

By Senator Evers

2-00572B-12

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1                   A bill to be entitled  
2           An act relating to the development of oil and gas  
3           resources; authorizing a land management agency to  
4           enter into a public-private partnership with a  
5           business entity to develop oil and gas resources upon  
6           onshore state lands if the development yields near-  
7           term revenues for the state; providing that the  
8           financial, technical, and operational risk for the  
9           exploration, development, and production of oil and  
10          gas resources is the responsibility of the private  
11          business entity; requiring that a business entity  
12          seeking a public-private partnership contract submit a  
13          business proposal to the agency for review; specifying  
14          the information to be included in the business  
15          proposal; providing criteria for the agency to use in  
16          selecting the exploration proposal by a business  
17          entity; requiring that the geophysical data and the  
18          subsequent interpretation be made available to the  
19          agency or its representative for review but remain in  
20          the possession of the business entity; providing  
21          criteria for the public-private partnership contract;  
22          requiring a proposed public-private partnership  
23          contract to be approved by the Governor and Cabinet  
24          sitting as the Board of Trustees of the Internal  
25          Improvement Trust Fund; providing an effective date.

26  
27          WHEREAS, the exploration and development of oil and gas  
28          deposits under onshore lands owned by a board, department, or  
29          agency of the state may provide the opportunity to produce

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30 higher, near-term revenues to the state, and

31 WHEREAS, the monetary reward for discovering new reserves  
32 of oil and gas deposits may be significant, and

33 WHEREAS, the exploration for oil and gas deposits via  
34 modern three-dimensional, geophysical seismic methods and  
35 production, with its technological improvements, including  
36 directional and horizontal drilling, although costly, is more  
37 efficient and yields better results than older methods of  
38 exploration and production employed during the past 50 years,  
39 NOW, THEREFORE,

40  
41 Be It Enacted by the Legislature of the State of Florida:

42  
43 Section 1. (1) DUTIES; AUTHORITY.—Notwithstanding the  
44 provisions in chapter 253, Florida Statutes, if a land  
45 management agency determines that there is an opportunity to  
46 develop oil and gas resources under onshore lands owned by a  
47 board, department, or agency of this state to yield greater,  
48 near-term revenue returns for the state, the land management  
49 agency may participate with a business entity authorized to  
50 conduct business in the state in a public-private partnership  
51 contract.

52 (2) PRIVATE-PARTNER RESPONSIBILITIES.—The financial,  
53 technical, and operational risk for the exploration,  
54 development, and production of oil and gas resources is the  
55 responsibility of the private business entity.

56 (3) PROPOSAL SELECTION.—

57 (a) A business entity seeking a public-private partnership  
58 contract shall submit a business proposal that describes the

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59 exploration for oil or gas resources and the development of  
60 state lands for those purposes. The business entity may nominate  
61 state land that is to be explored and developed under the  
62 public-private partnership contract. The proposal shall provide  
63 an estimate of the revenues that the project is expected to  
64 generate for the state.

65 (b) The land management agency shall review the business  
66 proposal in a timely manner and in a manner that is consistent  
67 with contemporary industry practices. The geophysical seismic  
68 exploration, drilling, and production activities proposed shall  
69 be of a duration consistent with industry practices.

70 (c) The land management agency shall select a private  
71 partner based on the business proposal. The land management  
72 agency's consideration must include, but need not be limited to,  
73 the technical quality of the exploration program proposed and  
74 the proposed timetable of geophysical and drilling activities  
75 which expedites the potential for generating revenues. If more  
76 than one entity submits a proposal for a public-private  
77 partnership for substantially the same area, the land management  
78 agency shall evaluate and select the single proposal that will  
79 provide the best value for the state.

80 (d) The geophysical data acquired and the subsequent  
81 interpretation shall be made available to the land management  
82 agency or its representatives for review during the period  
83 provided in paragraph (4) (a), but shall remain in the sole  
84 possession of the business entity until the business entity has  
85 selected the lease areas.

86 (4) PUBLIC-PRIVATE PARTNERSHIP CONTRACT.—The public-private  
87 partnership contract shall provide for:

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88       (a) A period of 3 years or longer during which the private  
89 partner may explore specified state lands by geophysical seismic  
90 methods for the feasibility of oil and gas resource development  
91 and production;

92       (b) A selection process after geophysical operations are  
93 concluded in which the private partner may select and lease  
94 prospective parcels of state land for the purpose of exploration  
95 and production;

96       (c) The leasing of state lands identified as a result of  
97 the geophysical seismic operations, which shall be for a term of  
98 at least 5 years;

99       (d) Negotiated royalty rates and a lease bonus; and

100       (e) Confidentiality for a period of at least 10 years for  
101 the geophysical information or geological information developed  
102 as a result of the geophysical seismic exploration by the  
103 business entity before the selection of lease areas.

104       (5) APPROVAL OF CONTRACT.—The proposed public-private  
105 partnership contract must be approved by the Governor and  
106 Cabinet sitting as the Board of Trustees of the Internal  
107 Improvement Trust Fund in order to be legally binding on the  
108 State of Florida.

109       Section 2. This act shall take effect upon becoming a law.