

By Senator Richter

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1                   A bill to be entitled  
2           An act relating to the regulation of oil and gas  
3           resources; amending s. 377.19, F.S.; applying the  
4           definitions of certain terms to additional sections of  
5           ch. 377, F.S.; conforming a cross-reference; defining  
6           the term "high pressure well stimulation"; amending s.  
7           377.22, F.S.; revising the rulemaking authority of the  
8           Department of Environmental Protection; providing that  
9           certain information may be considered proprietary  
10          business information; amending s. 377.24, F.S.;  
11          requiring that a permit be obtained before the  
12          performance of any high pressure well stimulation;  
13          specifying that a permit may authorize single or  
14          multiple activities; amending s. 377.241, F.S.;  
15          requiring the Division of Resource Management to give  
16          consideration to and be guided by certain additional  
17          criteria when issuing permits; amending s. 377.242,  
18          F.S.; authorizing the department to issue permits for  
19          the performance of high pressure well stimulation;  
20          clarifying provisions relating to division inspection;  
21          amending s. 377.2425, F.S.; requiring an applicant or  
22          operator to provide surety that performance of a high  
23          pressure well stimulation will be conducted in a safe  
24          and environmentally compatible manner; amending s.  
25          377.37, F.S.; increasing the maximum amount for civil  
26          penalties; creating s. 377.45, F.S.; requiring the  
27          department to designate the national chemical registry  
28          as the state's registry; requiring service providers,  
29          vendors, or well owners or operators to report certain

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30 information to the registry; providing applicability;  
31 providing an effective date.  
32

33 Be It Enacted by the Legislature of the State of Florida:  
34

35 Section 1. Subsection (5) of section 377.19, Florida  
36 Statutes, is amended, present subsections (6) through (32) of  
37 that section are redesignated as subsections (7) through (33),  
38 respectively, and a new subsection (6) is added to that section,  
39 to read:

40 377.19 Definitions.—As used in ss. 377.06, 377.07, and  
41 377.10-377.45 ~~377.10-377.40~~, the term:

42 (5) "Gas" means all natural gas, including casinghead gas,  
43 and all other hydrocarbons not defined as oil in subsection (16)  
44 ~~(15)~~.

45 (6) "High pressure well stimulation" means a well  
46 intervention performed by injecting more than 100,000 gallons of  
47 fluids into a rock formation at high pressure that exceeds the  
48 fracture gradient of the rock formation in order to propagate  
49 fractures in such formation to increase production at an oil or  
50 gas well by improving flow of hydrocarbons from the formation  
51 into the wellbore.

52 Section 2. Subsection (2) of section 377.22, Florida  
53 Statutes, is amended to read:

54 377.22 Rules and orders.—

55 (2) The department shall issue orders and adopt rules  
56 pursuant to ss. 120.536 and 120.54 to implement and enforce the  
57 provisions of this chapter. Such rules and orders shall ensure  
58 that all precautions are taken to prevent the spillage of oil or

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59 any other pollutant in all phases of the drilling for, and  
60 extracting of, oil, gas, or other petroleum products, including  
61 high pressure well stimulations, or during the injection of gas  
62 into and recovery of gas from a natural gas storage reservoir.  
63 The department shall revise such rules from time to time as  
64 necessary for the proper administration and enforcement of this  
65 chapter. Rules adopted and orders issued in accordance with this  
66 section are for, but not limited to, the following purposes:

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

71 (b) To prevent the alteration of the sheet flow of water in  
72 any area.

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

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

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

85 (f) To require a reasonable bond, or other form of security  
86 acceptable to the department, conditioned upon properly  
87 drilling, casing, producing, and operating each well, and

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88 ~~properly plugging the performance of the duty to plug properly~~  
89 ~~each dry and abandoned well,~~ and the full and complete  
90 restoration by the applicant of the area over which geophysical  
91 exploration, drilling, or production is conducted to the similar  
92 contour and general condition in existence prior to such  
93 operation.

94 (g) To require and carry out a reasonable program of  
95 monitoring and inspecting ~~or inspection of~~ all drilling  
96 operations, high pressure well stimulations, producing wells, ~~or~~  
97 injecting wells, and well sites, including regular inspections  
98 by division personnel.

99 (h) To require the making of reports showing the location  
100 of all oil and gas wells; the making and filing of logs; the  
101 taking and filing of directional surveys; the filing of  
102 electrical, sonic, radioactive, and mechanical logs of oil and  
103 gas wells; if taken, the saving of cutting and cores, the cuts  
104 of which shall be given to the Bureau of Geology; and the making  
105 of reports with respect to drilling, ~~and production,~~ and high  
106 pressure well stimulations; and the disclosure of chemicals and  
107 other materials added during high pressure well stimulations to  
108 the chemical disclosure registry, known as FracFocus records.  
109 However, such information, or any part thereof, at the request  
110 of the operator:7

111 1. Shall be exempt from the provisions of s. 119.07(1) and  
112 held confidential by the division for a period of 1 year after  
113 the completion of a well; or

114 2. May be considered proprietary business information, as  
115 defined in s. 377.24075(1)(a)-(e).

116 (i) To prevent wells from being drilled, operated, or

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117 produced in such a manner as to cause injury to neighboring  
118 leases, property, or natural gas storage reservoirs.

119 (j) To prevent the drowning by water of any stratum, or  
120 part thereof, capable of producing oil or gas in paying  
121 quantities and to prevent the premature and irregular  
122 encroachment of water which reduces, or tends to reduce, the  
123 total ultimate recovery of oil or gas from any pool.

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

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

129 (m) To prevent fires.

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

133 (o) To regulate the "shooting," perforating, ~~and~~ and chemical  
134 treatment, and high pressure well stimulations of wells.

135 (p) To regulate secondary recovery methods, including the  
136 introduction of gas, air, water, or other substance into  
137 producing formations.

138 (q) To regulate gas cycling operations.

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

141 (s) If necessary for the prevention of waste, as herein  
142 defined, to determine, limit, and prorate the production of oil  
143 or gas, or both, from any pool or field in the state.

144 (t) To require, either generally or in or from particular  
145 areas, certificates of clearance or tenders in connection with

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146 the transportation or delivery of oil or gas, or any product.

147 (u) To regulate the spacing of wells and to establish  
148 drilling units.

149 (v) To prevent, so far as is practicable, reasonably  
150 avoidable drainage from each developed unit which is not  
151 equalized by counterdrainage.

152 (w) To require that geophysical operations requiring a  
153 permit be conducted in a manner which will minimize the impact  
154 on hydrology and biota of the area, especially environmentally  
155 sensitive lands and coastal areas.

156 (x) To regulate aboveground crude oil storage tanks in a  
157 manner which will protect the water resources of the state.

158 (y) To act in a receivership capacity for fractional  
159 mineral interests for which the owners are unknown or unlocated  
160 and to administratively designate the operator as the lessee.

161 (z) To evaluate the history of past adjudicated violations  
162 of any substantive and material rule or statute pertaining to  
163 the regulation of oil and gas of permit applicants and the  
164 applicants' affiliated entities.

165 Section 3. Subsections (1), (2), and (4) of section 377.24,  
166 Florida Statutes, are amended to read:

167 377.24 Notice of intention to drill well; permits;  
168 abandoned wells and dry holes.—

169 (1) Before drilling a well in search of oil or gas, before  
170 performing a high pressure well stimulation, or before storing  
171 gas in or recovering gas from a natural gas storage reservoir,  
172 the person who desires to drill for, store, or recover gas, ~~or~~  
173 drill for oil or gas, or perform a high pressure well  
174 stimulation shall notify the division upon such form as it may

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175 prescribe and shall pay a reasonable fee set by rule of the  
176 department not to exceed the actual cost of processing and  
177 inspecting for each well or reservoir. The drilling of any well,  
178 the performance of any high pressure well stimulation, and the  
179 storing and recovering of gas are prohibited until such notice  
180 is given, the fee is paid, and a ~~the~~ permit is granted. A permit  
181 may authorize a single activity or multiple activities.

182 (2) An application for the drilling of a well in search of  
183 oil or gas, for the performance of a high pressure well  
184 stimulation, or for the storing of gas in and recovering of gas  
185 from a natural gas storage reservoir~~7~~ in this state must include  
186 the address of the residence of the applicant, or applicants,  
187 which must be the address of each person involved in accordance  
188 with the records of the Division of Resource Management until  
189 such address is changed on the records of the division after  
190 written request.

191 (4) Application for permission to drill or abandon any well  
192 or perform a high pressure well stimulation may be denied by the  
193 division for only just and lawful cause.

194 Section 4. Subsections (5) and (6) are added to section  
195 377.241, Florida Statutes, to read:

196 377.241 Criteria for issuance of permits.—The division, in  
197 the exercise of its authority to issue permits as hereinafter  
198 provided, shall give consideration to and be guided by the  
199 following criteria:

200 (5) For high pressure well stimulations, whether the high  
201 pressure well stimulation as proposed is designed to ensure  
202 that:

203 (a) The groundwater through which the well will be or has

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204 been drilled is not contaminated by the high pressure well  
205 stimulation; and

206 (b) The high pressure well stimulation is consistent with  
207 the public policy of this state as specified in s. 377.06.

208 (6) As a basis for permit denial or imposition of specific  
209 permit conditions, including increased bonding and monitoring,  
210 the history of adjudicated violations of any substantive and  
211 material rule or statute pertaining to the regulation of oil or  
212 gas, including violations that occurred outside the state,  
213 committed by the applicant or an affiliated entity of the  
214 applicant.

215 Section 5. Section 377.242, Florida Statutes, is amended to  
216 read:

217 377.242 Permits for drilling or exploring and extracting  
218 through well holes or by other means.—The department is vested  
219 with the power and authority:

220 (1) (a) To issue permits for the drilling for, exploring  
221 for, performing a high pressure well stimulation, or production  
222 of, oil, gas, or other petroleum products that ~~which~~ are to be  
223 extracted from below the surface of the land, including  
224 submerged land, only through the well hole drilled for oil, gas,  
225 and other petroleum products.

226 1. No structure intended for the drilling for, or  
227 production of, oil, gas, or other petroleum products may be  
228 permitted or constructed on any submerged land within any bay or  
229 estuary.

230 2. No structure intended for the drilling for, or  
231 production of, oil, gas, or other petroleum products may be  
232 permitted or constructed within 1 mile seaward of the coastline



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233 of the state.

234 3. No structure intended for the drilling for, or  
235 production of, oil, gas, or other petroleum products may be  
236 permitted or constructed within 1 mile of the seaward boundary  
237 of any state, local, or federal park or aquatic or wildlife  
238 preserve or on the surface of a freshwater lake, river, or  
239 stream.

240 4. No structure intended for the drilling for, or  
241 production of, oil, gas, or other petroleum products may be  
242 permitted or constructed within 1 mile inland from the shoreline  
243 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary  
244 or within 1 mile of any freshwater lake, river, or stream unless  
245 the department is satisfied that the natural resources of such  
246 bodies of water and shore areas of the state will be adequately  
247 protected in the event of accident or blowout.

248 5. Without exception, after July 1, 1989, no structure  
249 intended for the drilling for, or production of, oil, gas, or  
250 other petroleum products may be permitted or constructed south  
251 of 26°00'00" north latitude off Florida's west coast and south  
252 of 27°00'00" north latitude off Florida's east coast, within the  
253 boundaries of Florida's territorial seas as defined in 43 U.S.C.  
254 s. 1301. After July 31, 1990, no structure intended for the  
255 drilling for, or production of, oil, gas, or other petroleum  
256 products may be permitted or constructed north of 26°00'00"  
257 north latitude off Florida's west coast to the western boundary  
258 of the state bordering Alabama as set forth in s. 1, Art. II of  
259 the State Constitution, or located north of 27°00'00" north  
260 latitude off Florida's east coast to the northern boundary of  
261 the state bordering Georgia as set forth in s. 1, Art. II of the

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262 State Constitution, within the boundaries of Florida's  
263 territorial seas as defined in 43 U.S.C. s. 1301.

264 (b) Subparagraphs (a)1. and 4. do not apply to permitting  
265 or construction of structures intended for the drilling for, or  
266 production of, oil, gas, or other petroleum products pursuant to  
267 an oil, gas, or mineral lease of such lands by the state under  
268 which lease any valid drilling permits are in effect on the  
269 effective date of this act. In the event that such permits  
270 contain conditions or stipulations, such conditions and  
271 stipulations shall govern and supersede subparagraphs (a)1. and  
272 4.

273 (c) The prohibitions of subparagraphs (a)1.-4. in this  
274 subsection do not include "infield gathering lines," provided no  
275 other placement is reasonably available and all other required  
276 permits have been obtained.

277 (2) To issue permits to explore for and extract minerals  
278 which are subject to extraction from the land by means other  
279 than through a well hole.

280 (3) To issue permits to establish natural gas storage  
281 facilities or construct wells for the injection and recovery of  
282 any natural gas for storage in natural gas storage reservoirs.

283

284 Each permit shall contain an agreement by the permitholder that  
285 the permitholder will not prevent inspection by division  
286 personnel at any time, including during installation and  
287 cementing of casing, testing of blowout preventers, pressure  
288 testing of casing and casing shoe, and testing of cement plug  
289 integrity during plugging and abandoning operations. The  
290 provisions of this section prohibiting permits for drilling or

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291 exploring for oil in coastal waters do not apply to any leases  
292 entered into before June 7, 1991.

293 Section 6. Subsection (1) of section 377.2425, Florida  
294 Statutes, is amended to read:

295 377.2425 Manner of providing security for geophysical  
296 exploration, drilling, and production.—

297 (1) Before ~~Prior to~~ granting a permit to conduct  
298 geophysical operations; drilling of exploratory, injection, or  
299 production wells; producing oil and gas from a wellhead;  
300 performing a high pressure well stimulation; or transporting oil  
301 and gas through a field-gathering system, the department shall  
302 require the applicant or operator to provide surety that these  
303 operations will be conducted in a safe and environmentally  
304 compatible manner.

305 (a) The applicant for a drilling, production, high pressure  
306 well stimulation, or injection well permit or a geophysical  
307 permit may provide the following types of surety to the  
308 department for this purpose:

309 1. A deposit of cash or other securities made payable to  
310 the Minerals Trust Fund. Such cash or securities so deposited  
311 shall be held at interest by the Chief Financial Officer to  
312 satisfy safety and environmental performance provisions of this  
313 chapter. The interest shall be credited to the Minerals Trust  
314 Fund. Such cash or other securities shall be released by the  
315 Chief Financial Officer upon request of the applicant and  
316 certification by the department that all safety and  
317 environmental performance provisions established by the  
318 department for permitted activities have been fulfilled.

319 2. A bond of a surety company authorized to do business in

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320 the state in an amount as provided by rule.

321 3. A surety in the form of an irrevocable letter of credit  
322 in an amount as provided by rule guaranteed by an acceptable  
323 financial institution.

324 (b) An applicant for a drilling, production, or injection  
325 well permit, or a permittee who intends to continue  
326 participating in long-term production activities of such wells,  
327 has the option to provide surety to the department by paying an  
328 annual fee to the Minerals Trust Fund. For an applicant or  
329 permittee choosing this option the following shall apply:

330 1. For the first year, or part of a year, of a drilling,  
331 production, or injection well permit, or change of operator, the  
332 fee is \$4,000 per permitted well.

333 2. For each subsequent year, or part of a year, the fee is  
334 \$1,500 per permitted well.

335 3. The maximum fee that an applicant or permittee may be  
336 required to pay into the trust fund is \$30,000 per calendar  
337 year, regardless of the number of permits applied for or in  
338 effect.

339 4. The fees set forth in subparagraphs 1., 2., and 3. shall  
340 be reviewed by the department on a biennial basis and adjusted  
341 for the cost of inflation. The department shall establish by  
342 rule a suitable index for implementing such fee revisions.

343 (c) An applicant for a drilling or operating permit for  
344 operations planned in coastal waters that by their nature  
345 warrant greater surety shall provide surety only in accordance  
346 with paragraph (a), or similar proof of financial responsibility  
347 other than as provided in paragraph (b). For all such  
348 applications, including applications pending at the effective

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349 date of this act and notwithstanding the provisions of paragraph  
350 (b), the Governor and Cabinet in their capacity as the  
351 Administration Commission, at the recommendation of the  
352 Department of Environmental Protection, shall set a reasonable  
353 amount of surety required under this subsection. The surety  
354 amount shall be based on the projected cleanup costs and natural  
355 resources damages resulting from a maximum oil spill and adverse  
356 hydrographic and atmospheric conditions that would tend to  
357 transport the oil into environmentally sensitive areas, as  
358 determined by the Department of Environmental Protection.

359 Section 7. Paragraph (a) of subsection (1) of section  
360 377.37, Florida Statutes, is amended to read:

361 377.37 Penalties.—

362 (1) (a) Any person who violates any provision of this law or  
363 any rule, regulation, or order of the division made under this  
364 chapter or who violates the terms of any permit to drill for or  
365 produce oil, gas, or other petroleum products referred to in s.  
366 377.242(1) or to store gas in a natural gas storage facility, or  
367 any lessee, permitholder, or operator of equipment or facilities  
368 used in the exploration for, drilling for, or production of oil,  
369 gas, or other petroleum products, or storage of gas in a natural  
370 gas storage facility, who refuses inspection by the division as  
371 provided in this chapter, is liable to the state for any damage  
372 caused to the air, waters, or property, including animal, plant,  
373 or aquatic life, of the state and for reasonable costs and  
374 expenses of the state in tracing the source of the discharge, in  
375 controlling and abating the source and the pollutants, and in  
376 restoring the air, waters, and property, including animal,  
377 plant, and aquatic life, of the state. Furthermore, such person,

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378 lessee, permitholder, or operator is subject to the judicial  
379 imposition of a civil penalty in an amount of not more than  
380 \$25,000 ~~\$10,000~~ for each offense. However, the court may receive  
381 evidence in mitigation. Each day during any portion of which  
382 such violation occurs constitutes a separate offense. Nothing  
383 herein shall give the department the right to bring an action on  
384 behalf of any private person.

385 Section 8. Section 377.45, Florida Statutes, is created to  
386 read:

387 377.45 High pressure well stimulation chemical disclosure  
388 registry.-

389 (1) (a) The department shall designate the national chemical  
390 registry, known as FracFocus, developed by the Ground Water  
391 Protection Council and the Interstate Oil and Gas Compact  
392 Commission, as the state's registry for chemical disclosure for  
393 all wells on which high pressure well stimulations are  
394 performed. The department shall provide a link to FracFocus  
395 through the department's website.

396 (b) In addition to providing such information to the  
397 department as part of the permitting process, a service  
398 provider, vendor, or well owner or operator shall report, by  
399 department rule, to the chemical disclosure registry, at a  
400 minimum, the following information:

- 401 1. The owner's or operator's name;
- 402 2. The date of completion of the high pressure well  
403 stimulation;
- 404 3. The county in which the well is located;
- 405 4. The API number for the well;
- 406 5. The well name and number;

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407 6. The longitude and latitude of the wellhead;

408 7. The total vertical depth of the well;

409 8. The total volume of water used in the high pressure well  
410 stimulation; and

411 9. Each chemical ingredient that is subject to 29 C.F.R. s.  
412 1910.1200(g)(2) for each well on which a high pressure well  
413 stimulation is performed.

414 (c) If the chemical disclosure registry cannot accept and  
415 make publicly available any information specified in this  
416 section, the service provider, vendor, or well owner or operator  
417 shall submit the information required under paragraph (b) to the  
418 department.

419 (2) A service provider, vendor, or well owner or operator  
420 shall:

421 (a) Report the information required under subsection (1) to  
422 the chemical disclosure registry within 60 days after the  
423 initiation of the high pressure well stimulation for each well  
424 on which such high pressure well stimulation is performed; and

425 (b) Update the chemical disclosure registry and notify the  
426 department if any chemical ingredient not previously reported is  
427 intentionally included and used for the purpose of performing a  
428 high pressure well stimulation.

429 (3) This section does not apply to an ingredient that:

430 (a) Is not intentionally added to the high pressure well  
431 stimulation;

432 (b) Occurs incidentally or is otherwise unintentionally  
433 present in a high pressure well stimulation; or

434 (c) Is considered proprietary business information, as  
435 defined in s. 377.24075(1)(a)-(e).

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Section 9. This act shall take effect July 1, 2015.