimulation fluids while meeting
640 appropriate water quality standards.

641 (c) Review and evaluate the potential for groundwater
642 contamination from conducting high-pressure well stimulation
643 under wells that have been previously abandoned and plugged and
644 identify a setback radius from previously plugged and abandoned
645 wells that could be impacted by high-pressure well stimulation.

646 (d) Review and evaluate the ultimate disposition of well
647 stimulation after use in well stimulation processes.

648 (2) The department shall continue normal oil and gas
649 business operations during the performance of the study. There
650 shall not be a moratorium on the evaluation and issuance of

651 permits for conventional drilling, exploration, conventional
652 completions, or conventional workovers during the performance of
653 the study.

654 (3) The study is subject to independent scientific peer
655 review.

656 (4) The findings of the study shall be submitted to the
657 Governor, the President of the Senate, and the Speaker of the
658 House of Representatives by March 1, 2016, and shall be
659 prominently posted on the department website.

660 (5) The department shall adopt rules to implement the
661 findings of the study if such rules are warranted by the study
662 and the department determines that additional legislation is not
663 needed. If the department determines legislation is needed to
664 protect groundwater or surface water resources, the department
665 shall provide recommendations for such legislation to the
666 Legislature.

667 Section 9. Paragraph (a) of subsection (1) of section
668 377.37, Florida Statutes, is amended to read:

669 377.37 Penalties.—

670 (1) (a) A ~~Any~~ person who violates any provision of this law
671 or any rule, regulation, or order of the division made under
672 this chapter or who violates the terms of any permit to drill
673 for or produce oil, gas, or other petroleum products referred to
674 in s. 377.242(1) or to store gas in a natural gas storage
675 facility, or any lessee, permitholder, or operator of equipment
676 or facilities used in the exploration for, drilling for, or

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677 production of oil, gas, or other petroleum products, or storage
678 of gas in a natural gas storage facility, who refuses inspection
679 by the division as provided in this chapter, is liable to the
680 state for any damage caused to the air, waters, or property,
681 including animal, plant, or aquatic life, of the state and for
682 reasonable costs and expenses of the state in tracing the source
683 of the discharge, in controlling and abating the source and the
684 pollutants, and in restoring the air, waters, and property,
685 including animal, plant, and aquatic life, of the state.
686 Furthermore, such person, lessee, permitholder, or operator is
687 subject to the judicial imposition of a civil penalty ~~in an~~
688 ~~amount~~ of not more than \$25,000 ~~\$10,000~~ for each offense.
689 However, the court may receive evidence in mitigation. Each day
690 during any portion of which such violation occurs constitutes a
691 separate offense. Nothing herein shall give the department the
692 right to bring an action on behalf of any private person.

693 Section 10. Section 377.45, Florida Statutes, is created
694 to read:

695 377.45 High-pressure well stimulation chemical disclosure
696 registry.—

697 (1) (a) The department shall designate the national
698 chemical registry, known as FracFocus, developed by the Ground
699 Water Protection Council and the Interstate Oil and Gas Compact
700 Commission, as the state's registry for chemical disclosure for
701 all wells on which high-pressure well stimulations are
702 performed. The department shall provide a link to FracFocus

703 through the department's website.

704 (b) In accordance with department rule, a well owner or
705 operator shall report to the department, at a minimum, the
706 following information:

707 1. The owner's or operator's name;

708 2. The date of completion of the high-pressure well
709 stimulation;

710 3. The county in which the well is located;

711 4. The API number for the well;

712 5. The well name and number;

713 6. The longitude and latitude of the wellhead;

714 7. The total vertical depth of the well;

715 8. The total volume of water used in the high-pressure
716 well stimulation; and

717 9. Each chemical ingredient that is subject to 29 C.F.R.
718 s. 1910.1200(g)(2) and the ingredient concentration in the high
719 pressure well stimulation fluid by mass for each well on which a
720 high-pressure well stimulation is performed.

721 (c) If the chemical disclosure registry cannot accept and
722 make publicly available any information specified in this
723 section, the department shall post the information on the
724 department's website.

725 (2) A well owner or operator shall:

726 (a) Report the information required under subsection (1)
727 to the department within 60 days after the initiation of the
728 high-pressure well stimulation for each well on which such high-

729 pressure well stimulation is performed; and
 730 (b) Notify the department if any chemical ingredient not
 731 previously reported is intentionally included and used for the
 732 purpose of performing a high-pressure well stimulation.
 733 (3) This section does not apply to an ingredient that:
 734 (a) Is not intentionally added to the high-pressure well
 735 stimulation; or
 736 (b) Occurs incidentally or is otherwise unintentionally
 737 present in a high-pressure well stimulation.
 738 (4) The department shall adopt rules to administer this
 739 section.
 740 Section 11. This act shall take effect July 1, 2015.