

By the Committee on Environmental Preservation and Conservation;
and Senators Richter and Smith

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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.; making grammatical changes;
9 declaring underground natural gas storage to be in the
10 public interest; amending s. 377.18, F.S.; clarifying
11 common sources of oil and gas; amending s. 377.19,
12 F.S.; modifying and providing definitions; amending s.
13 377.21, F.S.; extending the jurisdiction of the
14 Division of Resource Management of the Department of
15 Environmental Protection; amending s. 377.22, F.S.;
16 expanding the scope of the department's rules and
17 orders; amending s. 377.24, F.S.; providing for the
18 notice and permitting of storage in and recovery from
19 natural gas storage reservoirs; creating s. 377.2407,
20 F.S.; establishing a natural gas storage facility
21 permit application process; specifying requirements
22 for an application, including fees; amending s.
23 377.241, F.S.; providing criteria that the division
24 must 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; limiting the right of a county or

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

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

75
76 Be It Enacted by the Legislature of the State of Florida:

77
78 Section 1. This act may be cited as the "Florida
79 Underground Natural Gas Storage Act."

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

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

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

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

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

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

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

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

113 376.301 Definitions of terms used in ss. 376.30-376.317,
114 376.70, and 376.75.—When used in ss. 376.30-376.317, 376.70, and
115 376.75, unless the context clearly requires otherwise, the term:

116 (36) "Pollutants" includes any "product" as defined in s.

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117 377.19~~(11)~~, pesticides, ammonia, chlorine, and derivatives
118 thereof, excluding liquefied petroleum gas.

119 Section 5. Section 377.06, Florida Statutes, is amended to
120 read:

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

143 Section 6. Section 377.18, Florida Statutes, is amended to
144 read:

145 377.18 Common sources of oil and gas.—All common sources of

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146 supply of oil or native and gas ~~or either of them~~ shall have the
147 production ~~therefrom~~ controlled or regulated in accordance with
148 the provisions of this law.

149 Section 7. Section 377.19, Florida Statutes, is reordered
150 and amended to read:

151 377.19 Definitions.—As used ~~Unless the context otherwise~~
152 ~~requires, the words defined in this section shall have the~~
153 ~~following meanings when found~~ in ss. 377.06, 377.07, and 377.10-
154 377.40, the term:

155 (3) ~~(1)~~ "Division" means the Division of Resource Management
156 of the Department of Environmental Protection.

157 (28) ~~(2)~~ "State" means the State of Florida.

158 (20) ~~(3)~~ "Person" means a ~~any~~ natural person, corporation,
159 association, partnership, receiver, trustee, guardian, executor,
160 administrator, fiduciary, or representative of any kind.

161 (15) ~~(4)~~ "Oil" means crude petroleum oil and other
162 hydrocarbons, regardless of gravity, which are produced at the
163 well in liquid form by ordinary production methods, and which
164 are not the result of condensation of gas after it leaves the
165 reservoir.

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

168 (21) ~~(6)~~ "Pool" means an underground reservoir containing or
169 appearing to contain a common accumulation of oil or gas or
170 both. Each zone of a general structure which is completely
171 separated from any other zone on the structure is considered a
172 separate pool as used herein.

173 (4) ~~(7)~~ "Field" means the general area that ~~which~~ is
174 underlaid, or appears to be underlaid, by at least one pool. The

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175 ~~term; and "field"~~ includes the underground reservoir, or
176 reservoirs, containing oil or gas, or both. The terms ~~words~~
177 "field" and "pool" mean the same thing if ~~when~~ only one
178 underground reservoir is involved; however, the term "field,"
179 unlike the term "pool," may relate to two or more pools.

180 (19) ~~(8)~~ "Owner" means the person who has the right to drill
181 into and to produce from any pool and to appropriate the
182 production ~~either~~ for the person or for the person and another,
183 or others.

184 (22) ~~(9)~~ "Producer" means the owner or operator of a well or
185 wells capable of producing oil or gas, or both.

186 (31) ~~(10)~~ "Waste," in addition to its ordinary meaning,
187 means "physical waste" as that term is generally understood in
188 the oil and gas industry. The term "waste" includes:

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

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

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

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

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

206 (f) The underground waste, however caused and whether or
207 not defined.

208 (g) The creation of unnecessary fire hazards.

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

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

213 (j) Permitting gas produced from a gas well to escape into
214 the air.

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

219 ~~(23)-(11)~~ "Product" means a ~~any~~ commodity made from oil or
220 gas and includes refined crude oil, crude tops, topped crude,
221 processed crude petroleum, residue from crude petroleum,
222 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,
223 residuum, gas oil, casinghead gasoline, natural gas gasoline,
224 naphtha, distillate, condensate, gasoline, waste oil, kerosene,
225 benzine, wash oil, blended gasoline, lubricating oil, blends or
226 mixtures of oil with one or more liquid products or byproducts
227 derived from oil or gas, and blends or mixtures of two or more
228 liquid products or byproducts derived from oil or gas, whether
229 hereinabove enumerated or not.

230 ~~(8)-(12)~~ "Illegal oil" means oil that ~~which~~ has been
231 produced within the state from any well or wells in excess of
232 the amount allowed by rule, regulation, or order of the

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233 division, as distinguished from oil produced within the state
234 from a well not producing in excess of the amount so allowed,
235 which is "legal oil."

236 (7)~~(13)~~ "Illegal gas" means gas that ~~which~~ has been
237 produced within the state from any well or wells in excess of
238 the amount allowed by any rule, regulation, or order of the
239 division, as distinguished from gas produced within the State of
240 Florida from a well not producing in excess of the amount so
241 allowed, which is "legal gas."

242 (9)~~(14)~~ "Illegal product" means a ~~any~~ product of oil or
243 gas, any part of which was processed or derived, in whole or in
244 part, from illegal gas or illegal oil or from any product
245 thereof, as distinguished from "legal product," which is a
246 product processed or derived to no extent from illegal oil or
247 illegal gas.

248 (24)~~(15)~~ "Reasonable market demand" means the amount of oil
249 reasonably needed for current consumption, together with a
250 reasonable amount of oil for storage and working stocks.

251 (30)~~(16)~~ "Tender" means a permit or certificate of
252 clearance for the transportation or the delivery of oil, gas, or
253 products, approved and issued or registered under the authority
254 of the division.

255 ~~(17) The use of the word "and" includes the word "or" and~~
256 ~~the use of "or" includes "and," unless the context clearly~~
257 ~~requires a different meaning, especially with respect to such~~
258 ~~expressions as "oil and gas" or "oil or gas."~~

259 (32)~~(18)~~ "Well site" means the general area around a well,
260 which area has been disturbed from its natural or existing
261 condition, as well as the drilling or production pad, mud and

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262 water circulation pits, and other operation areas necessary to
263 drill for or produce oil or gas, or to inject gas into and
264 recover gas from a natural gas storage facility.

265 ~~(17)~~~~(19)~~ "Oil and gas administrator" means the State
266 Geologist.

267 ~~(18)~~~~(20)~~ "Operator" means the entity who:

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

269 (b) As part of a natural gas storage facility, injects, or
270 is engaged in the work of preparing to inject, gas into a
271 natural gas storage reservoir; or stores gas in, or removes gas
272 from, a natural gas storage reservoir.

273 ~~(1)~~~~(21)~~ "Completion date" means the day, month, and year
274 that a new productive well, a previously shut-in well, or a
275 temporarily abandoned well is completed, repaired, or
276 recompleted and the operator begins producing oil or gas in
277 commercial quantities.

278 ~~(26)~~~~(22)~~ "Shut-in well" means an oil or gas well that has
279 been taken out of service for economic reasons or mechanical
280 repairs.

281 ~~(29)~~~~(23)~~ "Temporarily abandoned well" means a permitted
282 well or wellbore that has been abandoned by plugging in a manner
283 that allows reentry and redevelopment in accordance with oil or
284 gas rules of the Department of Environmental Protection.

285 ~~(14)~~~~(24)~~ "New field well" means an oil or gas well
286 completed after July 1, 1997, in a new field as designated by
287 the Department of Environmental Protection.

288 ~~(6)~~~~(25)~~ "Horizontal well" means a well completed with the
289 wellbore in a horizontal or nearly horizontal orientation within
290 10 degrees of horizontal within the producing formation.

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291 (2) "Department" means the Department of Environmental
292 Protection.

293 (10) "Lateral storage reservoir boundary" means the
294 projection up to the land surface of the maximum horizontal
295 extent of the gas volume contained in a natural gas storage
296 reservoir.

297 (11) "Native gas" means gas that occurs naturally within
298 this state and does not include gas produced outside the state,
299 transported to this state, and injected into a permitted natural
300 gas storage facility.

301 (12) "Natural gas storage facility" means an underground
302 reservoir from which oil or gas has previously been produced and
303 which is used or intended to be used for the underground storage
304 of natural gas, and any surface or subsurface structure, or
305 infrastructure, except wells. The term also includes a right or
306 appurtenance necessary or useful in the operation of the
307 facility for the underground storage of natural gas, including
308 any necessary or reasonable reservoir protective area as
309 designated for the purpose of ensuring the safe operation of the
310 storage of natural gas or protecting the natural gas storage
311 facility from pollution, invasion, escape, or migration of gas,
312 or any subsequent extension thereof. The term does not mean a
313 transmission, distribution, or gathering pipeline or system that
314 is not used primarily as integral piping for a natural gas
315 storage facility.

316 (13) "Natural gas storage reservoir" means a pool or field
317 from which oil or gas has previously been produced and which is
318 suitable for or capable of being made suitable for the
319 injection, storage, and recovery of gas, as identified in a

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320 permit application submitted to the department under s.
321 377.2407.

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

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

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

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

332 377.21 Jurisdiction of division.—

333 (1) The division shall have jurisdiction and authority over
334 all persons and property necessary to administer and enforce
335 effectively the provisions of this law and all other laws
336 relating to the conservation of oil and gas or to the storage of
337 gas in and recovery of gas from natural gas storage reservoirs.

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

340 377.22 Rules and orders.—

341 (2) The department shall issue orders and adopt rules
342 pursuant to ss. 120.536~~(1)~~ and 120.54 to implement and enforce
343 the provisions of this chapter. Such rules and orders shall
344 ensure that all precautions are taken to prevent the spillage of
345 oil or any other pollutant in all phases of the drilling for,
346 and extracting of, oil, gas, or other petroleum products, or
347 during the injection of gas into and recovery of gas from a
348 natural gas storage reservoir. The department shall revise such

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349 rules from time to time as necessary for the proper
350 administration and enforcement of this chapter. Rules adopted
351 and orders issued in accordance with this section are ~~shall be~~
352 for, but ~~shall~~ not ~~be~~ limited to, the following purposes:

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

357 (b) To prevent the alteration of the sheet flow of water in
358 any area.

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

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

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

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

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

382 (h) To require the making of reports showing the location
383 of all oil and gas wells; the making and filing of logs; the
384 taking and filing of directional surveys; the filing of
385 electrical, sonic, radioactive, and mechanical logs of oil and
386 gas wells; if taken, the saving of cutting and cores, the cuts
387 of which shall be given to the Bureau of Geology; and the making
388 of reports with respect to drilling and production records.
389 However, such information, or any part thereof, at the request
390 of the operator, shall be exempt from the provisions of s.
391 119.07(1) and held confidential by the division for a period of
392 1 year after the completion of a well.

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

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

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

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

406 (m) To prevent fires.

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

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

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

415 (q) To regulate gas cycling operations.

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

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

421 (t)~~(s)~~ To require, either generally or in or from
422 particular areas, certificates of clearance or tenders in
423 connection with the transportation or delivery of oil or gas, or
424 any product.

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

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

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

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

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

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

441 377.24 Notice of intention to drill well; permits;
442 abandoned wells and dry holes.—

443 (1) Before drilling a any well in search of oil or gas, or
444 before storing gas in or recovering gas from a natural gas
445 storage reservoir shall be drilled, the person who desires
446 desiring to drill for, store, or recover gas, or drill for oil,
447 ~~the same~~ shall notify the division upon such form as it may
448 prescribe and shall pay a reasonable fee set by rule of the
449 department not to exceed the actual cost of processing and
450 inspecting for each well or reservoir. The drilling of any well
451 and the storing and recovering of gas are ~~is hereby~~ prohibited
452 until such notice is given, the ~~and such fee is~~ has been paid,
453 and the permit is granted.

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

463 Section 11. Section 377.2407, Florida Statutes, is created
464 to read:

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

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

479 (2) Each application must contain:

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

484 (b) A geographic description of the lateral reservoir
485 boundary.

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

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

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

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

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

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

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

502 (j) A spill prevention and response plan.

503 (k) A well spacing plan.

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

507 (m) A gas migration response plan.

508 (n) A location plat and general facility map surveyed and
509 prepared by a registered land surveyor licensed under chapter
510 472.

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

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

521 377.241 Criteria for issuance of permits.—The division, in
522 the exercise of its authority to issue permits as hereinafter

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523 provided, shall give consideration to and be guided by the
524 following criteria:

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

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

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

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

539
540 Each permit shall contain an agreement by the permit holder that
541 the permit holder will not prevent inspection by division
542 personnel at any time. The provisions of this section
543 prohibiting permits for drilling or exploring for oil in coastal
544 waters do not apply to any leases entered into before June 7,
545 1991.

546 Section 14. Section 377.2431, Florida Statutes, is created
547 to read:

548 377.2431 Conditions for granting permits for natural gas
549 storage facilities.—

550 (1) A natural gas storage facility permit shall authorize
551 the construction and operation of a natural gas storage facility

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552 and must be issued for the life of the facility, subject to
553 recertification every 10 years.

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

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

560 (b) The applicant or operator has acquired a lawful right
561 to drill, explore, or develop a natural gas storage reservoir
562 from owners of at least 75 percent of the storage rights within
563 the natural gas storage reservoir, or the applicant or operator
564 has obtained a certificate of public convenience and necessity
565 for the natural gas storage reservoir from the Federal Energy
566 Regulatory Commission pursuant to the Natural Gas Act, 15 U.S.C.
567 ss. 717 et seq.

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

577 (d) The applicant has tested the quality of water produced
578 by all water supply wells within the lateral boundary of the
579 natural gas storage facility and complied with all requirements
580 under s. 377.2432. The applicant shall provide to the department

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581 and the owner of the water supply well a written copy of the
582 water quality data collected under this paragraph.

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

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

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

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

607 (5) A county or municipality may not adopt an ordinance,
608 resolution, comprehensive plan, or land development regulation,
609 or otherwise attempt to regulate or enforce any matter

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610 concerning natural gas storage facilities governed under this
611 part.

612 (6) A permit may not be issued for a natural gas storage
613 facility that includes a natural gas storage reservoir located
614 beneath an underground source of drinking water unless the
615 applicant demonstrates that the injection or recovery of natural
616 gas will not cause or allow natural gas to migrate into the
617 underground source of drinking water; or in any offshore
618 location in the Gulf of Mexico, the Straits of Florida, or the
619 Atlantic Ocean; or in any solution-mined cavern within a salt
620 formation.

621 Section 15. Section 377.2432, Florida Statutes, is created
622 to read:

623 377.2432 Natural gas storage facilities; protection of
624 water supplies.-

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

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

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

638 (b) The pollution occurred within 6 months after completion

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639 of drilling or alteration of any well under or associated with
640 the natural gas storage facility permit or after the initial
641 injection of gas into the natural gas storage reservoir,
642 whichever is later.

643 (3) If the affected underground water supply is within the
644 rebuttable presumption area as provided in subsection (2) and
645 the rebuttable presumption applies, the natural gas storage
646 facility operator shall provide a temporary water supply if the
647 water user is without a readily available alternative source of
648 water at no cost to the owner of the affected water supply. The
649 temporary water supply provided under this subsection must be
650 adequate in quantity and quality for the purposes served by the
651 affected supply.

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

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

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

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

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

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

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

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

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

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

687 377.2433 Protection of natural gas storage facilities.—

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

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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 ensure that any well drilled into
705 or through a permitted natural gas storage reservoir or
706 reservoir protective area is cased and cemented in a manner
707 sufficient to protect the integrity of the natural gas storage
708 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

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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 on
740 adjoining property as may be reasonable to determine ownership
741 of the gas, but the tests are solely at the injector's risk and
742 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

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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

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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

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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 or
828 any rule, regulation, or order of the division made under this
829 chapter or who violates the terms of any permit to drill for or
830 produce oil, gas, or other petroleum products referred to in s.
831 377.242(1), or to store gas in a natural gas storage facility,
832 or any lessee, permitholder, or operator of equipment or
833 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,

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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 the
860 means for rapid and effective cleanup and to minimize damages
861 resulting from pollution in violation of this chapter, if the
862 waters of the state are polluted by the drilling, storage of
863 natural gas, or production operations of any person or persons
864 and such pollution damages or threatens to damage human, animal,
865 or plant life, public or private property, or any mineral or
866 water-bearing formation, said person shall be liable to the
867 state for all costs of cleanup or other damage incurred by the
868 state. In any suit to enforce claims of the state under this
869 chapter, it is ~~shall~~ not ~~be~~ necessary for the state to plead or
870 prove negligence in any form or manner on the part of the person

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871 or persons conducting the drilling or production operations; the
872 state need only plead and prove the fact of the prohibited
873 discharge or other polluting condition and that it occurred at
874 the facilities of the person or persons conducting the drilling
875 or production operation. A ~~No~~ person or persons conducting the
876 drilling, storage, or production operation may not shall be held
877 liable if said person or persons prove that the prohibited
878 discharge or other polluting condition was the result of any of
879 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

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900 Commission are eligible for the expedited permitting process.

901 (14)

902 (b) Projects identified in paragraph (3) (f), (3) (g), or
903 (3) (h) or challenges to state agency action in the expedited
904 permitting process for establishment of a state-of-the-art
905 biomedical research institution and campus in this state by the
906 grantee 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 under
913 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.

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.