

1                   A bill to be entitled  
2           An act relating to underground natural gas storage;  
3           providing a short title; amending s. 211.02, F.S.;  
4           narrowing the use of the term "oil"; amending s.  
5           211.025, F.S.; narrowing the scope of the gas  
6           production tax to apply only to native gas; amending  
7           s. 376.301, F.S.; conforming a cross-reference;  
8           amending s. 377.06, F.S.; declaring underground  
9           natural gas storage to be in the public interest;  
10          amending s. 377.18, F.S.; clarifying common sources of  
11          oil and gas; amending s. 377.19, F.S.; modifying and  
12          providing definitions; amending s. 377.21, F.S.;  
13          extending the jurisdiction of the Division of Resource  
14          Management of the Department of Environmental  
15          Protection; amending s. 377.22, F.S.; expanding the  
16          scope of the department's rules and orders; providing  
17          that the department's authority must be self-executing  
18          and that a regulatory action may not be deemed invalid  
19          solely because the department has not yet adopted a  
20          certain rule; amending s. 377.24, F.S.; providing for  
21          the notice and permitting of storage in and recovery  
22          from natural gas storage reservoirs; creating s.  
23          377.2407, F.S.; establishing a natural gas storage  
24          facility permit application process; specifying  
25          requirements for an application, including fees;  
26          amending s. 377.241, F.S.; providing criteria that the  
27          division must consider in issuing permits; amending s.  
28          377.242, F.S.; granting authority to the department to

29 | issue permits to establish natural gas storage  
30 | facilities; creating s. 377.2431, F.S.; establishing  
31 | conditions and procedures for granting natural gas  
32 | storage facility permits; limiting the right of a  
33 | county or municipality to regulate natural gas storage  
34 | facilities; creating s. 377.2432, F.S.; providing for  
35 | the protection of water supplies at natural gas  
36 | storage facilities; providing that an operator is  
37 | presumed responsible for pollution of an underground  
38 | water supply under certain circumstances; creating s.  
39 | 377.2433, F.S.; providing for the protection of  
40 | natural gas storage facilities through an  
41 | administrative hearing; creating s. 377.2434, F.S.;  
42 | providing that property rights to injected natural gas  
43 | are with the injector or the injector's heirs,  
44 | successors, or assigns; providing for compensation to  
45 | the owner of the stratum and the owner of the surface  
46 | for use of or damage to the surface or substratum;  
47 | amending s. 377.25, F.S.; limiting the scope of  
48 | certain drilling unit requirements; amending s.  
49 | 377.28, F.S.; modifying situations in which the  
50 | department is required to issue an order requiring  
51 | unit operation; amending s. 377.30, F.S.; providing  
52 | that limitations on the amount of oil or gas taken do  
53 | not apply to nonnative gas recovered from a permitted  
54 | natural gas storage facility; amending s. 377.34,  
55 | F.S.; providing for legal action against a person who  
56 | appears to be violating a rule that relates to the

57 | storage or recovery of natural gas; amending s.  
 58 | 377.37, F.S.; expanding penalties to reach persons who  
 59 | violate the terms of a permit relating to storage of  
 60 | gas in a natural gas storage facility; amending s.  
 61 | 377.371, F.S.; providing that a person storing gas in  
 62 | a natural gas storage facility may not pollute or  
 63 | otherwise damage certain areas and that a person who  
 64 | pollutes water by storing natural gas is liable for  
 65 | cleanup or other costs incurred by the state; amending  
 66 | s. 403.973, F.S.; allowing expedited permitting for  
 67 | natural gas storage facilities permitted under ch.  
 68 | 377, F.S.; providing that natural gas storage  
 69 | facilities are subject to certain requirements;  
 70 | authorizing the department to issue permits for  
 71 | natural gas storage facilities before adopting rules  
 72 | for such activities and operations; providing an  
 73 | effective date.

74 |

75 | Be It Enacted by the Legislature of the State of Florida:

76 |

77 | Section 1. This act may be cited as the "Florida  
 78 | Underground Natural Gas Storage Act."

79 | Section 2. Subsection (7) is added to section 211.02,  
 80 | Florida Statutes, to read:

81 | 211.02 Oil production tax; basis and rate of tax; tertiary  
 82 | oil and mature field recovery oil.—An excise tax is hereby  
 83 | levied upon every person who severs oil in the state for sale,  
 84 | transport, storage, profit, or commercial use. Except as

85 otherwise provided in this part, the tax is levied on the basis  
86 of the entire production of oil in this state, including any  
87 royalty interest. Such tax shall accrue at the time the oil is  
88 severed and shall be a lien on production regardless of the  
89 place of sale, to whom sold, or by whom used, and regardless of  
90 the fact that delivery of the oil may be made outside the state.

91 (7) As used in this section, the term "oil" does not  
92 include gas-phase hydrocarbons that are transported into the  
93 state, injected in the gaseous phase into a natural gas storage  
94 facility permitted under part I of chapter 377, and later  
95 recovered as a liquid hydrocarbon.

96 Section 3. Subsection (6) is added to section 211.025,  
97 Florida Statutes, to read:

98 211.025 Gas production tax; basis and rate of tax.—An  
99 excise tax is hereby levied upon every person who severs gas in  
100 the state for sale, transport, profit, or commercial use. Except  
101 as otherwise provided in this part, the tax shall be levied on  
102 the basis of the entire production of gas in this state,  
103 including any royalty interest. Such tax shall accrue at the  
104 time the gas is severed and shall be a lien on production  
105 regardless of the place of sale, to whom sold, or by whom used  
106 and regardless of the fact that delivery of the gas may be made  
107 outside the state.

108 (6) This section applies only to native gas as defined in  
109 s. 377.19.

110 Section 4. Subsection (36) of section 376.301, Florida  
111 Statutes, is amended to read:

112 376.301 Definitions of terms used in ss. 376.30–376.317,

113 376.70, and 376.75.—When used in ss. 376.30-376.317, 376.70, and  
 114 376.75, unless the context clearly requires otherwise, the term:

115 (36) "Pollutants" includes any "product" as defined in s.  
 116 377.19~~(11)~~, pesticides, ammonia, chlorine, and derivatives  
 117 thereof, excluding liquefied petroleum gas.

118 Section 5. Section 377.06, Florida Statutes, is amended to  
 119 read:

120 377.06 Public policy of state concerning natural resources  
 121 of oil and gas.—It is hereby declared ~~to be~~ the public policy of  
 122 this the state to conserve and control the natural resources of  
 123 oil and gas in this said state, and the products made from oil  
 124 and gas in this state ~~therefrom~~; to prevent waste of ~~said~~  
 125 natural resources; to provide for the protection and adjustment  
 126 of the correlative rights of the owners of the land in which the  
 127 ~~wherein said~~ natural resources lie, of and the owners and  
 128 producers of oil and gas resources and the products made from  
 129 oil and gas ~~therefrom~~, and of others interested in these  
 130 resources and products ~~therein~~; to safeguard the health,  
 131 property, and public welfare of the residents ~~citizens~~ of this  
 132 ~~said~~ state and other interested persons and for all purposes  
 133 indicated by the provisions in this section ~~herein~~. Further, it  
 134 is declared that underground storage of natural gas is in the  
 135 public interest because underground storage promotes  
 136 conservation of natural gas; makes gas more readily available to  
 137 the domestic, commercial, and industrial consumers of this  
 138 state; and allows the accumulation of large quantities of gas in  
 139 reserve for orderly withdrawal during emergencies or periods of  
 140 peak demand. It is not the intention of this section to limit,

141 ~~or~~ restrict, or modify in any way the provisions of this law.

142 Section 6. Section 377.18, Florida Statutes, is amended to  
 143 read:

144 377.18 Common sources of oil and gas.—All common sources  
 145 of supply of oil or native and gas ~~or either of them~~ shall have  
 146 the production ~~therefrom~~ controlled or regulated in accordance  
 147 with the provisions of this law.

148 Section 7. Section 377.19, Florida Statutes, is reordered  
 149 and amended to read:

150 377.19 Definitions.—As used ~~Unless the context otherwise~~  
 151 ~~requires, the words defined in this section shall have the~~  
 152 ~~following meanings when found in ss. 377.06, 377.07, and 377.10-~~  
 153 ~~377.40, the term:~~

154 (1) ~~(21)~~ "Completion date" means the day, month, and year  
 155 that a new productive well, a previously shut-in well, or a  
 156 temporarily abandoned well is completed, repaired, or  
 157 recompleted and the operator begins producing oil or gas in  
 158 commercial quantities.

159 (2) "Department" means the Department of Environmental  
 160 Protection.

161 (3) ~~(4)~~ "Division" means the Division of Resource  
 162 Management of the Department of Environmental Protection.

163 (4) ~~(7)~~ "Field" means the general area that ~~which~~ is  
 164 underlaid, or appears to be underlaid, by at least one pool. The  
 165 term; ~~and "field"~~ includes the underground reservoir, or  
 166 reservoirs, containing oil or gas, or both. The terms ~~words~~  
 167 "field" and "pool" mean the same thing if ~~when~~ only one  
 168 underground reservoir is involved; however, the term "field,"

169 unlike the term "pool," may relate to two or more pools.

170 (5) "Gas" means all natural gas, including casinghead gas,  
171 and all other hydrocarbons not defined as oil in subsection (4).

172 ~~(6)-(25)~~ "Horizontal well" means a well completed with the  
173 wellbore in a horizontal or nearly horizontal orientation within  
174 10 degrees of horizontal within the producing formation.

175 ~~(7)-(13)~~ "Illegal gas" means gas that ~~which~~ has been  
176 produced within the state from any well or wells in excess of  
177 the amount allowed by any rule, regulation, or order of the  
178 division, as distinguished from gas produced within the State of  
179 Florida from a well not producing in excess of the amount so  
180 allowed, which is "legal gas."

181 ~~(8)-(12)~~ "Illegal oil" means oil that ~~which~~ has been  
182 produced within the state from any well or wells in excess of  
183 the amount allowed by rule, regulation, or order of the  
184 division, as distinguished from oil produced within the state  
185 from a well not producing in excess of the amount so allowed,  
186 which is "legal oil."

187 ~~(9)-(14)~~ "Illegal product" means a ~~any~~ product of oil or  
188 gas, any part of which was processed or derived, in whole or in  
189 part, from illegal gas or illegal oil or from any product  
190 thereof, as distinguished from "legal product," which is a  
191 product processed or derived to no extent from illegal oil or  
192 illegal gas.

193 ~~(10)~~ "Lateral storage reservoir boundary" means the  
194 projection up to the land surface of the maximum horizontal  
195 extent of the gas volume contained in a natural gas storage  
196 reservoir.

197        (11) "Native gas" means gas that occurs naturally within  
198 this state and does not include gas produced outside the state,  
199 transported to this state, and injected into a permitted natural  
200 gas storage facility.

201        (12) "Natural gas storage facility" means an underground  
202 reservoir from which oil or gas has previously been produced and  
203 which is used or to be used for the underground storage of  
204 natural gas, and any surface or subsurface structure,  
205 infrastructure, right, or appurtenance necessary or useful in  
206 the operation of the facility for the underground storage of  
207 natural gas, including any necessary or reasonable reservoir  
208 protective area as designated for the purpose of ensuring the  
209 safe operation of the storage of natural gas or protecting the  
210 natural gas storage facility from pollution, invasion, escape,  
211 or migration of gas, or any subsequent extension thereof. The  
212 term does not mean a transmission, distribution, or gathering  
213 pipeline or system that is not used primarily as integral piping  
214 for a natural gas storage facility.

215        (13) "Natural gas storage reservoir" means a pool or field  
216 from which gas or oil has previously been produced and which is  
217 suitable for or capable of being made suitable for the  
218 injection, storage, and recovery of gas.

219        (14)-(24) "New field well" means an oil or gas well  
220 completed after July 1, 1997, in a new field as designated by  
221 the Department of Environmental Protection.

222        (15)-(4) "Oil" means crude petroleum oil and other  
223 hydrocarbons, regardless of gravity, which are produced at the  
224 well in liquid form by ordinary production methods, and which



225 are not the result of condensation of gas after it leaves the  
226 reservoir.

227 (16) "Oil and gas" has the same meaning as the term "oil  
228 or gas."

229 (17)-(19) "Oil and gas administrator" means the State  
230 Geologist.

231 ~~(17) The use of the word "and" includes the word "or" and~~  
232 ~~the use of "or" includes "and," unless the context clearly~~  
233 ~~requires a different meaning, especially with respect to such~~  
234 ~~expressions as "oil and gas" or "oil or gas."~~

235 (18)-(20) "Operator" means the entity who:

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

237 (b) As part of a natural gas storage facility, injects, or  
238 is engaged in the work of preparing to inject, gas into a  
239 natural gas storage reservoir; or stores gas in, or removes gas  
240 from, a natural gas storage reservoir.

241 (19)-(8) "Owner" means the person who has the right to  
242 drill into and to produce from any pool and to appropriate the  
243 production ~~either~~ for the person or for the person and another,  
244 or others.

245 (20)-(3) "Person" means a ~~any~~ natural person, corporation,  
246 association, partnership, receiver, trustee, guardian, executor,  
247 administrator, fiduciary, or representative of any kind.

248 (21)-(6) "Pool" means an underground reservoir containing  
249 or appearing to contain a common accumulation of oil or gas or  
250 both. Each zone of a general structure which is completely  
251 separated from any other zone on the structure is considered a  
252 separate pool as used herein.

253            ~~(22)-(9)~~ "Producer" means the owner or operator of a well  
 254 or wells capable of producing oil or gas, or both.

255            ~~(23)-(11)~~ "Product" means a ~~any~~ commodity made from oil or  
 256 gas and includes refined crude oil, crude tops, topped crude,  
 257 processed crude petroleum, residue from crude petroleum,  
 258 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,  
 259 residuum, gas oil, casinghead gasoline, natural gas gasoline,  
 260 naphtha, distillate, condensate, gasoline, waste oil, kerosene,  
 261 benzine, wash oil, blended gasoline, lubricating oil, blends or  
 262 mixtures of oil with one or more liquid products or byproducts  
 263 derived from oil or gas, and blends or mixtures of two or more  
 264 liquid products or byproducts derived from oil or gas, whether  
 265 hereinabove enumerated or not.

266            ~~(24)-(15)~~ "Reasonable market demand" means the amount of  
 267 oil reasonably needed for current consumption, together with a  
 268 reasonable amount of oil for storage and working stocks.

269            (25) "Reservoir protective area" means the area extending  
 270 up to and including 2,000 feet surrounding a natural gas lateral  
 271 storage reservoir boundary.

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

275            ~~(27)-(22)~~ "Shut-in well" means an oil or gas well that has  
 276 been taken out of service for economic reasons or mechanical  
 277 repairs.

278            ~~(28)-(2)~~ "State" means the State of Florida.

279            ~~(29)-(23)~~ "Temporarily abandoned well" means a permitted  
 280 well or wellbore that has been abandoned by plugging in a manner

281 that allows reentry and redevelopment in accordance with oil or  
 282 gas rules of the Department of Environmental Protection.

283 (30)~~(16)~~ "Tender" means a permit or certificate of  
 284 clearance for the transportation or the delivery of oil, gas, or  
 285 products, approved and issued or registered under the authority  
 286 of the division.

287 (31)~~(10)~~ "Waste," in addition to its ordinary meaning,  
 288 means "physical waste" as that term is generally understood in  
 289 the oil and gas industry. The term "waste" includes:

290 (a) The inefficient, excessive, or improper use or  
 291 dissipation of reservoir energy; and the locating, spacing,  
 292 drilling, equipping, operating, or producing of any oil or gas  
 293 well or wells in a manner that ~~which~~ results, or tends to  
 294 result, in reducing the quantity of oil or gas ultimately to be  
 295 stored or recovered from any pool in this state.

296 (b) The inefficient storing of oil; and the locating,  
 297 spacing, drilling, equipping, operating, or producing of any oil  
 298 or gas well or wells in a manner that causes, or tends causing,  
 299 ~~or tending~~ to cause, unnecessary or excessive surface loss or  
 300 destruction of oil or gas.

301 (c) The producing of oil or gas in ~~such~~ a manner that  
 302 causes ~~as to cause~~ unnecessary water channeling or coning.

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

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

307 (f) The underground waste, however caused and whether or  
 308 not defined, which does not include seepage or migration of

309 injected nonnative gas from a natural gas storage reservoir.

310 (g) The creation of unnecessary fire hazards.

311 (h) The escape into the open air, from a well producing  
 312 both oil and gas, of gas in excess of the amount that ~~which~~ is  
 313 necessary in the efficient drilling or operation of the well.

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

315 (j) The unnecessary escape into the air of ~~Permitting~~ gas  
 316 produced from a gas well ~~to escape into the air.~~

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

321 ~~(32)-(18)~~ "Well site" means the general area around a well,  
 322 which area has been disturbed from its natural or existing  
 323 condition, as well as the drilling or production pad, mud and  
 324 water circulation pits, and other operation areas necessary to  
 325 drill for or produce oil or gas, or to inject gas into and  
 326 recover gas from a natural gas storage facility.

327 Section 8. Subsection (1) of section 377.21, Florida  
 328 Statutes, is amended to read:

329 377.21 Jurisdiction of division.—

330 (1) The division shall have jurisdiction and authority  
 331 over all persons and property necessary to administer and  
 332 enforce effectively the provisions of this law and all other  
 333 laws relating to the conservation of oil and gas or to the  
 334 storage of gas in and recovery of gas from natural gas storage  
 335 reservoirs.

336 Section 9. Subsection (2) of section 377.22, Florida

337 Statutes, is amended, and subsection (3) is added to that  
338 section, to read:

339 377.22 Rules and orders.—

340 (2) The department shall issue orders and adopt rules  
341 pursuant to ss. 120.536~~(1)~~ and 120.54 to implement and enforce  
342 the provisions of this chapter. Such rules and orders shall  
343 ensure that all precautions are taken to prevent the spillage of  
344 oil or any other pollutant in all phases of the drilling for,  
345 and extracting of, oil, gas, or other petroleum products, or  
346 during the injection of gas into and recovery of gas from a  
347 natural gas storage reservoir. The department shall revise such  
348 rules from time to time as necessary for the proper  
349 administration and enforcement of this chapter. Rules adopted  
350 and orders issued in accordance with this section are ~~shall be~~  
351 for, but ~~shall not be~~ limited to, the following purposes:

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

356 (b) To prevent the alteration of the sheet flow of water  
357 in any area.

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

363 (d) To require the drilling, casing, and plugging of wells  
364 to be done in such a manner as to prevent the escape of oil or

365 other petroleum products from one stratum to another.

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

370 (f) To require a reasonable bond, or other form of  
 371 security acceptable to the department, conditioned upon the  
 372 performance of the duty to plug properly each dry and abandoned  
 373 well and the full and complete restoration by the applicant of  
 374 the area over which geophysical exploration, drilling, or  
 375 production is conducted to the similar contour and general  
 376 condition in existence prior to such operation.

377 (g) To require and carry out a reasonable program of  
 378 producing or injecting wells, or monitoring or inspection of all  
 379 drilling operations ~~or producing wells~~, including regular  
 380 inspections by division personnel.

381 (h) To require the making of reports showing the location  
 382 of all oil and gas wells; the making and filing of logs; the  
 383 taking and filing of directional surveys; the filing of  
 384 electrical, sonic, radioactive, and mechanical logs of oil and  
 385 gas wells; if taken, the saving of cutting and cores, the cuts  
 386 of which shall be given to the Bureau of Geology; and the making  
 387 of reports with respect to drilling and production records.  
 388 However, such information, or any part thereof, at the request  
 389 of the operator, shall be exempt from the provisions of s.  
 390 119.07(1) and held confidential by the division for a period of  
 391 1 year after the completion of a well.

392 (i) To prevent wells from being drilled, operated, or

393 produced in such a manner as to cause injury to neighboring  
394 leases, ~~or~~ property, or natural gas storage reservoirs.

395 (j) To prevent the drowning by water of any stratum, or  
396 part thereof, capable of producing oil or gas in paying  
397 quantities and to prevent the premature and irregular  
398 encroachment of water which reduces, or tends to reduce, the  
399 total ultimate recovery of oil or gas from any pool.

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

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

405 (m) To prevent fires.

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

409 (o) To regulate the "shooting," perforating and chemical  
410 treatment of wells.

411 (p) To regulate secondary recovery methods, including the  
412 introduction of gas, air, water, or other substance into  
413 producing formations.

414 (q) To regulate gas cycling operations.

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

417 (s)~~(r)~~ If necessary for the prevention of waste, as herein  
418 defined, to determine, limit, and prorate the production of oil  
419 or gas, or both, from any pool or field in the state.

420 (t)~~(s)~~ To require, either generally or in or from

421 particular areas, certificates of clearance or tenders in  
 422 connection with the transportation or delivery of oil or gas, or  
 423 any product.

424 (u)~~(t)~~ To regulate the spacing of wells and to establish  
 425 drilling units.

426 (v)~~(u)~~ To prevent, so far as is practicable, reasonably  
 427 avoidable drainage from each developed unit which is not  
 428 equalized by counterdrainage.

429 (w)~~(v)~~ To require that geophysical operations requiring a  
 430 permit be conducted in a manner which will minimize the impact  
 431 on hydrology and biota of the area, especially environmentally  
 432 sensitive lands and coastal areas.

433 (x)~~(w)~~ To regulate aboveground crude oil storage tanks in  
 434 a manner which will protect the water resources of the state.

435 (y)~~(x)~~ To act in a receivership capacity for fractional  
 436 mineral interests for which the owners are unknown or unlocated  
 437 and to administratively designate the operator as the lessee.

438 (3) Notwithstanding the grant of rulemaking authority in  
 439 this section, a regulatory action taken by the department,  
 440 including, but not limited to, the receipt and processing of  
 441 permit applications or the issuance of permits, may not be  
 442 deemed invalid solely because the department has not yet adopted  
 443 rules regarding such regulatory action.

444 Section 10. Subsections (1) and (2) of section 377.24,  
 445 Florida Statutes, are amended to read:

446 377.24 Notice of intention to drill well; permits;  
 447 abandoned wells and dry holes.—

448 (1) Before drilling a ~~any~~ well in search of oil or gas, or



449 before storing gas in or recovering gas from a natural gas  
450 storage reservoir shall be drilled, the person who desires  
451 ~~desiring~~ to drill, store, or recover oil or gas the same shall  
452 notify the division upon such form as it may prescribe and shall  
453 pay a reasonable fee set by rule of the department not to exceed  
454 the actual cost of processing and inspecting for each well or  
455 reservoir. The drilling of any well and the storing and  
456 recovering of gas are ~~is hereby~~ prohibited until such notice is  
457 given, ~~the and such fee is has been paid,~~ and the permit is  
458 granted.

459 (2) An Each application for the drilling of a well in  
460 search of oil or gas, or for the storing of gas in and  
461 recovering of gas from a natural gas storage reservoir, in this  
462 state must shall include the address of the residence of the  
463 applicant, or applicants each applicant, which must address  
464 ~~shall~~ be the address of each person involved in accordance with  
465 the records of the Division of Resource Management until such  
466 address is changed on the records of the division after written  
467 request.

468 Section 11. Section 377.2407, Florida Statutes, is created  
469 to read:

470 377.2407 Natural gas storage facility permit application  
471 to inject gas into and recover gas from a natural gas storage  
472 reservoir.-

473 (1) Before drilling a well to inject gas into and recover  
474 gas from a natural gas storage reservoir, the person who desires  
475 to conduct such operation shall apply to the department in the  
476 manner described in this section or using such form as the

477 department may prescribe to obtain a natural gas storage  
478 facility permit. The department shall require an applicant  
479 seeking to obtain such permit to pay a reasonable permit  
480 application fee in an amount necessary to cover the costs  
481 associated with receiving, processing, issuing, and recertifying  
482 the permit application, and inspecting for compliance with the  
483 permit.

484 (2) Each application must contain:

485 (a) A detailed, three-dimensional description of the  
486 natural gas storage reservoir, including geologic-based  
487 descriptions of the reservoir boundaries, and the horizontal and  
488 vertical dimensions.

489 (b) A geographic description of the lateral reservoir  
490 boundary.

491 (c) A description and location of all injection, recovery,  
492 withdrawal only, and observation wells, including casing and  
493 cementing plans for each well.

494 (d) A description of the reservoir protective area.

495 (e) Information demonstrating that the proposed natural  
496 gas storage reservoir is suitable for the storage and recovery  
497 of gas.

498 (f) Information identifying all known abandoned or active  
499 wells within the natural gas storage facility.

500 (g) A field-monitoring plan that requires, at a minimum,  
501 monthly field inspections of all wells that are part of the  
502 natural gas storage facility.

503 (h) A monitoring and testing plan for the well integrity.

504 (i) A well inspection plan that requires, at a minimum,

505 the inspection of all wells that are part of the natural gas  
 506 storage facility and plugged wells within the natural gas  
 507 storage facility boundary.

508 (j) A casing inspection plan.

509 (k) A spill prevention and response plan.

510 (l) A well spacing plan.

511 (m) An operating plan for the natural gas storage  
 512 reservoir, which must include gas capacities, anticipated  
 513 operating conditions, and maximum storage pressure.

514 (n) A gas migration response plan.

515 (3) Each application may require additional information  
 516 that is deemed necessary to permit the development of wells;  
 517 drilling of wells; and operation of exploratory investigation,  
 518 injection of gas into and recovery of gas from reservoirs,  
 519 withdrawal of water through withdrawal-only wells, and  
 520 monitoring of wells. Each well may be authorized under the  
 521 natural gas storage facility permit subject to each well  
 522 individually satisfying applicable well construction and  
 523 operation criteria under this part.

524 Section 12. Subsections (4) and (5) are added to section  
 525 377.241, Florida Statutes, to read:

526 377.241 Criteria for issuance of permits.—The division, in  
 527 the exercise of its authority to issue permits as hereinafter  
 528 provided, shall give consideration to and be guided by the  
 529 following criteria:

530 (4) For activities and operations concerning a natural gas  
 531 storage facility, the nature, structure, and proposed use of the  
 532 natural gas storage reservoir is suitable for the storage and

533 recovery of gas without adverse effect to public health or  
534 safety or the environment.

535 (5) A permit may not be issued for a natural gas storage  
536 facility that includes a natural gas storage reservoir that is  
537 located in any aquifer containing water with a total dissolved  
538 solids concentration of 10,000 mg/l or less, in any offshore  
539 location in the Gulf of Mexico, the Straits of Florida, or the  
540 Atlantic Ocean, or an offshore salt dome.

541 Section 13. Subsection (3) of section 377.242, Florida  
542 Statutes, is amended to read:

543 377.242 Permits for drilling or exploring and extracting  
544 through well holes or by other means.—The department is vested  
545 with the power and authority:

546 (3) To issue permits to establish natural gas storage  
547 facilities or construct wells for the injection and recovery of  
548 any natural gas for ~~temporary~~ storage in natural gas storage  
549 ~~subsurface~~ reservoirs.

550  
551 Each permit shall contain an agreement by the permit holder that  
552 the permit holder will not prevent inspection by division  
553 personnel at any time. The provisions of this section  
554 prohibiting permits for drilling or exploring for oil in coastal  
555 waters do not apply to any leases entered into before June 7,  
556 1991.

557 Section 14. Section 377.2431, Florida Statutes, is created  
558 to read:

559 377.2431 Conditions for granting permits for natural gas  
560 storage facilities.—

561 (1) A natural gas storage facility permit must be issued  
562 for the life of the facility, subject to recertification every 5  
563 years.

564 (2) Before issuing or reissuing a permit, the division  
565 shall require satisfactory evidence of the following:

566 (a) The applicant has implemented, or is in the process of  
567 implementing, programs for the control and mitigation of  
568 pollution related to oil, petroleum products or their  
569 byproducts, and other pollutants.

570 (b) The applicant or operator has acquired a lawful right  
571 to drill, explore, or develop a natural gas storage reservoir  
572 from owners of a majority of the storage rights, or the  
573 applicant or operator has obtained a certificate of public  
574 convenience and necessity for the natural gas storage reservoir  
575 from the Federal Energy Regulatory Commission pursuant to the  
576 Natural Gas Act, 15 U.S.C. ss. 717 et seq.

577 (c) The applicant has used all reasonable means to  
578 identify known wells that have been drilled into or through the  
579 natural gas storage reservoir to determine the status of the  
580 wells and whether inactive or abandoned wells have been properly  
581 plugged. For any well that has not been properly plugged, before  
582 conducting injection operations and after issuance of the  
583 permit, the applicant must plug or recondition the well to  
584 ensure the integrity of the storage reservoir.

585 (d) The applicant has tested the quality of water produced  
586 by all water supply wells within the lateral boundary of the  
587 natural gas storage facility and complied with all requirements  
588 under s. 377.2432. The applicant shall provide to the department

589 and the owner of the water supply well a written copy of the  
590 water quality data collected under this paragraph.

591 (3) All inspections and other reports required under this  
592 section must be submitted to the department in the manner  
593 prescribed by rule.

594 (4) A natural gas storage facility operator shall request  
595 approval of a maximum storage pressure for a natural gas storage  
596 reservoir in accordance with the following:

597 (a) The maximum shut-in bottom hole pressure may not  
598 exceed the highest shut-in bottom hole pressure found to exist  
599 during the production history of the reservoir, unless a higher  
600 pressure is established by the department based on testing of  
601 caprock and pool containment. The methods used for determining  
602 the higher pressure must be approved by the department.

603 (b) If the shut-in bottom hole pressure of the original  
604 discovery or of the highest production is not known, or a higher  
605 pressure has not been established through a method approved by  
606 the department pursuant to paragraph (a), the maximum storage  
607 reservoir pressure must be limited to a freshwater hydrostatic  
608 gradient.

609 (5) The department may issue a permit to an applicant  
610 regardless of whether the department has adopted rules for the  
611 activities or operations authorized under this section, or rules  
612 prescribing the forms of the application for a permit.

613 (6) A county or municipality may not adopt an ordinance,  
614 resolution, comprehensive plan, or land development regulation,  
615 or otherwise attempt to regulate or enforce any matter  
616 concerning natural gas storage facilities governed under this

617 part.

618 Section 15. Section 377.2432, Florida Statutes, is created  
619 to read:

620 377.2432 Natural gas storage facilities; protection of  
621 water supplies.—

622 (1) An operator of a natural gas storage facility who  
623 affects a public or private underground water supply by  
624 pollution or diminution shall restore or replace the affected  
625 supply with an alternate source of water adequate in quantity  
626 and quality for the purposes served by the supply. The  
627 department shall ensure that the quality of restored or replaced  
628 water is comparable to the quality of the water before it was  
629 affected by the operator.

630 (2) Unless rebutted by a defense established in subsection  
631 (4), an operator is presumed responsible for pollution of an  
632 underground water supply if:

633 (a) The water supply is within the horizontal boundary of  
634 the natural gas storage facility; and

635 (b) The pollution occurred within 6 months after  
636 completion of drilling or alteration of any well under or  
637 associated with the natural gas storage facility permit, or the  
638 initial injection of gas into the natural gas storage reservoir,  
639 whichever is later.

640 (3) If the affected underground water supply is within the  
641 rebuttable presumption area as provided in subsection (2) and  
642 the rebuttable presumption applies, the operator shall provide a  
643 temporary water supply if the water user is without a readily  
644 available alternative source of water. The temporary water

645 supply provided under this subsection must be adequate in  
646 quantity and quality for the purposes served by the affected  
647 supply.

648 (4) A natural gas storage facility operator rebuts the  
649 presumption in subsection (2) by affirmatively proving any of  
650 the following:

651 (a) The pollution existed before the drilling or  
652 alteration activity as determined by a predrilling or  
653 prealteration survey.

654 (b) The landowner or water purveyor refused to allow the  
655 operator access to conduct a predrilling or prealteration  
656 survey.

657 (c) The water supply well is not within the lateral  
658 boundary of the natural gas storage facility.

659 (d) The pollution occurred more than 6 months after  
660 completion of drilling or alteration of any well under or  
661 associated with the natural gas storage facility permit.

662 (e) The pollution occurred as the result of a cause other  
663 than activities authorized under the natural gas storage  
664 facility permit.

665 (5) An operator electing to preserve a defense under  
666 subsection (4) must retain an independent certified laboratory  
667 to conduct a predrilling or prealteration survey of the water  
668 supply. A copy of survey results must be submitted to the  
669 department and the landowner or water purveyor in the manner  
670 prescribed by the department.

671 (6) An operator must provide written notice to the  
672 landowner or water purveyor indicating that the presumption



673 established under subsection (2) may be void if the landowner or  
674 water purveyor refused to allow the operator access to conduct a  
675 predrilling or prealteration survey. Proof of written notice to  
676 the landowner or water purveyor must be provided to the  
677 department in order for the operator to retain the protections  
678 under subsection (4).

679 (7) This section does not prevent a landowner or water  
680 purveyor who claims pollution or diminution of a water supply  
681 from seeking any other remedy at law or in equity.

682 Section 16. Section 377.2433, Florida Statutes, is created  
683 to read:

684 377.2433 Protection of natural gas storage facilities;  
685 remedies.—

686 (1) The department may not authorize the drilling of any  
687 well into or through a permitted natural gas storage reservoir  
688 or reservoir protective area, except upon conditions deemed by  
689 the department to be sufficient to prevent the loss, migration,  
690 or escape of gas from the natural gas storage reservoir. The  
691 department shall provide written notice to the natural gas  
692 storage facility operator of any application filed with the  
693 department and any agency action taken related to drilling a  
694 well into or through a permitted natural gas storage facility  
695 boundary or reservoir protective area.

696 (2) As a condition for the issuance of a permit by the  
697 department, an applicant seeking to drill a well into or through  
698 a permitted natural gas storage facility boundary or reservoir  
699 protective area must provide the affected natural gas storage  
700 facility operator a reasonable right of entry to observe and

701 monitor all drilling activities.

702 (3) The department shall ensure that any well drilled into  
703 or through a permitted natural gas storage reservoir or  
704 reservoir protective area is cased and cemented in a manner  
705 sufficient to protect the integrity of the natural gas storage  
706 reservoir.

707 (4) A natural gas storage facility operator may petition  
708 the department for a determination that any other activity is  
709 causing gas migration, escape, or loss, or in any other respect  
710 adversely affecting the integrity and use of the natural gas  
711 storage reservoir. Upon the filing of such petition, the  
712 department shall conduct a preliminary investigation and make a  
713 preliminary determination of whether probable cause exists to  
714 believe that the allegations of the petition may be true and  
715 correct. If the department determines that probable cause  
716 exists, the department shall:

717 (a) Require the activity allegedly causing the adverse  
718 effect to immediately cease operations or take other steps  
719 necessary to prevent harm pending a final determination.

720 (b) Refer the petition to the Division of Administrative  
721 Hearings to conduct formal administrative proceedings pursuant  
722 to ss. 120.57 and 120.569 to make findings of fact regarding the  
723 allegations of the petition. Based upon such findings of fact,  
724 the department shall enter a final order granting or denying the  
725 petition. Any final order granting such petition must include  
726 remedial measures to be undertaken by the activity alleged to be  
727 causing gas migration up to and including complete cessation of  
728 such activity. Final orders issued pursuant to this paragraph

729 are appealable pursuant to s. 120.68.

730 (5) This section does not prohibit a natural gas storage  
 731 facility operator from seeking any other remedy at law or in  
 732 equity.

733 Section 17. Section 377.2434, Florida Statutes, is created  
 734 to read:

735 377.2434 Property rights to injected natural gas.—

736 (1) All natural gas that has previously been reduced to  
 737 possession and that is subsequently injected into a natural gas  
 738 storage facility is at all times the property of the injector or  
 739 the injector's heirs, successors, or assigns, whether owned by  
 740 the injector or stored under contract.

741 (2) Such gas may not be subject to the right of the owner  
 742 of the surface of the lands or of any mineral interest therein,  
 743 under which the natural gas storage facilities lie, or to the  
 744 right of any person, other than the injector or the injector's  
 745 heirs, successors, or assigns, to waste or otherwise interfere  
 746 with or exercise control over such gas, to produce, to take, or  
 747 to reduce to possession, by means of the law of capture or  
 748 otherwise. This subsection does not affect the ownership of  
 749 hydrocarbons occurring naturally within this state or the right  
 750 of the owner of the surface of the lands or of any mineral  
 751 interest therein to drill or bore through the natural gas  
 752 storage facilities in a manner that will protect the facilities  
 753 against pollution or the escape of stored natural gas.

754 (3) With regard to natural gas that has migrated to  
 755 adjoining property or to a stratum, or portion thereof, which  
 756 has not been condemned or otherwise purchased:

757        (a) The injector or the injector's heirs, successors, or  
758 assigns:

759        1. May not lose title to or possession of the gas if the  
760 injector or the injector's heirs, successors, or assigns can  
761 prove by a preponderance of the evidence that the gas was  
762 originally injected into the underground storage; and

763        2. Have the right to conduct tests on any existing wells  
764 on adjoining property as may be reasonable to determine  
765 ownership of the gas, but the tests are solely at the injector's  
766 risk and expense.

767        (b) The owner of the stratum and the owner of the surface  
768 are entitled to compensation, including compensation for use of  
769 or damage to the surface or substratum, as provided by law.

770        Section 18. Subsection (3) of section 377.25, Florida  
771 Statutes, is amended to read:

772        377.25 Production pools; drilling units.—

773        (3) Each well permitted to be drilled upon any drilling  
774 unit shall be drilled approximately in the center thereof, with  
775 such exception as may be reasonably necessary where the division  
776 finds that the unit is partly outside the pool or, for some  
777 other reason, a well approximately in the center of the unit  
778 would be nonproductive or where topographical conditions are  
779 such as to make the drilling approximately in the center of the  
780 unit unduly burdensome or where the operator proposes to  
781 complete the well with a horizontal or nearly horizontal well in  
782 the producing zone. Whenever an exception is granted, the  
783 division shall take such action as will offset any advantage  
784 which the person securing the exception may have over other

785 producers by reason of the drilling of the well as an exception,  
 786 and so that drainage from developed units to the tract, with  
 787 respect to which the exception is granted, will be prevented or  
 788 minimized, and the producer of the well drilled, as an  
 789 exception, will be allowed to produce no more than his or her  
 790 just and equitable share of the oil and gas in the pool, as such  
 791 share is set forth in this section. This subsection does not  
 792 apply to injection wells associated with a natural gas storage  
 793 facility.

794 Section 19. Subsection (2) of section 377.28, Florida  
 795 Statutes, is amended to read:

796 377.28 Cycling, pooling, and unitization of oil and gas.—

797 (2) The department shall issue an order requiring unit  
 798 operation if it finds that:

799 (a) Unit operation of the field, or of any pool or pools,  
 800 portion or portions, or combinations thereof within the field,  
 801 is reasonably necessary to prevent waste, to avoid the drilling  
 802 of unnecessary wells, or to increase the ultimate recovery of  
 803 oil or gas by additional recovery methods; ~~and~~

804 (b) The estimated additional cost incident to the conduct  
 805 of such operation will not exceed the value of the estimated  
 806 additional recovery of oil or gas; and

807 (c) The additional recovery of oil or gas does not  
 808 adversely interfere with the storage or recovery of natural gas  
 809 within a natural gas storage reservoir.

810  
 811 The phrase "additional recovery methods" as used herein  
 812 includes, but is not limited to, the maintenance or partial

813 maintenance of reservoir pressures; recycling; flooding a pool  
 814 or pools, or parts thereof, with air, gas, water, liquid  
 815 hydrocarbons, any other substance, or any combination thereof;  
 816 or any other method of producing additional hydrocarbons  
 817 approved by the department.

818 Section 20. Subsection (4) is added to section 377.30,  
 819 Florida Statutes, to read:

820 377.30 Limitation on amount of oil or gas taken.—

821 (4) This section does not apply to nonnative gas recovered  
 822 from a permitted natural gas storage facility.

823 Section 21. Subsection (1) of section 377.34, Florida  
 824 Statutes, is amended to read:

825 377.34 Actions and injunctions by division.—

826 (1) Whenever it appears ~~shall appear~~ that a ~~any~~ person is  
 827 violating, or threatening to violate, any statute of this state  
 828 with respect to the conservation of oil or gas, or both, or any  
 829 provision of this law, or any rule, regulation or order made  
 830 ~~thereunder~~ by any act done in the operation of a ~~any~~ well  
 831 producing oil or gas, or storing or recovering natural gas, or  
 832 by omitting an ~~any~~ act required to be done ~~thereunder~~, the  
 833 division, through its counsel, or the Department of Legal  
 834 Affairs on its own initiative, may bring suit against such  
 835 person in the Circuit Court in the County of Leon, state, or in  
 836 the circuit court in the county in which the well in question is  
 837 located, at the option of the division, or the Department of  
 838 Legal Affairs, to restrain such person or persons from  
 839 continuing such violation or from carrying out the threat of  
 840 violation. In such suit, the division, or the Department of

841 Legal Affairs, may obtain injunctions, prohibitory and  
842 mandatory, including temporary restraining orders and temporary  
843 injunctions, as the facts may warrant, including, when  
844 appropriate, an injunction restraining any person from moving or  
845 disposing of illegal oil, illegal gas or illegal product, and  
846 any or all such commodities may be ordered to be impounded or  
847 placed under the control of a receiver appointed by the court  
848 if, in the judgment of the court, such action is advisable.

849 Section 22. Paragraph (a) of subsection (1) of section  
850 377.37, Florida Statutes, is amended to read:

851 377.37 Penalties.—

852 (1) (a) Any person who violates any provision of this law  
853 or any rule, regulation, or order of the division made under  
854 this chapter or who violates the terms of any permit to drill  
855 for or produce oil, gas, or other petroleum products referred to  
856 in s. 377.242(1)~~7~~ or to store gas in a natural gas storage  
857 facility, or any lessee, permitholder, or operator of equipment  
858 or facilities used in the exploration for, drilling for, or  
859 production of oil, gas, or other petroleum products, or storage  
860 of gas in a natural gas storage facility, who refuses inspection  
861 by the division as provided in this chapter, is liable to the  
862 state for any damage caused to the air, waters, or property,  
863 including animal, plant, or aquatic life, of the state and for  
864 reasonable costs and expenses of the state in tracing the source  
865 of the discharge, in controlling and abating the source and the  
866 pollutants, and in restoring the air, waters, and property,  
867 including animal, plant, and aquatic life, of the state.  
868 Furthermore, such person, lessee, permitholder, or operator is

869 subject to the judicial imposition of a civil penalty in an  
 870 amount of not more than \$10,000 for each offense. However, the  
 871 court may receive evidence in mitigation. Each day during any  
 872 portion of which such violation occurs constitutes a separate  
 873 offense. Nothing herein shall give the department the right to  
 874 bring an action on behalf of any private person.

875 Section 23. Subsections (1) and (3) of section 377.371,  
 876 Florida Statutes, are amended to read:

877 377.371 Pollution prohibited; reporting, liability.—

878 (1) A ~~No~~ person drilling for or producing oil, gas, or  
 879 other petroleum products, or storing gas in a natural gas  
 880 storage facility, may not ~~shall~~ pollute land or water; damage  
 881 aquatic or marine life, wildlife, birds, or public or private  
 882 property; or allow any extraneous matter to enter or damage any  
 883 mineral or freshwater-bearing formation.

884 (3) Because it is the intent of this chapter to provide  
 885 the means for rapid and effective cleanup and to minimize  
 886 damages resulting from pollution in violation of this chapter,  
 887 if the waters of the state are polluted by the drilling, storage  
 888 of natural gas, or production operations of any person or  
 889 persons and such pollution damages or threatens to damage human,  
 890 animal, or plant life, public or private property, or any  
 891 mineral or water-bearing formation, said person shall be liable  
 892 to the state for all costs of cleanup or other damage incurred  
 893 by the state. In any suit to enforce claims of the state under  
 894 this chapter, it is ~~shall~~ not ~~be~~ necessary for the state to  
 895 plead or prove negligence in any form or manner on the part of  
 896 the person or persons conducting the drilling or production



897 operations; the state need only plead and prove the fact of the  
 898 prohibited discharge or other polluting condition and that it  
 899 occurred at the facilities of the person or persons conducting  
 900 the drilling or production operation. A ~~No~~ person or persons  
 901 conducting the drilling, storage, or production operation may  
 902 not ~~shall~~ be held liable if said person or persons prove that  
 903 the prohibited discharge or other polluting condition was the  
 904 result of any of the following:

- 905 (a) An act of war.
- 906 (b) An act of government, either state, federal, or  
 907 municipal.
- 908 (c) An act of God, which means an unforeseeable act  
 909 exclusively occasioned by the violence of nature without the  
 910 interference of any human agency.
- 911 (d) An act or omission of a third party without regard to  
 912 whether any such act or omission was or was not negligent.

913 Section 24. Paragraph (b) of subsection (14) and paragraph  
 914 (b) of subsection (19) of section 403.973, Florida Statutes are  
 915 amended, and paragraphs (g) and (h) are added to subsection (3)  
 916 of that section, to read:

917 403.973 Expedited permitting; amendments to comprehensive  
 918 plans.—

- 919 (3)
- 920 (g) Projects for natural gas storage facilities that are  
 921 permitted under chapter 377 are eligible for the expedited  
 922 permitting process.
- 923 (h) Projects to construct interstate natural gas pipelines  
 924 subject to certification by the Federal Energy Regulatory

925 Commission.

926 (14)

927 (b) Projects identified in paragraphs ~~paragraph~~ (3) (f) - (h)  
 928 or challenges to state agency action in the expedited permitting  
 929 process for establishment of a state-of-the-art biomedical  
 930 research institution and campus in this state by the grantee  
 931 under s. 288.955 are subject to the same requirements as  
 932 challenges brought under paragraph (a), except that,  
 933 notwithstanding s. 120.574, summary proceedings must be  
 934 conducted within 30 days after a party files the motion for  
 935 summary hearing, regardless of whether the parties agree to the  
 936 summary proceeding.

937 (19) The following projects are ineligible for review under  
 938 this part:

939 (b) A project, the primary purpose of which is to:

940 1. Effect the final disposal of solid waste, biomedical  
 941 waste, or hazardous waste in this state.

942 2. Produce electrical power, unless the production of  
 943 electricity is incidental and not the primary function of the  
 944 project or the electrical power is derived from a fuel source  
 945 for renewable energy as defined in s. 366.91(2) (d).

946 3. Extract natural resources.

947 4. Produce oil.

948 5. Construct, maintain, or operate an oil, petroleum,  
 949 ~~natural gas,~~ or sewage pipeline.

950 Section 25. The Department of Environmental Protection is  
 951 not required to adopt rules relating to natural gas storage  
 952 before July 1, 2015. However, subject to satisfying all

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953 | conditions or requirements under this act, the department may  
954 | issue a permit for a natural gas storage facility regardless of  
955 | whether the department has adopted rules for the activities or  
956 | operations authorized under this act.

957 |       Section 26. This act shall take effect July 1, 2013.