

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 on
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; requiring that the geophysical data and the
16 subsequent interpretation be made available to the
17 agency for review but remain in the possession of the
18 business entity; providing criteria for the agency to
19 use in selecting the exploration proposal by a
20 business entity; providing criteria for the public-
21 private partnership contract; requiring a proposed
22 public-private partnership contract to be approved by
23 the Cabinet sitting as the Board of Trustees of the
24 Internal Improvement Trust Fund; providing an
25 effective date.

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27 WHEREAS, the detection and development of oil and gas
28 deposits on onshore lands owned by a board, department, or

29 | agency of the state may provide the opportunity to produce
 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 by three-
 34 | dimensional, geophysical seismic methods and production, with
 35 | its related infrastructure, involving directional drilling and
 36 | horizontal drilling, although costly, is more thorough and
 37 | provides more data than older methods of exploration and
 38 | production in use over the past 50 years, NOW, THEREFORE,

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

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

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

54 | (3) PROPOSAL SELECTION.—

55 | (a) A business entity seeking a public-private partnership
 56 | contract shall submit a business proposal that describes the

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

63 (b) The land management agency shall review the business
64 proposal in a timely manner and in a manner that is consistent
65 with contemporary industry practices. The geophysical seismic
66 exploration shall be of a duration consistent with industry
67 practices. The geophysical data acquired and the subsequent
68 interpretation shall be made available to the land management
69 agency or its representatives for review during the period
70 provided for in paragraph (4) (a), but shall remain in the sole
71 possession of the business entity until the business entity has
72 selected the lease areas.

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

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

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

89 (b) A selection process in which the private partner may
90 select prospective parcels of state land for exploration and
91 lease after the geophysical seismic testing;

92 (c) A first right of refusal to lease a parcel of state
93 land identified as a result of the geophysical seismic
94 exploration for the development and production of oil or gas
95 resources for a term of at least 5 years;

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

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

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

106 Section 2. This act shall take effect July 1, 2012.