

1 A bill to be entitled
2 An act relating to the regulation of state lands and oil
3 and gas resources; amending s. 253.52, F.S.; providing for
4 the Board of Trustees of the Internal Improvement Trust
5 Fund to accept and award bids for oil and gas leases on
6 submerged lands underlying the territorial waters of the
7 state; providing requirements and procedures for
8 submitting, reviewing, and awarding such bids; providing
9 for a nonrefundable bid submittal fee; providing for
10 easements over sovereign submerged lands for the
11 construction, installation, and maintenance of structures
12 relating to the production of oil, gas, or other petroleum
13 products; providing a fee for such easements; requiring
14 certain notice; providing bidder eligibility criteria
15 relating to location; providing location restrictions on
16 the refining and retail sale of oil and gas extracted
17 pursuant to such leases; amending s. 253.571, F.S.;
18 providing requirements for proof of financial
19 responsibility by a lessee prior to the commencement of
20 drilling on submerged lands underlying the territorial
21 waters of the state; providing a limitation; creating s.
22 253.585, F.S.; providing for the distribution of
23 royalties, cash considerations, annual rentals, or
24 payments in lieu of royalties collected for oil and gas
25 leases on submerged lands within the territorial waters of
26 the state; providing for distribution of other state
27 income from offshore oil and natural gas activities;
28 providing limitations on activities in military range and

29 activity zones; requiring each proposal to be presented
 30 with a specified study; providing for rulemaking; amending
 31 s. 253.61, F.S.; providing an exemption from land-leasing
 32 restrictions for leases on submerged lands within the
 33 territorial waters of the state; deleting a provision
 34 prohibiting leasing of specified lands; amending s.
 35 377.24, F.S.; providing an exemption from permit
 36 restrictions relating to drilling gas or oil wells for
 37 leases on submerged lands within the territorial waters of
 38 the state; deleting a provision prohibiting drilling in
 39 specified waters; amending s. 377.242, F.S.; deleting a
 40 provision prohibiting the construction of specified
 41 structures; providing exemptions from restrictions
 42 relating to the permitting or construction of structures
 43 intended for the drilling for or production of oil, gas,
 44 or other petroleum products; amending s. 377.2425, F.S.;
 45 revising applicability provisions relating to surety for
 46 geophysical exploration, drilling, and production;
 47 exempting applicants for drilling or operating permits for
 48 operations planned in coastal waters; providing an
 49 effective date.

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

52
 53 Section 1. Section 253.52, Florida Statutes, is amended to
 54 read:

55 253.52 Placing oil and gas leases on market by board.--
 56 (1) Whenever in the opinion of the Board of Trustees of

57 | the Internal Improvement Trust Fund there shall be a demand for
58 | the purchase of oil and gas leases on any area, tract, or parcel
59 | of the land so owned, controlled, or managed, by any state
60 | board, department, or agency, then the board shall place such
61 | oil and gas lease or leases on the market in such blocks,
62 | tracts, or parcels as it may designate. The lease or leases
63 | shall only be made after notice by publication thereof has been
64 | made not less than once a week for 4 consecutive weeks in a
65 | newspaper of general circulation published in Leon County, and
66 | in a similar newspaper for a similar period of time published in
67 | the vicinity of the lands offered to be leased, the last
68 | publication in both newspapers to be not less than 5 days in
69 | advance of the sale date. Such notice shall be to the effect
70 | that a lease or leases will be offered for sale at such date and
71 | time as may be named in said notice and shall describe the land
72 | upon which such lease, or leases, will be offered. This notice
73 | may be combined with the notice required pursuant to s. 253.115.
74 | Before any lease of any block, tract, or parcel of land,
75 | submerged, or unsubmerged, within a radius of 3 miles of the
76 | boundaries of any incorporated city, or town, or within such
77 | radius of any bathing beach, or beaches, outside thereof, such
78 | board, department, or agency, shall through one or more of its
79 | members hold a public hearing, after notice thereof by
80 | publication once in a newspaper of general circulation published
81 | at least 1 week prior to said hearing in the vicinity of the
82 | land, or lands, offered to be leased, of the offer to lease the
83 | same, calling upon all interested persons to attend said hearing
84 | where they would be given the opportunity to be heard, all of

85 which shall be considered by the board prior to the execution of
86 any lease or leases to said land, and the board may withdraw
87 said land, or any part thereof, from the market, and refuse to
88 execute such lease or leases if after such hearing, or
89 otherwise, it considers such execution contrary to the public
90 welfare. Before advertising any land for lease the form of the
91 lease or leases to be offered for sale, not inconsistent with
92 law, or the provisions of this section, shall be prescribed by
93 the board and a copy, or copies, thereof, shall be available to
94 the general public at the office of the Board of Trustees of the
95 Internal Improvement Trust Fund and the advertisements of such
96 sale shall so state.

97 (2) (a) Notwithstanding subsection (1), the Board of
98 Trustees of the Internal Improvement Trust Fund shall accept a
99 nomination on or before September 1 of each year from a bidder
100 or bidders for the purchase, in such blocks, tracts, or parcels
101 as the bidder may designate, of oil and gas leases on any area,
102 tract, or parcel of submerged land underlying the territorial
103 waters of the state, as defined in the Submerged Lands Act, 43
104 U.S.C. ss. 1301-1315, so owned, controlled, or managed by any
105 state board, department, or agency.

106 (b) Within 14 days after receipt of a bid, the board shall
107 give notice of same by publication in the Florida Administrative
108 Weekly and in a newspaper of general circulation published in
109 the vicinity of the proposed lease or leases. The publication
110 may not include any reference to proprietary trade secrets or
111 confidential or economic business information provided by the
112 original bidder.

113 (c) The notice requirements under paragraph (b) shall
114 apply in lieu of the requirements under subsection (1) and s.
115 253.115 for a nomination for the purchase of an oil and gas
116 lease pursuant to this subsection.

117 (d) Other interested parties shall have 90 days after the
118 date of publication of the notice to submit a competing bid for
119 the same blocks, tracts, or parcels as were designated in the
120 original bid and published in the notice. The bid period shall
121 close on the 90th day.

122 (e) The board shall have no more than 30 days from the
123 date the bid period closes to review all bids and determine
124 whether or not each bid contains all of the information required
125 under subsection (4). Any bid determined to not contain all of
126 the information required under subsection (4) shall be returned
127 to the bidder and may not be further considered.

128 (f) Following a determination that a bid or bids contain
129 all of the information required under subsection (4), the board
130 shall select the highest and best of such bids within 30 days,
131 provided that if, in the reasonable judgment of the board, the
132 bids submitted do not represent the reasonable fair value of
133 such lease or leases, the execution of same is reasonably
134 determined to be contrary to the public welfare, or, if the
135 responsibility of the bidder offering the highest amount has not
136 reasonably been established to the board's satisfaction, the
137 board may in its discretion reject the bids. All information
138 included in all bids not selected by the board shall be returned
139 to the bidder, including all checks or other financial
140 assurances, except for the \$1 million nonrefundable bid

141 submittal fee.

142 (g) The board shall have no more than 90 days to negotiate
143 any outstanding matters, including, but not limited to, definite
144 rental payments or payments that may be made in lieu of royalty,
145 with the winning bidder and award the lease or leases.

146 Affirmative action by the board to approve any such lease shall
147 require the approval of the Governor and at least two other
148 members of the board.

149 (3) To the extent that any provision of the sealed bid
150 requirements pursuant to s. 253.53 and the competitive bidding
151 process pursuant to s. 253.54 may be in conflict with the
152 nomination process provided under subsection (2), subsection (2)
153 shall control the nomination for and the award of the purchase,
154 in such blocks, tracts, or parcels as may be designated, of an
155 oil and gas lease or leases on any area, tract, or parcel of
156 submerged land underlying the territorial waters of the state.

157 (4) All bids submitted to the board for lands identified
158 under subsection (2) shall include the following:

159 (a) A nonrefundable bid submittal fee of \$1 million in
160 addition to and separate from any cash consideration that may be
161 provided as part of the bid;

162 (b) Documentation stating that all equipment or structures
163 above the surface of the water and related to the development
164 and production of oil and gas within the territorial waters of
165 the state shall be situated no closer than 3 miles from the
166 coast as calculated from the line of mean high tide;

167 (c) A statement and map identifying the blocks, tracts, or
168 parcels, as designated for the oil and gas lease or leases, on

169 submerged land underlying the territorial waters of the state;

170 (d) A statement of a cash consideration; and

171 (e) A statement of a royalty, never less than one-eighth
172 in kind or in value; provided, however, that up-front payments
173 in lieu of royalties may be proposed and, if proposed, may
174 reduce the minimum one-eighth royalty.

175 (5) All bids shall be accompanied by a separate cashier's
176 check or certified check for the amount of the cash
177 consideration and application fee and shall be payable to the
178 state board, department, or agency which holds title to or
179 controls the land sought to be leased.

180 (6) For a bidder who obtains an oil and gas lease from a
181 bid pursuant to subsection (2) and fails to be issued a permit,
182 after a good faith effort to attain such a permit, for
183 geophysical operations, drilling, or exploring and extracting
184 through well holes or by other means pursuant to ss. 377.2408
185 and 377.242 within 24 months after receiving the lease, the
186 board shall refund the entire cash consideration with interest
187 paid pursuant to s. 55.03(1), using the per annum rate for the
188 year in which the bidder obtained the lease. The bidder may
189 extend this time period upon receiving a written request showing
190 good cause by the Department of Environmental Protection.

191 (7) If the board awards an oil and gas lease or leases
192 issued pursuant to subsection (2), the lessee shall be entitled
193 to obtain an easement or easements over sovereign submerged
194 lands for the construction, installation, and maintenance of any
195 pipeline or associated infrastructure that is an appurtenance to
196 the transportation of oil and gas from the leased submerged

197 lands to shore-based facilities. The fee for this easement shall
 198 be based on a cost per linear foot basis and may not exceed \$5
 199 per linear foot. Notwithstanding s. 253.115, within 14 days
 200 after receipt of an application for an easement or easements
 201 pursuant to this subsection, the board shall require the
 202 applicant for such easement or easements to give notice of the
 203 filing of such application or applications by publication, one
 204 time only, in a newspaper of general circulation published in
 205 the vicinity of the proposed lease or leases.

206 (8) To be eligible to bid on any oil or gas leases offered
 207 within the territorial waters of the state, bidders must have
 208 corporate headquarters, including senior management personnel,
 209 physically located within the continental United States. Any oil
 210 or gas extracted pursuant to such leases must be refined and
 211 sold at the retail level within the continental United States.

212 Section 2. Section 253.571, Florida Statutes, is amended
 213 to read:

214 253.571 Proof of financial responsibility required of
 215 lessee prior to commencement of drilling.--

216 (1) The Board of Trustees of the Internal Improvement
 217 Trust Fund may require a surety or property bond, an irrevocable
 218 letter of credit, or other proof of financial responsibility
 219 from each lessee of public land or mineral interest prior to the
 220 time such lessee mines, drills, or extracts in any manner,
 221 petroleum, petroleum products, gas, sulphur, or any other
 222 mineral from such land. The surety bond or irrevocable letter of
 223 credit shall be from a surety company or bank authorized to do
 224 business in the state. The surety bond, irrevocable letter of

225 credit, or other proof of financial responsibility shall serve
226 as security and is to be forfeited to the board to pay for any
227 damages caused by mining or drilling operations performed by the
228 lessee. In the case of operations planned in the waters of the
229 state or under other particular circumstances which, by their
230 nature warrant greater security in view of possible damages, the
231 board shall give special consideration to the extent of such
232 possible damages and shall set the amount of an adequate and
233 sufficient surety bond, irrevocable letter of credit, or other
234 proof of financial responsibility accordingly. For the purposes
235 of this section, damages shall include, but not be limited to,
236 air, water, and ground pollution, destruction of wildlife or
237 marine productivity and any other damage which impairs the
238 health and general welfare of the citizens of the state. The
239 board shall require a lessee to provide proof of financial
240 responsibility only once, irrespective of the number of
241 different leases the lessee may have.

242 (2) A surety or property bond, an irrevocable letter of
243 credit, or other proof of financial responsibility from each
244 lessee of public land or mineral interest in submerged lands
245 underlying the territorial waters of the state, as defined in
246 the Submerged Lands Act, 43 U.S.C. ss. 1301-1315, shall not
247 exceed the lesser amount of either:

248 (a) Five hundred million dollars; or

249 (b) A calculated cost estimate for potential damages
250 related to, but not limited to, air, water, and ground
251 pollution, destruction of wildlife or marine productivity, and
252 any other damage that impairs the health and general welfare of

253 the citizens of the state, as based on reasonably foreseeable
 254 accidents or occurrences associated with the particular oil and
 255 gas development or production activity within the immediate area
 256 of the oil and gas lease.

257 (3) A surety or property bond, an irrevocable letter of
 258 credit, or other proof of financial responsibility issued under
 259 subsection (2) shall be the only proof of financial
 260 responsibility a lessee must provide in lieu of any other proof
 261 of financial responsibility that may be required by any agency
 262 for any permit or authorization that must be obtained in
 263 connection with the development and production of oil and gas,
 264 including, but not limited to, oil and gas transportation
 265 infrastructure, such as pipelines, appurtenant to the leased
 266 submerged lands.

267 Section 3. Section 253.585, Florida Statutes, is created to
 268 read:

269 253.585 Distribution of royalties, cash considerations,
 270 annual rentals, or payments in lieu of royalties collected for
 271 oil and gas leases on submerged lands within the territorial
 272 waters of the state.--

273 (1) Royalties, cash considerations, annual rentals, or
 274 payments in lieu of royalties collected for oil and gas leases
 275 on submerged lands within the territorial waters of the state
 276 shall be appropriated for the following purposes:

277 (a) To fund a bond initiative to provide up to \$300
 278 million per year for the Florida Forever land acquisition
 279 program, including up to an additional \$15 million for
 280 reasonable management costs for the administration of such

281 lands, to the extent the Board of Trustees of the Internal
282 Improvement Trust Fund determines such management costs are
283 necessary.

284 (b) To provide up to \$20 million per year for local
285 governments to support beach restoration and nourishment
286 projects.

287 (c) To provide up to \$20 million per year to be
288 distributed to coastal local governments within the county or
289 counties within which the lease or leases are issued.

290 (2) After the distributions under subsection (1), the next
291 \$150 million from state income from offshore oil and natural gas
292 activities shall be equally distributed as follows:

293 (a) Up to \$25 million annually shall be appropriated to
294 the Florida Energy and Climate Commission to be used for
295 enhancements to the Solar Energy System Incentives Program.

296 (b) Up to \$25 million annually shall be appropriated to
297 the Board of Governors of the State University System to fund
298 research and development of technologies, systems, and processes
299 to solve the nation's dependency on foreign fossil fuels and
300 expand the use of alternative, biomass, and renewable
301 alternative fuels through a peer-reviewed grant process.

302 (c) Up to \$25 million annually shall be appropriated to
303 the Internal Improvement Trust Fund for enhanced funding of the
304 management of public lands and state parks or the funding of
305 beach nourishment, or both, as determined by the Board of
306 Trustees of the Internal Improvement Trust Fund.

307 (d) Up to \$25 million annually shall be appropriated to
308 fund environmental science programs in elementary and middle

309 schools in preparation for 10th grade and higher science testing
310 and for promoting science in high schools, to be spread
311 equitably between each school district.

312 (e) Up to \$25 million annually shall be appropriated in
313 equal amounts to establish hands-on oil and natural gas industry
314 training academies in 25 counties using current state-of-the-art
315 industry-provided materials, technological training, and
316 instructors. Up to \$15 million of the appropriation under this
317 paragraph shall be used to fund high school oil and natural gas
318 industry training academies. Up to \$10 million of the
319 appropriation under this paragraph shall be used to fund
320 community college oil and natural gas industry training
321 academies, spread as evenly as possible geographically across
322 the state.

323 (f) Up to \$25 million annually shall be appropriated to
324 veteran's programs to provide care and rehabilitation services
325 and educational opportunities for veterans and their dependents
326 who are residents of this state.

327 (g) Notwithstanding the limitations on the maximum amount
328 of tax credits available each year contained in s.
329 220.193(3)(c), and consistent with the other provisions in s.
330 220.193, up to \$10 million shall be appropriated annually to
331 fund the Florida Renewable Energy Production Credit through the
332 year 2020 to encourage the development and expansion of
333 facilities that produce renewable energy in this state.

334 (3) Where federally recognized military range and activity
335 zones exist, each submitted proposal shall allow temporary
336 geological or drilling and equipment activities, or both, above

337 and below the surface of the water in order to establish pump
338 sites only, after which, no above-surface permanent placement of
339 equipment other than safety marker buoys is allowed.

340 (4) Each submitted proposal shall be presented with a
341 study that draws from existing state-of-the-art technology to
342 demonstrate that exploration for oil and gas is feasible in the
343 intended permit area.

344 (5) The Division of State Lands in the Department of
345 Environmental Protection, as staff to the Board of Trustees of
346 the Internal Improvement Trust Fund, shall adopt rules as
347 necessary to administer this section.

348 Section 4. Paragraphs (b), (c), and (d) of subsection (1)
349 of section 253.61, Florida Statutes, are amended to read:

350 253.61 Lands not subject to lease.--

351 (1) Regardless of anything to the contrary contained in
352 this law in any previous section or part thereof, no board or
353 agency mentioned therein or the state shall have the power or
354 authority to sell, execute, or enter into any lease of the type
355 covered by this law relating to any of the following lands,
356 submerged or unsubmerged, except under the circumstances and
357 conditions as hereinafter set out in this section, to wit:

358 (b) No lease of the type covered by this law shall be
359 granted, sold or executed covering any such lands in the tidal
360 waters of the state, abutting on or immediately adjacent to the
361 corporate limits of a municipality or within 3 miles of such
362 corporate limits extending from the line of mean high tide into
363 such waters, unless the governing authority of the municipality
364 shall have first duly consented to the granting or sale of such

365 lease by resolution. This paragraph does not apply to leases on
366 submerged lands underlying the territorial waters of the state,
367 as defined in the Submerged Lands Act, 43 U.S.C. ss. 1301-1315,
368 where any structure or equipment above the surface of the water
369 is more than 3 miles from such corporate limits.

370 (c) No lease of the type covered by this law shall be
371 granted, sold or executed covering such lands on any improved
372 beach, located outside of an incorporated town or municipality,
373 or covering such lands in the tidal waters of the state abutting
374 on or immediately adjacent to any improved beach, or within 3
375 miles of an improved beach extending from the line of mean high
376 tide into such tidal waters, unless the county commissioners of
377 the county in which such beach is located shall have first duly
378 consented to the granting or sale of such lease by resolution.
379 This paragraph does not apply to leases on submerged lands
380 underlying the territorial waters of the state, as defined in
381 the Submerged Lands Act, 43 U.S.C. ss. 1301-1315, where any
382 structure or equipment above the surface of the water is more
383 than 3 miles from such improved beach.

384 ~~(d) Without exception, after July 1, 1989, no lease of the~~
385 ~~type covered by this law shall be granted, sold, or executed~~
386 ~~south of 26° north latitude off Florida's west coast and south~~
387 ~~of 27° north latitude off Florida's east coast, within the~~
388 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
389 ~~1301. After July 31, 1990, no oil or natural gas lease shall be~~
390 ~~granted, sold, or executed covering lands located north of~~
391 ~~26°00'00" north latitude off Florida's west coast to the western~~
392 ~~boundary of the state bordering Alabama as set forth in s. 1,~~

393 ~~Art. II of the State Constitution, or located north of 27°00'00"~~
 394 ~~north latitude off Florida's east coast to the northern boundary~~
 395 ~~of the state bordering Georgia as set forth in s. 1, Art. II of~~
 396 ~~the State Constitution, within the boundaries of Florida's~~
 397 ~~territorial seas as defined in 43 U.S.C. 1301.~~

398 Section 5. Subsections (6), (7), and (9) of section
 399 377.24, Florida Statutes, are amended to read:

400 377.24 Notice of intention to drill well; permits;
 401 abandoned wells and dry holes.--

402 (6) No permit to drill a gas or oil well shall be granted
 403 at a location in the tidal waters of the state, abutting or
 404 immediately adjacent to the corporate limits of a municipality
 405 or within 3 miles of such corporate limits extending from the
 406 line of mean high tide into such waters, unless the governing
 407 authority of the municipality shall have first duly approved the
 408 application for such permit by resolution. This subsection does
 409 not apply to leases on submerged lands underlying the
 410 territorial waters of the state, as defined in the Submerged
 411 Lands Act, 43 U.S.C. ss. 1301-1315, where any structure or
 412 equipment above the surface of the water is more than 3 miles
 413 from such corporate limits.

414 (7) No permit to drill a gas or oil well shall be granted
 415 on any improved beach, located outside of an incorporated town
 416 or municipality, or at a location in the tidal waters of the
 417 state abutting or immediately adjacent to an improved beach, or
 418 within 3 miles of an improved beach extending from the line of
 419 mean high tide into such tidal waters, unless the county
 420 commissioners of the county in which such beach is located shall

421 have first duly approved the application for such permit by
422 resolution. This subsection does not apply to leases on
423 submerged lands underlying the territorial waters of the state,
424 as defined in the Submerged Lands Act, 43 U.S.C. ss. 1301-1315,
425 where any structure or equipment above the surface of the water
426 is more than 3 miles from such improved beach.

427 ~~(9) Without exception, after July 1, 1989, no permit to~~
428 ~~drill a well in search of oil or gas shall be granted south of~~
429 ~~26°00'00" north latitude off Florida's west coast and south of~~
430 ~~27°00'00" north latitude off Florida's east coast, within the~~
431 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
432 ~~1301. After July 31, 1990, no permit to drill a well in search~~
433 ~~of oil or gas shall be granted north of 26°00'00" north latitude~~
434 ~~off Florida's west coast to the western boundary of the state~~
435 ~~bordering Alabama as set forth in s. 1, Art. II of the State~~
436 ~~Constitution, or located north of 27°00'00" north latitude off~~
437 ~~Florida's east coast to the northern boundary of the state~~
438 ~~bordering Georgia as set forth in s. 1, Art. II of the State~~
439 ~~Constitution, within the boundaries of Florida's territorial~~
440 ~~seas as defined in 43 U.S.C. 1301.~~

441 Section 6. Section 377.242, Florida Statutes, is amended
442 to read:

443 377.242 Permits for drilling or exploring and extracting
444 through well holes or by other means.--The department is vested
445 with the power and authority:

446 (1) (a) To issue permits for the drilling for, exploring
447 for, or production of oil, gas, or other petroleum products
448 which are to be extracted from below the surface of the land,

449 including submerged land, only through the well hole drilled for
450 oil, gas, and other petroleum products.

451 1. No structure intended for the drilling for, or
452 production of, oil, gas, or other petroleum products may be
453 permitted or constructed on any submerged land within any bay or
454 estuary.

455 2. No structure intended for the drilling for, or
456 production of, oil, gas, or other petroleum products may be
457 permitted or constructed within 1 mile seaward of the coastline
458 of the state.

459 3. No structure intended for the drilling for, or
460 production of, oil, gas, or other petroleum products may be
461 permitted or constructed within 1 mile of the seaward boundary
462 of any state, local, or federal park or aquatic or wildlife
463 preserve or on the surface of a freshwater lake, river, or
464 stream.

465 4. No structure intended for the drilling for, or
466 production of, oil, gas, or other petroleum products may be
467 permitted or constructed within 1 mile inland from the shoreline
468 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
469 or within 1 mile of any freshwater lake, river, or stream unless
470 the department is satisfied that the natural resources of such
471 bodies of water and shore areas of the state will be adequately
472 protected in the event of accident or blowout.

473 ~~5. Without exception, after July 1, 1989, no structure~~
474 ~~intended for the drilling for, or production of, oil, gas, or~~
475 ~~other petroleum products may be permitted or constructed south~~
476 ~~of 26°00'00" north latitude off Florida's west coast and south~~

477 ~~of 27°00'00" north latitude off Florida's east coast, within the~~
 478 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
 479 ~~s. 1301. After July 31, 1990, no structure intended for the~~
 480 ~~drilling for, or production of, oil, gas, or other petroleum~~
 481 ~~products may be permitted or constructed north of 26°00'00"~~
 482 ~~north latitude off Florida's west coast to the western boundary~~
 483 ~~of the state bordering Alabama as set forth in s. 1, Art. II of~~
 484 ~~the State Constitution, or located north of 27°00'00" north~~
 485 ~~latitude off Florida's east coast to the northern boundary of~~
 486 ~~the state bordering Georgia as set forth in s. 1, Art. II of the~~
 487 ~~State Constitution, within the boundaries of Florida's~~
 488 ~~territorial seas as defined in 43 U.S.C. s. 1301.~~

489 (b) Subparagraphs (a)1. and 4. do not apply to permitting
 490 or construction of structures intended for the drilling for, or
 491 production of, oil, gas, or other petroleum products pursuant to
 492 an oil, gas, or mineral lease of such lands by the state under
 493 which lease any valid drilling permits are in effect on the
 494 effective date of this act. In the event that such permits
 495 contain conditions or stipulations, such conditions and
 496 stipulations shall govern and supersede subparagraphs (a)1. and
 497 4.

498 (c) The prohibitions of subparagraphs (a)1.-4. ~~in this~~
 499 ~~subsection~~ do not include "infield gathering lines," or other
 500 pipelines for the purpose of transporting offshore production on
 501 shore, provided no other placement is reasonably available and
 502 all other required permits have been obtained.

503 (d) Subparagraphs (a)1.-3. do not apply to the permitting
 504 or construction of offshore structures intended for the

505 exploration or production of oil, gas, or other petroleum
506 products where any structure or equipment above the surface of
507 the water is more than 3 miles seaward from the line of mean
508 high tide.

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

512 (3) To issue permits to construct wells for the injection
513 and recovery of any natural gas for temporary storage in
514 subsurface reservoirs.

515
516 Each permit shall contain an agreement by the permitholder that
517 the permitholder will not prevent inspection by division
518 personnel at any time. ~~The provisions of this section~~
519 ~~prohibiting permits for drilling or exploring for oil in coastal~~
520 ~~waters do not apply to any leases entered into before June 7,~~
521 ~~1991.~~

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

524 377.2425 Manner of providing security for geophysical
525 exploration, drilling, and production.--

526 (1) Prior to granting a permit to conduct geophysical
527 operations; drilling of exploratory, injection, or production
528 wells; producing oil and gas from a wellhead; or transporting
529 oil and gas through a field-gathering system, the department
530 shall require the applicant or operator to provide surety that
531 these operations will be conducted in a safe and environmentally
532 compatible manner.

533 (a) The applicant for a drilling, production, or injection
 534 well permit or a geophysical permit may provide the following
 535 types of surety to the department for this purpose:

536 1. A deposit of cash or other securities made payable to
 537 the Minerals Trust Fund. Such cash or securities so deposited
 538 shall be held at interest by the Chief Financial Officer to
 539 satisfy safety and environmental performance provisions of this
 540 chapter. The interest shall be credited to the Minerals Trust
 541 Fund. Such cash or other securities shall be released by the
 542 Chief Financial Officer upon request of the applicant and
 543 certification by the department that all safety and
 544 environmental performance provisions established by the
 545 department for permitted activities have been fulfilled.

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

548 3. A surety in the form of an irrevocable letter of credit
 549 in an amount as provided by rule guaranteed by an acceptable
 550 financial institution.

551 (b) An applicant for a drilling, production, or injection
 552 well permit, or a permittee who intends to continue
 553 participating in long-term production activities of such wells,
 554 has the option to provide surety to the department by paying an
 555 annual fee to the Minerals Trust Fund. For an applicant or
 556 permittee choosing this option the following shall apply:

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

560 2. For each subsequent year, or part of a year, the fee is
561 \$1,500 per permitted well.

562 3. The maximum fee that an applicant or permittee may be
563 required to pay into the trust fund is \$30,000 per calendar
564 year, regardless of the number of permits applied for or in
565 effect.

566 4. The fees set forth in subparagraphs 1., 2., and 3.
567 shall be reviewed by the department on a biennial basis and
568 adjusted for the cost of inflation. The department shall
569 establish by rule a suitable index for implementing such fee
570 revisions.

571 (c) This subsection does not apply to an applicant for a
572 drilling or operating permit for operations planned in coastal
573 waters that by their nature warrant greater surety shall provide
574 surety only in accordance with paragraph (a), or similar proof
575 of financial responsibility other than as provided in paragraph
576 (b). For all such applications, including applications pending
577 at the effective date of this act and notwithstanding the
578 provisions of paragraph (b), the Governor and Cabinet in their
579 capacity as the Administration Commission, at the recommendation
580 of the Department of Environmental Protection, shall set a
581 reasonable amount of surety required under this subsection. The
582 surety amount shall be based on the projected cleanup costs and
583 natural resources damages resulting from a maximum oil spill and
584 adverse hydrographic and atmospheric conditions that would tend
585 to transport the oil into environmentally sensitive areas, as
586 determined by the Department of Environmental Protection.

587 Section 8. This act shall take effect July 1, 2009.