

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; amending  
17          s. 377.24, F.S.; providing for the notice and  
18          permitting of storage in and recovery from natural gas  
19          storage reservoirs; creating s. 377.2407, F.S.;  
20          establishing a natural gas storage facility permit  
21          application process; specifying requirements for an  
22          application, including fees; amending s. 377.241,  
23          F.S.; providing criteria that the division must  
24          consider in issuing permits; amending s. 377.242,  
25          F.S.; granting authority to the department to issue  
26          permits to establish natural gas storage facilities;  
27          creating s. 377.2431, F.S.; establishing conditions  
28          and procedures for granting natural gas storage

29 facility permits; prohibiting the issuance of permits  
30 for facilities located in specified areas; creating s.  
31 377.2432, F.S.; providing for the protection of water  
32 supplies at natural gas storage facilities; providing  
33 that an operator is presumed responsible for pollution  
34 of an underground water supply under certain  
35 circumstances; creating s. 377.2433, F.S.; providing  
36 for the protection of natural gas storage facilities  
37 through requirement of notice, compliance with certain  
38 standards, and a right of entry to monitor activities;  
39 creating s. 377.2434, F.S.; providing that property  
40 rights to injected natural gas are with the injector  
41 or the injector's heirs, successors, or assigns;  
42 providing for compensation to the owner of the stratum  
43 and the owner of the surface for use of or damage to  
44 the surface or substratum; amending s. 377.25, F.S.;  
45 limiting the scope of certain drilling unit  
46 requirements; amending s. 377.28, F.S.; modifying  
47 situations in which the department is required to  
48 issue an order requiring unit operation; amending s.  
49 377.30, F.S.; providing that limitations on the amount  
50 of oil or gas taken do not apply to nonnative gas  
51 recovered from a permitted natural gas storage  
52 facility; amending s. 377.34, F.S.; providing for  
53 legal action against a person who appears to be  
54 violating a rule that relates to the storage or  
55 recovery of natural gas; amending s. 377.37, F.S.;  
56 expanding penalties to reach persons who violate the

57 terms of a permit relating to storage of gas in a  
58 natural gas storage facility; amending s. 377.371,  
59 F.S.; providing that a person storing gas in a natural  
60 gas storage facility may not pollute or otherwise  
61 damage certain areas and that a person who pollutes  
62 water by storing natural gas is liable for cleanup or  
63 other costs incurred by the state; amending s.  
64 403.973, F.S.; allowing expedited permitting for  
65 natural gas storage facilities permitted under ch.  
66 377, F.S., and certain projects to construct  
67 interstate natural gas pipelines; providing that  
68 natural gas storage facilities are subject to certain  
69 requirements; directing the department to adopt  
70 certain rules before issuing permits for natural gas  
71 storage facilities; providing an effective date.

72  
73 Be It Enacted by the Legislature of the State of Florida:

74  
75 Section 1. This act may be cited as the "Florida  
76 Underground Natural Gas Storage Act."

77 Section 2. Subsection (7) is added to section 211.02,  
78 Florida Statutes, to read:

79 211.02 Oil production tax; basis and rate of tax; tertiary  
80 oil and mature field recovery oil.—An excise tax is hereby  
81 levied upon every person who severs oil in the state for sale,  
82 transport, storage, profit, or commercial use. Except as  
83 otherwise provided in this part, the tax is levied on the basis  
84 of the entire production of oil in this state, including any

85 royalty interest. Such tax shall accrue at the time the oil is  
86 severed and shall be a lien on production regardless of the  
87 place of sale, to whom sold, or by whom used, and regardless of  
88 the fact that delivery of the oil may be made outside the state.

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

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

96 211.025 Gas production tax; basis and rate of tax.—An  
97 excise tax is hereby levied upon every person who severs gas in  
98 the state for sale, transport, profit, or commercial use. Except  
99 as otherwise provided in this part, the tax shall be levied on  
100 the basis of the entire production of gas in this state,  
101 including any royalty interest. Such tax shall accrue at the  
102 time the gas is severed and shall be a lien on production  
103 regardless of the place of sale, to whom sold, or by whom used  
104 and regardless of the fact that delivery of the gas may be made  
105 outside the state.

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

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

110 376.301 Definitions of terms used in ss. 376.30-376.317,  
111 376.70, and 376.75.—When used in ss. 376.30-376.317, 376.70, and  
112 376.75, unless the context clearly requires otherwise, the term:

113 (36) "Pollutants" includes any "product" as defined in s.  
 114 377.19(11), pesticides, ammonia, chlorine, and derivatives  
 115 thereof, excluding liquefied petroleum gas.

116 Section 5. Section 377.06, Florida Statutes, is amended to  
 117 read:

118 377.06 Public policy of state concerning natural resources  
 119 of oil and gas.—It is hereby declared ~~to be~~ the public policy of  
 120 this the state to conserve and control the natural resources of  
 121 oil and gas in this said state, and the products made from oil  
 122 and gas in this state ~~therefrom~~; to prevent waste of ~~said~~  
 123 natural resources; to provide for the protection and adjustment  
 124 of the correlative rights of the owners of the land in which the  
 125 ~~wherein said~~ natural resources lie, of and the owners and  
 126 producers of oil and gas resources and the products made from  
 127 oil and gas ~~therefrom~~, and of others interested in these  
 128 resources and products ~~therein~~; to safeguard the health,  
 129 property, and public welfare of the residents ~~citizens~~ of this  
 130 ~~said~~ state and other interested persons and for all purposes  
 131 indicated by the provisions in this section ~~herein~~. Further, it  
 132 is declared that underground storage of natural gas is in the  
 133 public interest because underground storage promotes  
 134 conservation of natural gas; makes gas more readily available to  
 135 the domestic, commercial, and industrial consumers of this  
 136 state; and allows the accumulation of large quantities of gas in  
 137 reserve for orderly withdrawal during emergencies or periods of  
 138 peak demand. It is not the intention of this section to limit,  
 139 ~~or~~ restrict, or modify in any way the provisions of this law.

140 Section 6. Section 377.18, Florida Statutes, is amended to

141 read:

142 377.18 Common sources of oil and gas.—All common sources  
 143 of supply of oil or native and gas ~~or either of them~~ shall have  
 144 the production ~~therefrom~~ controlled or regulated in accordance  
 145 with the provisions of this law.

146 Section 7. Section 377.19, Florida Statutes, is reordered  
 147 and amended to read:

148 377.19 Definitions.—As used ~~Unless the context otherwise~~  
 149 ~~requires, the words defined in this section shall have the~~  
 150 ~~following meanings when found in ss. 377.06, 377.07, and 377.10-~~  
 151 377.40, the term:

152 (1) ~~(21)~~ "Completion date" means the day, month, and year  
 153 that a new productive well, a previously shut-in well, or a  
 154 temporarily abandoned well is completed, repaired, or  
 155 recompleted and the operator begins producing oil or gas in  
 156 commercial quantities.

157 (2) "Department" means the Department of Environmental  
 158 Protection.

159 (3) ~~(1)~~ "Division" means the Division of Resource  
 160 Management of the Department of Environmental Protection.

161 (4) ~~(7)~~ "Field" means the general area that ~~which~~ is  
 162 underlaid, or appears to be underlaid, by at least one pool. The  
 163 term; ~~and "field"~~ includes the underground reservoir, or  
 164 reservoirs, containing oil or gas, or both. The terms ~~words~~  
 165 "field" and "pool" mean the same thing if ~~when~~ only one  
 166 underground reservoir is involved; however, the term "field,"  
 167 unlike the term "pool," may relate to two or more pools.

168 (5) "Gas" means all natural gas, including casinghead gas,

169 and all other hydrocarbons not defined as oil in subsection (4).

170 ~~(6)-(25)~~ "Horizontal well" means a well completed with the  
 171 wellbore in a horizontal or nearly horizontal orientation within  
 172 10 degrees of horizontal within the producing formation.

173 ~~(7)-(13)~~ "Illegal gas" means gas that ~~which~~ has been  
 174 produced within the state from any well or wells in excess of  
 175 the amount allowed by any rule, regulation, or order of the  
 176 division, as distinguished from gas produced within the State of  
 177 Florida from a well not producing in excess of the amount so  
 178 allowed, which is "legal gas."

179 ~~(8)-(12)~~ "Illegal oil" means oil that ~~which~~ has been  
 180 produced within the state from any well or wells in excess of  
 181 the amount allowed by rule, regulation, or order of the  
 182 division, as distinguished from oil produced within the state  
 183 from a well not producing in excess of the amount so allowed,  
 184 which is "legal oil."

185 ~~(9)-(14)~~ "Illegal product" means a ~~any~~ product of oil or  
 186 gas, any part of which was processed or derived, in whole or in  
 187 part, from illegal gas or illegal oil or from any product  
 188 thereof, as distinguished from "legal product," which is a  
 189 product processed or derived to no extent from illegal oil or  
 190 illegal gas.

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

195 ~~(11)~~ "Native gas" means gas that occurs naturally within  
 196 this state and does not include gas produced outside the state,

197 | transported to this state, and injected into a permitted natural  
 198 | gas storage facility.

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

214 | (13) "Natural gas storage reservoir" means a pool or field  
 215 | from which gas or oil has previously been produced and which is  
 216 | suitable for or capable of being made suitable for the  
 217 | injection, storage, and recovery of gas, as identified in a  
 218 | permit application submitted to the department under s.  
 219 | 377.2407.

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

223 | (15)-(4) "Oil" means crude petroleum oil and other  
 224 | hydrocarbons, regardless of gravity, which are produced at the



225 well in liquid form by ordinary production methods, and which  
226 are not the result of condensation of gas after it leaves the  
227 reservoir.

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

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

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

236 ~~(18)-(20)~~ "Operator" means the entity who:

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

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

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

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

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

253 separate pool as used herein.

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

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

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

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

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

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

279 (28)~~(2)~~ "State" means the State of Florida.

280 (29)~~(23)~~ "Temporarily abandoned well" means a permitted

281 well or wellbore that has been abandoned by plugging in a manner  
 282 that allows reentry and redevelopment in accordance with oil or  
 283 gas rules of the Department of Environmental Protection.

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

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

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

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

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

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

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

308 (f) The underground waste, however caused and whether or

309 not defined.

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) Permitting gas produced from a gas well to escape into  
316 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 to read:

338 377.22 Rules and orders.—

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

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

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

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

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

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

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

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

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

391 (i) To prevent wells from being drilled, operated, or  
 392 produced in such a manner as to cause injury to neighboring

393 | leases, ~~or~~ property, or natural gas storage reservoirs.

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

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

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

404 |       (m) To prevent fires.

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

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

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

413 |       (q) To regulate gas cycling operations.

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

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

419 |       (t)~~(s)~~ To require, either generally or in or from  
420 | particular areas, certificates of clearance or tenders in

421 connection with the transportation or delivery of oil or gas, or  
422 any product.

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

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

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

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

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

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

439 377.24 Notice of intention to drill well; permits;  
440 abandoned wells and dry holes.—

441 (1) Before drilling a ~~any~~ well in search of oil or gas, or  
442 before storing gas in or recovering gas from a natural gas  
443 storage reservoir ~~shall be drilled~~, the person who desires  
444 ~~desiring~~ to drill for, store, or recover gas, or drill for oil  
445 or gas, ~~the same~~ shall notify the division upon such form as it  
446 may prescribe and shall pay a reasonable fee set by rule of the  
447 department not to exceed the actual cost of processing and  
448 inspecting for each well or reservoir. The drilling of any well



449 and the storing and recovering of gas are ~~is hereby~~ prohibited  
450 until such notice is given, the ~~and such fee is~~ has been paid,  
451 and the permit is granted.

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

461 Section 11. Section 377.2407, Florida Statutes, is created  
462 to read:

463 377.2407 Natural gas storage facility permit application  
464 to inject gas into and recover gas from a natural gas storage  
465 reservoir.-

466 (1) Before drilling a well to inject gas into and recover  
467 gas from a natural gas storage reservoir, the person who desires  
468 to conduct such operation shall apply to the department in the  
469 manner described in this section using such form as the  
470 department may prescribe to obtain a natural gas storage  
471 facility permit. The department shall also require any applicant  
472 seeking to obtain such permit to pay a reasonable permit  
473 application fee. Such fee must be in an amount necessary to  
474 cover the costs associated with receiving, processing, issuing,  
475 and recertifying the permit application, and inspecting for  
476 compliance with the permit.

477        (2) Each application must contain:

478        (a) A detailed, three-dimensional description of the  
479 natural gas storage reservoir, including geologic-based  
480 descriptions of the reservoir boundaries, and the horizontal and  
481 vertical dimensions.

482        (b) A geographic description of the lateral storage  
483 reservoir boundary.

484        (c) A general description and location of all injection,  
485 recovery, withdrawal-only, and observation wells.

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

487        (e) Information demonstrating that the proposed natural  
488 gas storage reservoir is suitable for the storage and recovery  
489 of gas.

490        (f) Information identifying all reasonably known abandoned  
491 or active wells within the natural gas storage facility.

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

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

496        (i) A well inspection plan that requires, at a minimum,  
497 the inspection of all wells that are part of the natural gas  
498 storage facility and plugged wells within the natural gas  
499 storage facility boundary.

500        (j) A spill prevention and response plan.

501        (k) A well spacing plan.

502        (l) An operating plan for the natural gas storage  
503 reservoir, which must include gas capacities, anticipated  
504 operating conditions, and maximum storage pressure.

505 (m) A gas migration response plan.

506 (n) A location plat and general facility map surveyed and  
 507 prepared by a registered land surveyor licensed under chapter  
 508 472.

509 (3) The department may require the applicant to provide  
 510 additional information that is deemed necessary to permit the  
 511 development of the natural gas storage facility. Each well  
 512 related to the natural gas storage facility shall be authorized  
 513 and permitted individually upon the applicant's satisfying  
 514 applicable well construction and operation criteria under this  
 515 part; however, notwithstanding any other provision of this  
 516 chapter, well spacing requirements do not apply.

517 Section 12. Subsection (4) is added to section 377.241,  
 518 Florida Statutes, to read:

519 377.241 Criteria for issuance of permits.—The division, in  
 520 the exercise of its authority to issue permits as hereinafter  
 521 provided, shall give consideration to and be guided by the  
 522 following criteria:

523 (4) For activities and operations concerning a natural gas  
 524 storage facility, the nature, structure, and proposed use of the  
 525 natural gas storage reservoir is suitable for the storage and  
 526 recovery of gas without adverse effect to public health or  
 527 safety or the environment.

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

530 377.242 Permits for drilling or exploring and extracting  
 531 through well holes or by other means.—The department is vested  
 532 with the power and authority:

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

537  
538 Each permit shall contain an agreement by the permitholder that  
539 the permitholder will not prevent inspection by division  
540 personnel at any time. The provisions of this section  
541 prohibiting permits for drilling or exploring for oil in coastal  
542 waters do not apply to any leases entered into before June 7,  
543 1991.

544 Section 14. Section 377.2431, Florida Statutes, is created  
545 to read:

546 377.2431 Conditions for granting permits for natural gas  
547 storage facilities.-

548 (1) A natural gas storage facility permit shall authorize  
549 the construction and operation of a natural gas storage facility  
550 and must be issued for the life of the facility, subject to  
551 recertification every 10 years.

552 (2) Before issuing or recertifying a permit, the  
553 department shall require satisfactory evidence of the following:

554 (a) The applicant has implemented, or is in the process of  
555 implementing, programs for the control and mitigation of  
556 pollution related to oil, petroleum products or their  
557 byproducts, and other pollutants.

558 (b) The applicant or operator has acquired a lawful right  
559 to drill, explore, or develop a natural gas storage reservoir  
560 from owners of at least 75 percent of the storage rights within

561 the natural gas storage reservoir or the applicant or operator  
562 has obtained a certificate of public convenience and necessity  
563 for the natural gas storage reservoir from the Federal Energy  
564 Regulatory Commission pursuant to the Natural Gas Act, 15 U.S.C.  
565 ss. 717 et seq.

566 (c) The applicant has used all reasonable means to  
567 identify known wells that have been drilled into or through the  
568 natural gas storage reservoir or the reservoir protective area  
569 to determine the status of the wells and whether inactive or  
570 abandoned wells have been properly plugged. For any well that  
571 has not been properly plugged, before conducting injection  
572 operations and after issuance of the permit, the applicant must  
573 plug or recondition the well to ensure the integrity of the  
574 storage reservoir or the reservoir protective area.

575 (d) The applicant has tested the quality of water produced  
576 by all water supply wells within the lateral boundary of the  
577 natural gas storage facility and complied with all requirements  
578 under s. 377.2432. The applicant shall provide to the department  
579 and the owner of the water supply well a written copy of the  
580 water quality data collected under this paragraph.

581 (e) A determination has been made whether native gas or  
582 oil will be severed from below the soil or water of this state  
583 in the recovery of injected gas. If native gas or oil will be  
584 severed, the applicant or operator must acquire a lawful right  
585 to develop the native gas or oil before injecting gas into the  
586 natural gas storage reservoir.

587 (3) The applicant shall maintain records of well pressures  
588 recorded monthly, and monthly volumes of gas injected into and

589 withdrawn from the reservoir. These records shall be maintained  
590 at the natural gas storage facility and shall be made available  
591 for inspection by the department at any reasonable time.

592 (4) (a) The maximum storage pressure for a natural gas  
593 storage reservoir shall be the highest shut-in bottom hole  
594 pressure found to exist during the production history of the  
595 reservoir, unless a higher pressure is established by the  
596 department based on testing of caprock and pool containment. The  
597 methods used for determining the higher pressure must be  
598 approved by the department.

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

605 (5) A permit may not be issued for a natural gas storage  
606 facility that includes a natural gas storage reservoir located  
607 beneath an underground source of drinking water unless the  
608 applicant demonstrates that the injection, storage, or recovery  
609 of natural gas will not cause or allow natural gas to migrate  
610 into the underground source of drinking water; in any offshore  
611 location in the Gulf of Mexico, the Straits of Florida, or the  
612 Atlantic Ocean; or in any solution-mined cavern within a salt  
613 formation.

614 (6) A natural gas storage facility permit issued by the  
615 department must contain a condition that requires the permittee  
616 to obtain the lawful right to develop a natural gas storage

617 reservoir from the owners of 100 percent of the storage rights  
618 within the natural gas storage reservoir.

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

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

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

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

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

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

641 (3) If the affected underground water supply is within the  
642 rebuttable presumption area as provided in subsection (2) and  
643 the rebuttable presumption applies, the natural gas storage  
644 facility operator shall provide a temporary water supply if the

645 water user is without a readily available alternative source of  
646 water at no cost to the owner or user of the affected water  
647 supply. The temporary water supply provided under this  
648 subsection must be adequate in quantity and quality for the  
649 purposes served by the affected supply.

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

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

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

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

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

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

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



673       (6) A natural gas storage facility operator must provide  
674 written notice to the landowner or water purveyor indicating  
675 that the presumption established under subsection (2) may be  
676 void if the landowner or water purveyor refused to allow the  
677 operator access to conduct a predrilling or prealteration  
678 survey. Proof of written notice to the landowner or water  
679 purveyor must be provided to the department in order for the  
680 operator to retain the protections under subsection (4).

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

684       Section 16. Section 377.2433, Florida Statutes, is created  
685 to read:

686       377.2433 Protection of natural gas storage facilities;  
687 remedies.—

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

698       (2) As a condition for the issuance of a permit by the  
699 department, an applicant seeking to drill a well into or through  
700 a permitted natural gas storage facility boundary or reservoir

701 protective area must provide the affected natural gas storage  
702 facility operator a reasonable right of entry to observe and  
703 monitor all drilling activities.

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

709 Section 17. Section 377.2434, Florida Statutes, is created  
710 to read:

711 377.2434 Property rights to injected natural gas.—

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

717 (2) Such gas may not be subject to the right of the owner  
718 of the surface of the lands or of any mineral interest therein,  
719 under which the natural gas storage facilities lie, or to the  
720 right of any person, other than the injector or the injector's  
721 heirs, successors, or assigns, to waste or otherwise interfere  
722 with or exercise control over such gas, to produce, to take, or  
723 to reduce to possession, by means of the law of capture or  
724 otherwise. This subsection does not affect the ownership of  
725 hydrocarbons occurring naturally within this state or the right  
726 of the owner of the surface of the lands or of any mineral  
727 interest therein to drill or bore through the natural gas  
728 storage facilities in a manner that will protect the facilities

729 against pollution or the escape of stored natural gas.

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

733 (a) The injector or the injector's heirs, successors, or  
734 assigns:

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

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

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

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

748 377.25 Production pools; drilling units.—

749 (3) Each well permitted to be drilled upon any drilling  
750 unit shall be drilled approximately in the center thereof, with  
751 such exception as may be reasonably necessary where the division  
752 finds that the unit is partly outside the pool or, for some  
753 other reason, a well approximately in the center of the unit  
754 would be nonproductive or where topographical conditions are  
755 such as to make the drilling approximately in the center of the  
756 unit unduly burdensome or where the operator proposes to

757 complete the well with a horizontal or nearly horizontal well in  
758 the producing zone. Whenever an exception is granted, the  
759 division shall take such action as will offset any advantage  
760 which the person securing the exception may have over other  
761 producers by reason of the drilling of the well as an exception,  
762 and so that drainage from developed units to the tract, with  
763 respect to which the exception is granted, will be prevented or  
764 minimized, and the producer of the well drilled, as an  
765 exception, will be allowed to produce no more than his or her  
766 just and equitable share of the oil and gas in the pool, as such  
767 share is set forth in this section. This subsection does not  
768 apply to wells associated with a natural gas storage facility.

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

771 377.28 Cycling, pooling, and unitization of oil and gas.—

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

774 (a) Unit operation of the field, or of any pool or pools,  
775 portion or portions, or combinations thereof within the field,  
776 is reasonably necessary to prevent waste, to avoid the drilling  
777 of unnecessary wells, or to increase the ultimate recovery of  
778 oil or gas by additional recovery methods; ~~and~~

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

782 (c) The additional recovery of oil or gas does not  
783 adversely interfere with the storage or recovery of natural gas  
784 within a natural gas storage reservoir.

785  
 786 The phrase "additional recovery methods" as used herein  
 787 includes, but is not limited to, the maintenance or partial  
 788 maintenance of reservoir pressures; recycling; flooding a pool  
 789 or pools, or parts thereof, with air, gas, water, liquid  
 790 hydrocarbons, any other substance, or any combination thereof;  
 791 or any other method of producing additional hydrocarbons  
 792 approved by the department.

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

795 377.30 Limitation on amount of oil or gas taken.—

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

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

800 377.34 Actions and injunctions by division.—

801 (1) Whenever it appears ~~shall appear~~ that a ~~any~~ person is  
 802 violating, or threatening to violate, any statute of this state  
 803 with respect to the conservation of oil or gas, or both, or any  
 804 provision of this law, or any rule, regulation or order made  
 805 ~~thereunder~~ by any act done in the operation of a ~~any~~ well  
 806 producing oil or gas, or storing or recovering natural gas, or  
 807 by omitting an ~~any~~ act required to be done ~~thereunder~~, the  
 808 division, through its counsel, or the Department of Legal  
 809 Affairs on its own initiative, may bring suit against such  
 810 person in the Circuit Court in the County of Leon, state, or in  
 811 the circuit court in the county in which the well in question is  
 812 located, at the option of the division, or the Department of

813 Legal Affairs, to restrain such person or persons from  
814 continuing such violation or from carrying out the threat of  
815 violation. In such suit, the division, or the Department of  
816 Legal Affairs, may obtain injunctions, prohibitory and  
817 mandatory, including temporary restraining orders and temporary  
818 injunctions, as the facts may warrant, including, when  
819 appropriate, an injunction restraining any person from moving or  
820 disposing of illegal oil, illegal gas or illegal product, and  
821 any or all such commodities may be ordered to be impounded or  
822 placed under the control of a receiver appointed by the court  
823 if, in the judgment of the court, such action is advisable.

824 Section 22. Paragraph (a) of subsection (1) of section  
825 377.37, Florida Statutes, is amended to read:

826 377.37 Penalties.—

827 (1) (a) Any person who violates any provision of this law  
828 or any rule, regulation, or order of the division made under  
829 this chapter or who violates the terms of any permit to drill  
830 for or produce oil, gas, or other petroleum products referred to  
831 in s. 377.242(1)~~7~~ or to store gas in a natural gas storage  
832 facility, or any lessee, permitholder, or operator of equipment  
833 or facilities used in the exploration for, drilling for, or  
834 production of oil, gas, or other petroleum products, or storage  
835 of gas in a natural gas storage facility, who refuses inspection  
836 by the division as provided in this chapter, is liable to the  
837 state for any damage caused to the air, waters, or property,  
838 including animal, plant, or aquatic life, of the state and for  
839 reasonable costs and expenses of the state in tracing the source  
840 of the discharge, in controlling and abating the source and the

841 pollutants, and in restoring the air, waters, and property,  
 842 including animal, plant, and aquatic life, of the state.  
 843 Furthermore, such person, lessee, permitholder, or operator is  
 844 subject to the judicial imposition of a civil penalty in an  
 845 amount of not more than \$10,000 for each offense. However, the  
 846 court may receive evidence in mitigation. Each day during any  
 847 portion of which such violation occurs constitutes a separate  
 848 offense. Nothing herein shall give the department the right to  
 849 bring an action on behalf of any private person.

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

852 377.371 Pollution prohibited; reporting, liability.—

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

859 (3) Because it is the intent of this chapter to provide  
 860 the means for rapid and effective cleanup and to minimize  
 861 damages resulting from pollution in violation of this chapter,  
 862 if the waters of the state are polluted by the drilling, storage  
 863 of natural gas, or production operations of any person or  
 864 persons and such pollution damages or threatens to damage human,  
 865 animal, or plant life, public or private property, or any  
 866 mineral or water-bearing formation, said person shall be liable  
 867 to the state for all costs of cleanup or other damage incurred  
 868 by the state. In any suit to enforce claims of the state under

869 | this chapter, it is ~~shall~~ not ~~be~~ necessary for the state to  
870 | plead or prove negligence in any form or manner on the part of  
871 | the person or persons conducting the drilling or production  
872 | operations; the state need only plead and prove the fact of the  
873 | prohibited discharge or other polluting condition and that it  
874 | occurred at the facilities of the person or persons conducting  
875 | the drilling or production operation. A ~~No~~ person or persons  
876 | conducting the drilling, storage, or production operation may  
877 | not ~~shall~~ be held liable if said person or persons prove that  
878 | the prohibited discharge or other polluting condition was the  
879 | result of any of the following:

880 |       (a) An act of war.

881 |       (b) An act of government, either state, federal, or  
882 | municipal.

883 |       (c) An act of God, which means an unforeseeable act  
884 | exclusively occasioned by the violence of nature without the  
885 | interference of any human agency.

886 |       (d) An act or omission of a third party without regard to  
887 | whether any such act or omission was or was not negligent.

888 |       Section 24. Paragraph (b) of subsection (14) and paragraph  
889 | (b) of subsection (19) of section 403.973, Florida Statutes, are  
890 | amended, and paragraphs (g) and (h) are added to subsection (3)  
891 | of that section, to read:

892 |       403.973 Expedited permitting; amendments to comprehensive  
893 | plans.—

894 |       (3)

895 |       (g) Projects for natural gas storage facilities that are  
896 | permitted under chapter 377 are eligible for the expedited



897 permitting process.

898 (h) Projects to construct interstate natural gas pipelines  
 899 subject to certification by the Federal Energy Regulatory  
 900 Commission are eligible for the expedited permitting process.

901 (14)

902 (b) Projects identified in paragraphs ~~paragraph~~ (3) (f) -(h)  
 903 or challenges to state agency action in the expedited permitting  
 904 process for establishment of a state-of-the-art biomedical  
 905 research institution and campus in this state by the grantee  
 906 under s. 288.955 are subject to the same requirements as  
 907 challenges brought under paragraph (a), except that,  
 908 notwithstanding s. 120.574, summary proceedings must be  
 909 conducted within 30 days after a party files the motion for  
 910 summary hearing, regardless of whether the parties agree to the  
 911 summary proceeding.

912 (19) The following projects are ineligible for review  
 913 under this part:

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

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

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

921 3. Extract natural resources.

922 4. Produce oil.

923 5. Construct, maintain, or operate an oil, petroleum,  
 924 ~~natural gas,~~ or sewage pipeline.

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925           Section 25. The Department of Environmental Protection  
926 shall adopt rules relating to natural gas storage before issuing  
927 a natural gas storage facility permit.

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