



370216

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/10/2013	.	
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The Committee on Environmental Preservation and Conservation  
(Gardiner) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

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

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

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



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13 otherwise provided in this part, the tax is levied on the basis  
14 of the entire production of oil in this state, including any  
15 royalty interest. Such tax shall accrue at the time the oil is  
16 severed and shall be a lien on production regardless of the  
17 place of sale, to whom sold, or by whom used, and regardless of  
18 the fact that delivery of the oil may be made outside the state.

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

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

26 211.025 Gas production tax; basis and rate of tax.—An  
27 excise tax is hereby levied upon every person who severs gas in  
28 the state for sale, transport, profit, or commercial use. Except  
29 as otherwise provided in this part, the tax shall be levied on  
30 the basis of the entire production of gas in this state,  
31 including any royalty interest. Such tax shall accrue at the  
32 time the gas is severed and shall be a lien on production  
33 regardless of the place of sale, to whom sold, or by whom used  
34 and regardless of the fact that delivery of the gas may be made  
35 outside the state.

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

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

40 376.301 Definitions of terms used in ss. 376.30-376.317,  
41 376.70, and 376.75.—When used in ss. 376.30-376.317, 376.70, and



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42 376.75, unless the context clearly requires otherwise, the term:

43 (36) "Pollutants" includes any "product" as defined in s.  
44 377.19(11), pesticides, ammonia, chlorine, and derivatives  
45 thereof, excluding liquefied petroleum gas.

46 Section 5. Section 377.06, Florida Statutes, is amended to  
47 read:

48 377.06 Public policy of state concerning natural resources  
49 of oil and gas.—It is hereby declared ~~to be~~ the public policy of  
50 this the state to conserve and control the natural resources of  
51 oil and gas in this said state, and the products made from oil  
52 and gas in this state therefrom; to prevent waste of ~~said~~  
53 natural resources; to provide for the protection and adjustment  
54 of the correlative rights of the owners of the land in which the  
55 ~~wherein said~~ natural resources lie, of and the owners and  
56 producers of oil and gas resources and the products made from  
57 oil and gas therefrom, and of others interested in these  
58 resources and products therein; to safeguard the health,  
59 property, and public welfare of the residents citizens of this  
60 ~~said~~ state and other interested persons and for all purposes  
61 indicated by the provisions in this section herein. Further, it  
62 is declared that underground storage of natural gas is in the  
63 public interest because underground storage promotes  
64 conservation of natural gas; makes gas more readily available to  
65 the domestic, commercial, and industrial consumers of this  
66 state; and allows the accumulation of large quantities of gas in  
67 reserve for orderly withdrawal during emergencies or periods of  
68 peak demand. It is not the intention of this section to limit,  
69 ~~or~~ restrict, or modify in any way the provisions of this law.

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



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71 read:

72 377.18 Common sources of oil and gas.—All common sources of  
73 supply of oil or native and gas ~~or either of them~~ shall have the  
74 production ~~therefrom~~ controlled or regulated in accordance with  
75 the provisions of this law.

76 Section 7. Section 377.19, Florida Statutes, is reordered  
77 and amended to read:

78 377.19 Definitions.—As used ~~Unless the context otherwise~~  
79 ~~requires, the words defined in this section shall have the~~  
80 ~~following meanings when found in ss. 377.06, 377.07, and 377.10-~~  
81 ~~377.40, the term:~~

82 (3)~~(1)~~ "Division" means the Division of Resource Management  
83 of the Department of Environmental Protection.

84 (28)~~(2)~~ "State" means the State of Florida.

85 (20)~~(3)~~ "Person" means a ~~any~~ natural person, corporation,  
86 association, partnership, receiver, trustee, guardian, executor,  
87 administrator, fiduciary, or representative of any kind.

88 (15)~~(4)~~ "Oil" means crude petroleum oil and other  
89 hydrocarbons, regardless of gravity, which are produced at the  
90 well in liquid form by ordinary production methods, and which  
91 are not the result of condensation of gas after it leaves the  
92 reservoir.

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

95 (21)~~(6)~~ "Pool" means an underground reservoir containing or  
96 appearing to contain a common accumulation of oil or gas or  
97 both. Each zone of a general structure which is completely  
98 separated from any other zone on the structure is considered a  
99 separate pool as used herein.



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100            (4)~~(7)~~ "Field" means the general area that ~~which~~ is  
101 underlaid, or appears to be underlaid, by at least one pool. The  
102 term~~;~~ ~~and "field"~~ includes the underground reservoir, or  
103 reservoirs, containing oil or gas, or both. The terms ~~words~~  
104 "field" and "pool" mean the same thing if ~~when~~ only one  
105 underground reservoir is involved; however, the term "field,"  
106 unlike the term "pool," may relate to two or more pools.

107            (19)~~(8)~~ "Owner" means the person who has the right to drill  
108 into and to produce from any pool and to appropriate the  
109 production ~~either~~ for the person or for the person and another,  
110 or others.

111            (22)~~(9)~~ "Producer" means the owner or operator of a well or  
112 wells capable of producing oil or gas, or both.

113            (31)~~(10)~~ "Waste," in addition to its ordinary meaning,  
114 means "physical waste" as that term is generally understood in  
115 the oil and gas industry. The term "waste" includes:

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

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

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



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

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

133 (f) The underground waste, however caused and whether or  
134 not defined.

135 (g) The creation of unnecessary fire hazards.

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

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

140 (j) Permitting gas produced from a gas well to escape into  
141 the air.

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

146 ~~(23)-(11)~~ "Product" means a ~~any~~ commodity made from oil or  
147 gas and includes refined crude oil, crude tops, topped crude,  
148 processed crude petroleum, residue from crude petroleum,  
149 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,  
150 residuum, gas oil, casinghead gasoline, natural gas gasoline,  
151 naphtha, distillate, condensate, gasoline, waste oil, kerosene,  
152 benzine, wash oil, blended gasoline, lubricating oil, blends or  
153 mixtures of oil with one or more liquid products or byproducts  
154 derived from oil or gas, and blends or mixtures of two or more  
155 liquid products or byproducts derived from oil or gas, whether  
156 hereinabove enumerated or not.

157 ~~(8)-(12)~~ "Illegal oil" means oil that ~~which~~ has been



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158 produced within the state from any well or wells in excess of  
159 the amount allowed by rule, regulation, or order of the  
160 division, as distinguished from oil produced within the state  
161 from a well not producing in excess of the amount so allowed,  
162 which is "legal oil."

163 ~~(7)-(13)~~ "Illegal gas" means gas that ~~which~~ has been  
164 produced within the state from any well or wells in excess of  
165 the amount allowed by any rule, regulation, or order of the  
166 division, as distinguished from gas produced within the State of  
167 Florida from a well not producing in excess of the amount so  
168 allowed, which is "legal gas."

169 ~~(9)-(14)~~ "Illegal product" means a ~~any~~ product of oil or  
170 gas, any part of which was processed or derived, in whole or in  
171 part, from illegal gas or illegal oil or from any product  
172 thereof, as distinguished from "legal product," which is a  
173 product processed or derived to no extent from illegal oil or  
174 illegal gas.

175 ~~(24)-(15)~~ "Reasonable market demand" means the amount of oil  
176 reasonably needed for current consumption, together with a  
177 reasonable amount of oil for storage and working stocks.

178 ~~(30)-(16)~~ "Tender" means a permit or certificate of  
179 clearance for the transportation or the delivery of oil, gas, or  
180 products, approved and issued or registered under the authority  
181 of the division.

182 ~~(17)~~ ~~The use of the word "and" includes the word "or" and~~  
183 ~~the use of "or" includes "and," unless the context clearly~~  
184 ~~requires a different meaning, especially with respect to such~~  
185 ~~expressions as "oil and gas" or "oil or gas."~~

186 ~~(32)-(18)~~ "Well site" means the general area around a well,



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187 which area has been disturbed from its natural or existing  
188 condition, as well as the drilling or production pad, mud and  
189 water circulation pits, and other operation areas necessary to  
190 drill for or produce oil or gas, or to inject gas into and  
191 recover gas from a natural gas storage facility.

192 ~~(17)~~~~(19)~~ "Oil and gas administrator" means the State  
193 Geologist.

194 ~~(18)~~~~(20)~~ "Operator" means the entity who:

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

196 (b) As part of a natural gas storage facility, injects, or  
197 is engaged in the work of preparing to inject, gas into a  
198 natural gas storage reservoir; or stores gas in, or removes gas  
199 from, a natural gas storage reservoir.

200 ~~(1)~~~~(21)~~ "Completion date" means the day, month, and year  
201 that a new productive well, a previously shut-in well, or a  
202 temporarily abandoned well is completed, repaired, or  
203 recompleted and the operator begins producing oil or gas in  
204 commercial quantities.

205 ~~(26)~~~~(22)~~ "Shut-in well" means an oil or gas well that has  
206 been taken out of service for economic reasons or mechanical  
207 repairs.

208 ~~(29)~~~~(23)~~ "Temporarily abandoned well" means a permitted  
209 well or wellbore that has been abandoned by plugging in a manner  
210 that allows reentry and redevelopment in accordance with oil or  
211 gas rules of the Department of Environmental Protection.

212 ~~(14)~~~~(24)~~ "New field well" means an oil or gas well  
213 completed after July 1, 1997, in a new field as designated by  
214 the Department of Environmental Protection.

215 ~~(6)~~~~(25)~~ "Horizontal well" means a well completed with the





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216 wellbore in a horizontal or nearly horizontal orientation within  
217 10 degrees of horizontal within the producing formation.

218 (2) "Department" means the Department of Environmental  
219 Protection.

220 (10) "Lateral storage reservoir boundary" means the  
221 projection up to the land surface of the maximum horizontal  
222 extent of the gas volume contained in a natural gas storage  
223 reservoir.

224 (11) "Native gas" means gas that occurs naturally within  
225 this state and does not include gas produced outside the state,  
226 transported to this state, and injected into a permitted natural  
227 gas storage facility.

228 (12) "Natural gas storage facility" means an underground  
229 reservoir from which oil or gas has previously been produced and  
230 which is used or intended to be used for the underground storage  
231 of natural gas, and any surface or subsurface structure, or  
232 infrastructure, except wells. The term also includes a right or  
233 appurtenance necessary or useful in the operation of the  
234 facility for the underground storage of natural gas, including  
235 any necessary or reasonable reservoir protective area as  
236 designated for the purpose of ensuring the safe operation of the  
237 storage of natural gas or protecting the natural gas storage  
238 facility from pollution, invasion, escape, or migration of gas,  
239 or any subsequent extension thereof. The term does not mean a  
240 transmission, distribution, or gathering pipeline or system that  
241 is not used primarily as integral piping for a natural gas  
242 storage facility.

243 (13) "Natural gas storage reservoir" means a pool or field  
244 from which oil or gas has previously been produced and which is



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245 suitable for or capable of being made suitable for the  
246 injection, storage, and recovery of gas, as identified in a  
247 permit application submitted to the department under s.  
248 377.2407.

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

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

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

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

259 377.21 Jurisdiction of division.—

260 (1) The division shall have jurisdiction and authority over  
261 all persons and property necessary to administer and enforce  
262 effectively the provisions of this law and all other laws  
263 relating to the conservation of oil and gas or to the storage of  
264 gas in and recovery of gas from natural gas storage reservoirs.

265 Section 9. Subsection (2) of section 377.22, Florida  
266 Statutes, is amended to read:

267 377.22 Rules and orders.—

268 (2) The department shall issue orders and adopt rules  
269 pursuant to ss. 120.536~~(1)~~ and 120.54 to implement and enforce  
270 the provisions of this chapter. Such rules and orders shall  
271 ensure that all precautions are taken to prevent the spillage of  
272 oil or any other pollutant in all phases of the drilling for,  
273 and extracting of, oil, gas, or other petroleum products, or



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274 during the injection of gas into and recovery of gas from a  
275 natural gas storage reservoir. The department shall revise such  
276 rules from time to time as necessary for the proper  
277 administration and enforcement of this chapter. Rules adopted  
278 and orders issued in accordance with this section are ~~shall be~~  
279 for, but ~~shall~~ not ~~be~~ limited to, the following purposes:

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

284 (b) To prevent the alteration of the sheet flow of water in  
285 any area.

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

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

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

298 (f) To require a reasonable bond, or other form of security  
299 acceptable to the department, conditioned upon the performance  
300 of the duty to plug properly each dry and abandoned well and the  
301 full and complete restoration by the applicant of the area over  
302 which geophysical exploration, drilling, or production is



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303 conducted to the similar contour and general condition in  
304 existence prior to such operation.

305 (g) To require and carry out a reasonable program of  
306 monitoring or inspection of all drilling operations, ~~or~~  
307 producing wells, or injecting wells, including regular  
308 inspections by division personnel.

309 (h) To require the making of reports showing the location  
310 of all oil and gas wells; the making and filing of logs; the  
311 taking and filing of directional surveys; the filing of  
312 electrical, sonic, radioactive, and mechanical logs of oil and  
313 gas wells; if taken, the saving of cutting and cores, the cuts  
314 of which shall be given to the Bureau of Geology; and the making  
315 of reports with respect to drilling and production records.  
316 However, such information, or any part thereof, at the request  
317 of the operator, shall be exempt from the provisions of s.  
318 119.07(1) and held confidential by the division for a period of  
319 1 year after the completion of a well.

320 (i) To prevent wells from being drilled, operated, or  
321 produced in such a manner as to cause injury to neighboring  
322 leases, ~~or~~ property, or natural gas storage reservoirs.

323 (j) To prevent the drowning by water of any stratum, or  
324 part thereof, capable of producing oil or gas in paying  
325 quantities and to prevent the premature and irregular  
326 encroachment of water which reduces, or tends to reduce, the  
327 total ultimate recovery of oil or gas from any pool.

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

330 (l) To prevent "blowouts," "caving," and "seepage," in the  
331 sense that conditions indicated by such terms are generally



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332 understood in the oil and gas business.

333 (m) To prevent fires.

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

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

339 (p) To regulate secondary recovery methods, including the  
340 introduction of gas, air, water, or other substance into  
341 producing formations.

342 (q) To regulate gas cycling operations.

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

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

348 (t)~~(s)~~ To require, either generally or in or from  
349 particular areas, certificates of clearance or tenders in  
350 connection with the transportation or delivery of oil or gas, or  
351 any product.

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

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

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



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

363        ~~(y)(\*)~~ To act in a receivership capacity for fractional  
364 mineral interests for which the owners are unknown or unlocated  
365 and to administratively designate the operator as the lessee.

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

368        377.24 Notice of intention to drill well; permits;  
369 abandoned wells and dry holes.—

370        (1) Before drilling a any well in search of oil or gas, or  
371 before storing gas in or recovering gas from a natural gas  
372 storage reservoir shall be drilled, the person who desires  
373 desiring to drill for, store, or recover gas, or drill for oil,  
374 the same shall notify the division upon such form as it may  
375 prescribe and shall pay a reasonable fee set by rule of the  
376 department not to exceed the actual cost of processing and  
377 inspecting for each well or reservoir. The drilling of any well  
378 and the storing and recovering of gas are is hereby prohibited  
379 until such notice is given, the and such fee is has been paid,  
380 and the permit is granted.

381        (2) An Each application for the drilling of a well in  
382 search of oil or gas, or for the storing of gas in and  
383 recovering of gas from a natural gas storage reservoir, in this  
384 state must shall include the address of the residence of the  
385 applicant, or applicants each applicant, which must address  
386 shall be the address of each person involved in accordance with  
387 the records of the Division of Resource Management until such  
388 address is changed on the records of the division after written  
389 request.



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390 Section 11. Section 377.2407, Florida Statutes, is created  
391 to read:

392 377.2407 Natural gas storage facility permit application to  
393 inject gas into and recover gas from a natural gas storage  
394 reservoir.-

395 (1) Before drilling a well to inject gas into and recover  
396 gas from a natural gas storage reservoir, the person who desires  
397 to conduct such operation shall apply to the department in the  
398 manner described in this section using such form as the  
399 department may prescribe to obtain a natural gas storage  
400 facility permit. The Department of Environmental Protection  
401 shall also require any applicant seeking to obtain such permit  
402 to pay a reasonable permit application fee. Such fee must be in  
403 an amount necessary to cover the costs associated with  
404 permitting, processing, issuing, and recertifying the permit  
405 application, and inspecting for compliance with the permit.

406 (2) Each application must contain:

407 (a) A detailed, three-dimensional description of the  
408 natural gas storage reservoir, including geologic-based  
409 descriptions of the reservoir boundaries, and the horizontal and  
410 vertical dimensions.

411 (b) A geographic description of the lateral reservoir  
412 boundary.

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

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

416 (e) Information demonstrating that the proposed natural gas  
417 storage reservoir is suitable for the storage and recovery of  
418 gas.



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

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

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

425 (i) A well inspection plan that requires, at a minimum, the  
426 inspection of all wells that are part of the natural gas storage  
427 facility and plugged wells within the natural gas storage  
428 facility boundary.

429 (j) A spill prevention and response plan.

430 (k) A well spacing plan.

431 (l) An operating plan for the natural gas storage  
432 reservoir, which must include gas capacities, anticipated  
433 operating conditions, and maximum storage pressure.

434 (m) A gas migration response plan.

435 (n) A location plat and general facility map surveyed and  
436 prepared by a registered land surveyor licensed under chapter  
437 472.

438 (3) The department may require additional information that  
439 is deemed necessary to permit the development of the natural gas  
440 storage facility. Each well related to the natural gas storage  
441 facility shall be authorized and permitted individually upon the  
442 applicant satisfying applicable well construction and operation  
443 criteria under this part; however, notwithstanding any other  
444 provision under this chapter, well spacing requirements do not  
445 apply.

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





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448           377.241 Criteria for issuance of permits.—The division, in  
449 the exercise of its authority to issue permits as hereinafter  
450 provided, shall give consideration to and be guided by the  
451 following criteria:

452           (4) For activities and operations concerning a natural gas  
453 storage facility, the nature, structure, and proposed use of the  
454 natural gas storage reservoir is suitable for the storage and  
455 recovery of gas without adverse effect to public health or  
456 safety or the environment.

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

459           377.242 Permits for drilling or exploring and extracting  
460 through well holes or by other means.—The department is vested  
461 with the power and authority:

462           (3) To issue permits to establish natural gas storage  
463 facilities or construct wells for the injection and recovery of  
464 any natural gas for ~~temporary~~ storage in natural gas storage  
465 ~~subsurface~~ reservoirs.

466  
467 Each permit shall contain an agreement by the permit holder that  
468 the permit holder will not prevent inspection by division  
469 personnel at any time. The provisions of this section  
470 prohibiting permits for drilling or exploring for oil in coastal  
471 waters do not apply to any leases entered into before June 7,  
472 1991.

473           Section 14. Section 377.2431, Florida Statutes, is created  
474 to read:

475           377.2431 Conditions for granting permits for natural gas  
476 storage facilities.—



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477       (1) A natural gas storage facility permit shall authorize  
478 the construction and operation of a natural gas storage facility  
479 and must be issued for the life of the facility, subject to  
480 recertification every 10 years.

481       (2) Before issuing or recertifying a permit, the division  
482 shall require satisfactory evidence of the following:

483       (a) The applicant has implemented, or is in the process of  
484 implementing, programs for the control and mitigation of  
485 pollution related to oil, petroleum products or their  
486 byproducts, and other pollutants.

487       (b) The applicant or operator has acquired a lawful right  
488 to drill, explore, or develop a natural gas storage reservoir  
489 from owners of at least 75 percent of the storage rights within  
490 the natural gas storage reservoir, or the applicant or operator  
491 has obtained a certificate of public convenience and necessity  
492 for the natural gas storage reservoir from the Federal Energy  
493 Regulatory Commission pursuant to the Natural Gas Act, 15 U.S.C.  
494 ss. 717 et seq.

495       (c) The applicant has used all reasonable means to identify  
496 known wells that have been drilled into or through the natural  
497 gas storage reservoir or reservoir protective area to determine  
498 the status of the wells and whether inactive or abandoned wells  
499 have been properly plugged. For any well that has not been  
500 properly plugged, before conducting injection operations and  
501 after issuance of the permit, the applicant must plug or  
502 recondition the well to ensure the integrity of the storage  
503 reservoir or reservoir protective area.

504       (d) The applicant has tested the quality of water produced  
505 by all water supply wells within the lateral boundary of the



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506 natural gas storage facility and complied with all requirements  
507 under s. 377.2432. The applicant shall provide to the department  
508 and the owner of the water supply well a written copy of the  
509 water quality data collected under this paragraph.

510 (e) A determination has been made regarding whether native  
511 gas or oil will be severed from below the soil or water of this  
512 state in the recovery of injected gas. If native gas or oil will  
513 be severed, the applicant or operator must acquire a lawful  
514 right to develop the native gas or oil before injecting gas into  
515 the natural gas storage reservoir.

516 (3) The applicant shall maintain records of well pressures  
517 recorded monthly, and monthly volumes of gas injected into and  
518 withdrawn from the reservoir. These records shall be maintained  
519 at the natural gas storage facility and shall be made available  
520 for inspection by the department at any reasonable time.

521 (4) (a) The maximum storage pressure for a natural gas  
522 storage reservoir shall be the highest shut-in bottom hole  
523 pressure found to exist during the production history of the  
524 reservoir, unless a higher pressure is established by the  
525 department based on testing of caprock and pool containment. The  
526 methods used for determining the higher pressure must be  
527 approved by the department.

528 (b) If the shut-in bottom hole pressure of the original  
529 discovery or of the highest production is not known, or a higher  
530 pressure has not been established through a method approved by  
531 the department pursuant to paragraph (a), the maximum storage  
532 reservoir pressure must be limited to a freshwater hydrostatic  
533 gradient.

534 (5) A county or municipality may not adopt an ordinance,



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535 resolution, comprehensive plan, or land development regulation,  
536 or otherwise attempt to regulate or enforce any matter  
537 concerning natural gas storage facilities governed under this  
538 part.

539 (6) A permit may not be issued for a natural gas storage  
540 facility that includes a natural gas storage reservoir located  
541 beneath an underground source of drinking water unless the  
542 applicant demonstrates that the injection or recovery of natural  
543 gas will not cause or allow natural gas to migrate into the  
544 underground source of drinking water; or in any offshore  
545 location in the Gulf of Mexico, the Straits of Florida, or the  
546 Atlantic Ocean; or in any solution-mined cavern within a salt  
547 formation.

548 Section 15. Section 377.2432, Florida Statutes, is created  
549 to read:

550 377.2432 Natural gas storage facilities; protection of  
551 water supplies.-

552 (1) An operator of a natural gas storage facility who  
553 affects a public or private underground water supply by  
554 pollution or diminution shall restore or replace the affected  
555 supply with an alternate source of water adequate in quantity  
556 and quality for the purposes served by the supply. The  
557 department shall ensure that the quality of restored or replaced  
558 water is comparable to the quality of the water before it was  
559 affected by the operator.

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

563 (a) The water supply is within the lateral boundary of the



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564 natural gas storage facility; and

565 (b) The pollution occurred within 6 months after completion  
566 of drilling or alteration of any well under or associated with  
567 the natural gas storage facility permit or after the initial  
568 injection of gas into the natural gas storage reservoir,  
569 whichever is later.

570 (3) If the affected underground water supply is within the  
571 rebuttable presumption area as provided in subsection (2) and  
572 the rebuttable presumption applies, the natural gas storage  
573 facility operator shall provide a temporary water supply if the  
574 water user is without a readily available alternative source of  
575 water at no cost to the owner of the affected water supply. The  
576 temporary water supply provided under this subsection must be  
577 adequate in quantity and quality for the purposes served by the  
578 affected supply.

579 (4) A natural gas storage facility operator rebuts the  
580 presumption in subsection (2) by affirmatively proving any of  
581 the following:

582 (a) The pollution existed before the drilling or alteration  
583 activity as determined by a predrilling or prealteration survey.

584 (b) The landowner or water purveyor refused to allow the  
585 operator access to conduct a predrilling or prealteration  
586 survey.

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

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

592 (e) The pollution occurred as the result of a cause other



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593 than activities authorized under the natural gas storage  
594 facility permit.

595 (5) A natural gas storage facility operator electing to  
596 preserve a defense under subsection (4) must retain an  
597 independent certified laboratory to conduct a predrilling or  
598 prealteration survey of the water supply. A copy of survey  
599 results must be submitted to the department and the landowner or  
600 water purveyor in the manner prescribed by the department.

601 (6) A natural gas storage facility operator must provide  
602 written notice to the landowner or water purveyor indicating  
603 that the presumption established under subsection (2) may be  
604 void if the landowner or water purveyor refused to allow the  
605 operator access to conduct a predrilling or prealteration  
606 survey. Proof of written notice to the landowner or water  
607 purveyor must be provided to the department in order for the  
608 operator to retain the protections under subsection (4).

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

612 Section 16. Section 377.2433, Florida Statutes, is created  
613 to read:

614 377.2433 Protection of natural gas storage facilities.—

615 (1) The department may not authorize the drilling of any  
616 well into or through a permitted natural gas storage reservoir  
617 or reservoir protective area, except upon conditions deemed by  
618 the department to be sufficient to prevent the loss, migration,  
619 or escape of gas from the natural gas storage reservoir. The  
620 department shall provide written notice to the natural gas  
621 storage facility operator of any application filed with the



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622 department and any agency action taken related to drilling a  
623 well into or through a permitted natural gas storage facility  
624 boundary or reservoir protective area.

625 (2) As a condition for the issuance of a permit by the  
626 department, an applicant seeking to drill a well into or through  
627 a permitted natural gas storage facility boundary or reservoir  
628 protective area must provide the affected natural gas storage  
629 facility operator a reasonable right of entry to observe and  
630 monitor all drilling activities.

631 (3) The department shall ensure that any well drilled into  
632 or through a permitted natural gas storage reservoir or  
633 reservoir protective area is cased and cemented in a manner  
634 sufficient to protect the integrity of the natural gas storage  
635 reservoir.

636 Section 17. Section 377.2434, Florida Statutes, is created  
637 to read:

638 377.2434 Property rights to injected natural gas.-

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

644 (2) Such gas may not be subject to the right of the owner  
645 of the surface of the lands or of any mineral interest therein,  
646 under which the natural gas storage facilities lie, or to the  
647 right of any person, other than the injector or the injector's  
648 heirs, successors, or assigns, to waste or otherwise interfere  
649 with or exercise control over such gas, to produce, to take, or  
650 to reduce to possession, by means of the law of capture or



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651 otherwise. This subsection does not affect the ownership of  
652 hydrocarbons occurring naturally within this state or the right  
653 of the owner of the surface of the lands or of any mineral  
654 interest therein to drill or bore through the natural gas  
655 storage facilities in a manner that will protect the facilities  
656 against pollution or the escape of stored natural gas.

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

660 (a) The injector or the injector's heirs, successors, or  
661 assigns:

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

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

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

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

675 377.25 Production pools; drilling units.—

676 (3) Each well permitted to be drilled upon any drilling  
677 unit shall be drilled approximately in the center thereof, with  
678 such exception as may be reasonably necessary where the division  
679 finds that the unit is partly outside the pool or, for some





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680 other reason, a well approximately in the center of the unit  
681 would be nonproductive or where topographical conditions are  
682 such as to make the drilling approximately in the center of the  
683 unit unduly burdensome or where the operator proposes to  
684 complete the well with a horizontal or nearly horizontal well in  
685 the producing zone. Whenever an exception is granted, the  
686 division shall take such action as will offset any advantage  
687 which the person securing the exception may have over other  
688 producers by reason of the drilling of the well as an exception,  
689 and so that drainage from developed units to the tract, with  
690 respect to which the exception is granted, will be prevented or  
691 minimized, and the producer of the well drilled, as an  
692 exception, will be allowed to produce no more than his or her  
693 just and equitable share of the oil and gas in the pool, as such  
694 share is set forth in this section. This subsection does not  
695 apply to wells associated with a natural gas storage facility.

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

698 377.28 Cycling, pooling, and unitization of oil and gas.—

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

701 (a) Unit operation of the field, or of any pool or pools,  
702 portion or portions, or combinations thereof within the field,  
703 is reasonably necessary to prevent waste, to avoid the drilling  
704 of unnecessary wells, or to increase the ultimate recovery of  
705 oil or gas by additional recovery methods; ~~and~~

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



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709           (c) The additional recovery of oil or gas does not  
710 adversely interfere with the storage or recovery of natural gas  
711 within a natural gas storage reservoir.

712  
713       The phrase "additional recovery methods" as used herein  
714 includes, but is not limited to, the maintenance or partial  
715 maintenance of reservoir pressures; recycling; flooding a pool  
716 or pools, or parts thereof, with air, gas, water, liquid  
717 hydrocarbons, any other substance, or any combination thereof;  
718 or any other method of producing additional hydrocarbons  
719 approved by the department.

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

722           377.30 Limitation on amount of oil or gas taken.—

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

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

727           377.34 Actions and injunctions by division.—

728           (1) Whenever it appears ~~shall appear~~ that a ~~any~~ person is  
729 violating, or threatening to violate, any statute of this state  
730 with respect to the conservation of oil or gas, or both, or any  
731 provision of this law, or any rule, regulation or order made  
732 ~~thereunder~~ by any act done in the operation of a ~~any~~ well  
733 producing oil or gas, or storing or recovering natural gas, or  
734 by omitting an ~~any~~ act required to be done ~~thereunder~~, the  
735 division, through its counsel, or the Department of Legal  
736 Affairs on its own initiative, may bring suit against such  
737 person in the Circuit Court in the County of Leon, state, or in



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738 the circuit court in the county in which the well in question is  
739 located, at the option of the division, or the Department of  
740 Legal Affairs, to restrain such person or persons from  
741 continuing such violation or from carrying out the threat of  
742 violation. In such suit, the division, or the Department of  
743 Legal Affairs, may obtain injunctions, prohibitory and  
744 mandatory, including temporary restraining orders and temporary  
745 injunctions, as the facts may warrant, including, when  
746 appropriate, an injunction restraining any person from moving or  
747 disposing of illegal oil, illegal gas or illegal product, and  
748 any or all such commodities may be ordered to be impounded or  
749 placed under the control of a receiver appointed by the court  
750 if, in the judgment of the court, such action is advisable.

751 Section 22. Paragraph (a) of subsection (1) of section  
752 377.37, Florida Statutes, is amended to read:

753 377.37 Penalties.—

754 (1) (a) Any person who violates any provision of this law or  
755 any rule, regulation, or order of the division made under this  
756 chapter or who violates the terms of any permit to drill for or  
757 produce oil, gas, or other petroleum products referred to in s.  
758 377.242(1), or to store gas in a natural gas storage facility,  
759 or any lessee, permitholder, or operator of equipment or  
760 facilities used in the exploration for, drilling for, or  
761 production of oil, gas, or other petroleum products, or storage  
762 of gas in a natural gas storage facility, who refuses inspection  
763 by the division as provided in this chapter, is liable to the  
764 state for any damage caused to the air, waters, or property,  
765 including animal, plant, or aquatic life, of the state and for  
766 reasonable costs and expenses of the state in tracing the source



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767 of the discharge, in controlling and abating the source and the  
768 pollutants, and in restoring the air, waters, and property,  
769 including animal, plant, and aquatic life, of the state.  
770 Furthermore, such person, lessee, permitholder, or operator is  
771 subject to the judicial imposition of a civil penalty in an  
772 amount of not more than \$10,000 for each offense. However, the  
773 court may receive evidence in mitigation. Each day during any  
774 portion of which such violation occurs constitutes a separate  
775 offense. Nothing herein shall give the department the right to  
776 bring an action on behalf of any private person.

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

779 377.371 Pollution prohibited; reporting, liability.-

780 (1) A ~~Ne~~ person drilling for or producing oil, gas, or  
781 other petroleum products, or storing gas in a natural gas  
782 storage facility, may not ~~shall~~ pollute land or water; damage  
783 aquatic or marine life, wildlife, birds, or public or private  
784 property; or allow any extraneous matter to enter or damage any  
785 mineral or freshwater-bearing formation.

786 (3) Because it is the intent of this chapter to provide the  
787 means for rapid and effective cleanup and to minimize damages  
788 resulting from pollution in violation of this chapter, if the  
789 waters of the state are polluted by the drilling, storage of  
790 natural gas, or production operations of any person or persons  
791 and such pollution damages or threatens to damage human, animal,  
792 or plant life, public or private property, or any mineral or  
793 water-bearing formation, said person shall be liable to the  
794 state for all costs of cleanup or other damage incurred by the  
795 state. In any suit to enforce claims of the state under this



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796 chapter, it is ~~shall~~ not ~~be~~ necessary for the state to plead or  
797 prove negligence in any form or manner on the part of the person  
798 or persons conducting the drilling or production operations; the  
799 state need only plead and prove the fact of the prohibited  
800 discharge or other polluting condition and that it occurred at  
801 the facilities of the person or persons conducting the drilling  
802 or production operation. A ~~No~~ person or persons conducting the  
803 drilling, storage, or production operation may not ~~shall~~ be held  
804 liable if said person or persons prove that the prohibited  
805 discharge or other polluting condition was the result of any of  
806 the following:

807 (a) An act of war.

808 (b) An act of government, either state, federal, or  
809 municipal.

810 (c) An act of God, which means an unforeseeable act  
811 exclusively occasioned by the violence of nature without the  
812 interference of any human agency.

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

815 Section 24. Paragraph (b) of subsection (14) and paragraph  
816 (b) of subsection (19) of section 403.973, Florida Statutes, are  
817 amended, and paragraphs (g) and (h) are added to subsection (3)  
818 of that section, to read:

819 403.973 Expedited permitting; amendments to comprehensive  
820 plans.—

821 (3)

822 (g) Projects for natural gas storage facilities that are  
823 permitted under chapter 377 are eligible for the expedited  
824 permitting process.



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

828           (14)

829           (b) Projects identified in paragraph (3) (f), (3) (g), or  
830 (3) (h) or challenges to state agency action in the expedited  
831 permitting process for establishment of a state-of-the-art  
832 biomedical research institution and campus in this state by the  
833 grantee under s. 288.955 are subject to the same requirements as  
834 challenges brought under paragraph (a), except that,  
835 notwithstanding s. 120.574, summary proceedings must be  
836 conducted within 30 days after a party files the motion for  
837 summary hearing, regardless of whether the parties agree to the  
838 summary proceeding.

839           (19) The following projects are ineligible for review under  
840 this part:

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

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

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

848           3. Extract natural resources.

849           4. Produce oil.

850           5. Construct, maintain, or operate an oil, petroleum,  
851 ~~natural gas,~~ or sewage pipeline.

852           Section 25. The Department of Environmental Protection  
853 shall adopt rules relating to natural gas storage before issuing



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854 a natural gas storage facility permit.

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

856

857 ===== T I T L E A M E N D M E N T =====

858 And the title is amended as follows:

859 Delete everything before the enacting clause

860 and insert:

861 A bill to be entitled

862 An act relating to underground natural gas storage;

863 providing a short title; amending s. 211.02, F.S.;

864 narrowing the use of the term "oil"; amending s.

865 211.025, F.S.; narrowing the scope of the gas

866 production tax to apply only to native gas; amending

867 s. 376.301, F.S.; conforming a cross-reference;

868 amending s. 377.06, F.S.; making grammatical changes;

869 declaring underground natural gas storage to be in the

870 public interest; amending s. 377.18, F.S.; clarifying

871 common sources of oil and gas; amending s. 377.19,

872 F.S.; modifying and providing definitions; amending s.

873 377.21, F.S.; extending the jurisdiction of the

874 Division of Resource Management of the Department of

875 Environmental Protection; amending s. 377.22, F.S.;

876 expanding the scope of the department's rules and

877 orders; amending s. 377.24, F.S.; providing for the

878 notice and permitting of storage in and recovery from

879 natural gas storage reservoirs; creating s. 377.2407,

880 F.S.; establishing a natural gas storage facility

881 permit application process; specifying requirements

882 for an application, including fees; amending s.



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883 377.241, F.S.; providing criteria that the division  
884 must consider in issuing permits; amending s. 377.242,  
885 F.S.; granting authority to the department to issue  
886 permits to establish natural gas storage facilities;  
887 creating s. 377.2431, F.S.; establishing conditions  
888 and procedures for granting natural gas storage  
889 facility permits; limiting the right of a county or  
890 municipality to regulate natural gas storage  
891 facilities; prohibiting a permit for certain natural  
892 gas storage facilities; creating s. 377.2432, F.S.;  
893 providing for the protection of water supplies at  
894 natural gas storage facilities; providing that a  
895 natural gas storage facility operator is presumed  
896 responsible for pollution of an underground water  
897 supply under certain circumstances; creating s.  
898 377.2433, F.S.; providing for the protection of  
899 natural gas storage facilities through a requirement  
900 of notice, compliance with certain standards, and a  
901 right of entry to monitor activities; creating s.  
902 377.2434, F.S.; providing that property rights to  
903 injected natural gas are with the injector or the  
904 injector's heirs, successors, or assigns; providing  
905 for compensation to the owner of the stratum and the  
906 owner of the surface for use of or damage to the  
907 surface or substratum; amending s. 377.25, F.S.;  
908 limiting the scope of certain drilling unit  
909 requirements; amending s. 377.28, F.S.; modifying  
910 situations in which the department is required to  
911 issue an order requiring unit operation; amending s.





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912 377.30, F.S.; providing that limitations on the amount  
913 of oil or gas taken do not apply to nonnative gas  
914 recovered from a permitted natural gas storage  
915 facility; amending s. 377.34, F.S.; providing for  
916 legal action against a person who appears to be  
917 violating a rule that relates to the storage or  
918 recovery of natural gas; amending s. 377.37, F.S.;  
919 expanding penalties to reach persons who violate the  
920 terms of a permit relating to storage of gas in a  
921 natural gas storage facility; amending s. 377.371,  
922 F.S.; providing that a person storing gas in a natural  
923 gas storage facility may not pollute or otherwise  
924 damage certain areas and that a person who pollutes  
925 water by storing natural gas is liable for cleanup or  
926 other costs incurred by the state; amending s.  
927 403.973, F.S.; allowing expedited permitting for  
928 natural gas storage facilities permitted under ch.  
929 377, F.S., and for certain projects to construct  
930 interstate natural gas pipelines; providing that  
931 natural gas storage facilities are subject to certain  
932 requirements; requiring the Department of  
933 Environmental Protection to adopt rules; providing an  
934 effective date.