

Amendment No.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	_____	(Y/N)
ADOPTED AS AMENDED	_____	(Y/N)
ADOPTED W/O OBJECTION	_____	(Y/N)
FAILED TO ADOPT	_____	(Y/N)
WITHDRAWN	_____	(Y/N)
OTHER		

1 Committee/Subcommittee hearing bill: State Affairs Committee
 2 Representative Rodrigues, R. offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

6 Section 1. Section 377.06, Florida Statutes, is amended to
 7 read:

8 377.06 Public policy of state concerning natural resources
 9 of oil and gas; preemption.-

10 (1) It is ~~hereby declared~~ the public policy of this state
 11 to conserve and control the natural resources of oil and gas in
 12 this state, and the products made from oil and gas in this
 13 state; to prevent waste of natural resources; to provide for the
 14 protection and adjustment of the correlative rights of the
 15 owners of the land in which the natural resources lie, of the
 16 owners and producers of oil and gas resources and the products
 17 made from oil and gas, and of others interested in these

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18 resources and products; and to safeguard the health, property,
19 and public welfare of the residents of this state and other
20 interested persons ~~and for all purposes indicated by the~~
21 ~~provisions in this section.~~

22 (2) Further, It is the public policy of this state
23 ~~declared~~ that underground storage of natural gas is in the
24 public interest because underground storage promotes
25 conservation of natural gas, + makes gas more readily available
26 to the domestic, commercial, and industrial consumers of this
27 state, + and allows the accumulation of large quantities of gas
28 in reserve for orderly withdrawal during emergencies or periods
29 of peak demand. It is not the intention of this section to
30 limit, restrict, or modify in any way the provisions of this
31 law.

32 (3) The Legislature declares that all matters relating to
33 the regulation of the exploration, development, production,
34 processing, storage, and transportation of oil and gas are
35 preempted to the state, to the exclusion of all existing and
36 future ordinances or regulations relating thereto adopted by any
37 county, municipality, or other political subdivision of the
38 state. Any such existing ordinance or regulation is void. A
39 county or municipality may, however, enforce an existing zoning
40 ordinance adopted before January 1, 2015, if the ordinance is
41 otherwise valid.

42 Section 2. Section 377.19, Florida Statutes, is amended to
43 read:

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44 377.19 Definitions.—As used in ss. 377.06, 377.07, and
45 377.10-377.45 ~~377.10-377.40~~, the term:

46 (1) "Completion date" means the day, month, and year that
47 a new productive well, a previously shut-in well, or a
48 temporarily abandoned well is completed, repaired, or
49 recompleted and the operator begins producing oil or gas in
50 commercial quantities.

51 (2) "Department" means the Department of Environmental
52 Protection.

53 (3) "Division" means the Division of Water Resource
54 Management of the Department of Environmental Protection.

55 (4) "Field" means the general area that is underlaid, or
56 appears to be underlaid, by at least one pool. The term includes
57 the underground reservoir, or reservoirs, containing oil or gas,
58 or both. The terms "field" and "pool" mean the same thing if
59 only one underground reservoir is involved; however, the term
60 "field," unlike the term "pool," may relate to two or more
61 pools.

62 (5) "Gas" means all natural gas, including casinghead gas,
63 and all other hydrocarbons not defined as oil in subsection (16)
64 ~~(15)~~.

65 (6) "High-pressure well stimulation" means all stages of a
66 well intervention performed by injecting fluids into a rock
67 formation at high pressure that exceeds the fracture gradient of
68 the rock formation in order to propagate fractures in such
69 formation to increase production at an oil or gas well by

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70 improving the flow of hydrocarbons from the formation into the
71 wellbore. The term does not include well stimulation or
72 conventional workover procedures that may incidentally fracture
73 the formation near the wellbore.

74 (7)-(6) "Horizontal well" means a well completed with the
75 wellbore in a horizontal or nearly horizontal orientation within
76 10 degrees of horizontal within the producing formation.

77 (8)-(7) "Illegal gas" means gas that has been produced
78 within the state from any well or wells in excess of the amount
79 allowed by any rule, regulation, or order of the division, as
80 distinguished from gas produced within the State of Florida from
81 a well not producing in excess of the amount so allowed, which
82 is "legal gas."

83 (9)-(8) "Illegal oil" means oil that has been produced
84 within the state from any well or wells in excess of the amount
85 allowed by rule, regulation, or order of the division, as
86 distinguished from oil produced within the state from a well not
87 producing in excess of the amount so allowed, which is "legal
88 oil."

89 (10)-(9) "Illegal product" means a product of oil or gas,
90 any part of which was processed or derived, in whole or in part,
91 from illegal gas or illegal oil or from any product thereof, as
92 distinguished from "legal product," which is a product processed
93 or derived to no extent from illegal oil or illegal gas.

94 (11)-(10) "Lateral storage reservoir boundary" means the
95 projection up to the land surface of the maximum horizontal

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96 extent of the gas volume contained in a natural gas storage
97 reservoir.

98 ~~(12)-(11)~~ "Native gas" means gas that occurs naturally
99 within this state and does not include gas produced outside the
100 state, transported to this state, and injected into a permitted
101 natural gas storage facility.

102 ~~(13)-(12)~~ "Natural gas storage facility" means an
103 underground reservoir from which oil or gas has previously been
104 produced and which is used or to be used for the underground
105 storage of natural gas, and any surface or subsurface structure,
106 or infrastructure, except wells. The term also includes a right
107 or appurtenance necessary or useful in the operation of the
108 facility for the underground storage of natural gas, including
109 any necessary or reasonable reservoir protective area as
110 designated for the purpose of ensuring the safe operation of the
111 storage of natural gas or protecting the natural gas storage
112 facility from pollution, invasion, escape, or migration of gas,
113 or any subsequent extension thereof. The term does not mean a
114 transmission, distribution, or gathering pipeline or system that
115 is not used primarily as integral piping for a natural gas
116 storage facility.

117 ~~(14)-(13)~~ "Natural gas storage reservoir" means a pool or
118 field from which gas or oil has previously been produced and
119 which is suitable for or capable of being made suitable for the
120 injection, storage, and recovery of gas, as identified in a
121 permit application submitted to the department under s.

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122 377.2407.

123 ~~(15)-(14)~~ "New field well" means an oil or gas well
124 completed after July 1, 1997, in a new field as designated by
125 the Department of Environmental Protection.

126 ~~(16)-(15)~~ "Oil" means crude petroleum oil and other
127 hydrocarbons, regardless of gravity, which are produced at the
128 well in liquid form by ordinary production methods, and which
129 are not the result of condensation of gas after it leaves the
130 reservoir.

131 ~~(17)-(16)~~ "Oil and gas" has the same meaning as the term
132 "oil or gas."

133 ~~(18)-(17)~~ "Oil and gas administrator" means the State
134 Geologist.

135 ~~(19)-(18)~~ "Operator" means the entity who:

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

137 (b) As part of a natural gas storage facility, injects, or
138 is engaged in the work of preparing to inject, gas into a
139 natural gas storage reservoir; or stores gas in, or removes gas
140 from, a natural gas storage reservoir.

141 ~~(20)-(19)~~ "Owner" means the person who has the right to
142 drill into and to produce from any pool and to appropriate the
143 production for the person or for the person and another, or
144 others.

145 ~~(21)-(20)~~ "Person" means a natural person, corporation,
146 association, partnership, receiver, trustee, guardian, executor,
147 administrator, fiduciary, or representative of any kind.

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148 ~~(22)~~~~(21)~~ "Pool" means an underground reservoir containing
149 or appearing to contain a common accumulation of oil or gas or
150 both. Each zone of a general structure which is completely
151 separated from any other zone on the structure is considered a
152 separate pool as used herein.

153 ~~(23)~~~~(22)~~ "Producer" means the owner or operator of a well
154 or wells capable of producing oil or gas, or both.

155 ~~(24)~~~~(23)~~ "Product" means a commodity made from oil or gas
156 and includes refined crude oil, crude tops, topped crude,
157 processed crude petroleum, residue from crude petroleum,
158 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,
159 residuum, gas oil, casinghead gasoline, natural gas gasoline,
160 naphtha, distillate, condensate, gasoline, waste oil, kerosene,
161 benzine, wash oil, blended gasoline, lubricating oil, blends or
162 mixtures of oil with one or more liquid products or byproducts
163 derived from oil or gas, and blends or mixtures of two or more
164 liquid products or byproducts derived from oil or gas, whether
165 hereinabove enumerated or not.

166 ~~(25)~~~~(24)~~ "Reasonable market demand" means the amount of
167 oil reasonably needed for current consumption, together with a
168 reasonable amount of oil for storage and working stocks.

169 ~~(26)~~~~(25)~~ "Reservoir protective area" means the area
170 extending up to and including 2,000 feet surrounding a natural
171 gas storage reservoir.

172 ~~(27)~~~~(26)~~ "Shut-in bottom hole pressure" means the pressure
173 at the bottom of a well when all valves are closed and no oil or

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174 gas has been allowed to escape for at least 24 hours.

175 ~~(28)~~~~(27)~~ "Shut-in well" means an oil or gas well that has
176 been taken out of service for economic reasons or mechanical
177 repairs.

178 ~~(29)~~~~(28)~~ "State" means the State of Florida.

179 ~~(30)~~~~(29)~~ "Temporarily abandoned well" means a permitted
180 well or wellbore that has been abandoned by plugging in a manner
181 that allows reentry and redevelopment in accordance with oil or
182 gas rules of the Department of Environmental Protection.

183 ~~(31)~~~~(30)~~ "Tender" means a permit or certificate of
184 clearance for the transportation or the delivery of oil, gas, or
185 products, approved and issued or registered under the authority
186 of the division.

187 ~~(32)~~~~(31)~~ "Waste," in addition to its ordinary meaning,
188 means "physical waste" as that term is generally understood in
189 the oil and gas industry. The term "waste" includes:

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

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

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200 gas.

201 (c) The producing of oil or gas in a manner that causes
202 unnecessary water channeling or coning.

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

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

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

209 (g) The creation of unnecessary fire hazards.

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

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

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

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

220 ~~(33)-(32)~~ "Well site" means the general area around a well,
221 which area has been disturbed from its natural or existing
222 condition, as well as the drilling or production pad, mud and
223 water circulation pits, and other operation areas necessary to
224 drill for or produce oil or gas, or to inject gas into and
225 recover gas from a natural gas storage facility.

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226 Section 3. Subsection (2) of section 377.22, Florida
227 Statutes, is amended to read:

228 377.22 Rules and orders.—

229 (2) The department shall issue orders and adopt rules
230 pursuant to ss. 120.536 and 120.54 to implement and enforce ~~the~~
231 ~~provisions of~~ this chapter. Such rules and orders shall ensure
232 that all precautions are taken to prevent the spillage of oil or
233 any other pollutant in all phases of the drilling for, and
234 extracting of, oil, gas, or other petroleum products, including
235 high-pressure well stimulations, or during the injection of gas
236 into and recovery of gas from a natural gas storage reservoir.
237 The department shall revise such rules from time to time as
238 necessary for the proper administration and enforcement of this
239 chapter. Rules adopted and orders issued in accordance with this
240 section are for, but not limited to, the following purposes:

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

245 (b) To prevent the alteration of the sheet flow of water
246 in any area.

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

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

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

259 (f) To require a reasonable bond, or other form of
260 security acceptable to the department, conditioned upon properly
261 drilling, casing, producing, and operating each well and
262 properly plugging ~~the performance of the duty to plug properly~~
263 each dry and abandoned well and upon the full and complete
264 restoration by the applicant of the area over which geophysical
265 exploration, drilling, or production is conducted to the similar
266 contour and general condition in existence before ~~prior to~~ such
267 operation.

268 (g) To require and carry out a reasonable program of
269 monitoring and inspecting ~~or inspection of~~ all drilling
270 operations, high-pressure well stimulations, producing wells, ~~or~~
271 injecting wells, and well sites, including regular inspections
272 by division personnel. Inspections are required during the
273 testing of blowout preventers, during the pressure testing of
274 the casing and casing shoe, and during the integrity testing of
275 the cement plugs in plugging and abandonment operations.

276 (h) To require the making of reports showing the location
277 of all oil and gas wells; the making and filing of logs; the

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278 taking and filing of directional surveys; the filing of
279 electrical, sonic, radioactive, and mechanical logs of oil and
280 gas wells; if taken, the saving of cutting and cores, the cuts
281 of which shall be given to the Bureau of Geology; and the making
282 of reports with respect to drilling and production records.
283 However, such information, or any part thereof, at the request
284 of the operator, shall be exempt from ~~the provisions of s.~~
285 119.07(1) and held confidential by the division for ~~a period of~~
286 1 year after the completion of a well.

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

290 (j) To prevent the drowning by water of any stratum, or
291 part thereof, capable of producing oil or gas in paying
292 quantities and to prevent the premature and irregular
293 encroachment of water which reduces, or tends to reduce, the
294 total ultimate recovery of oil or gas from any pool.

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

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

300 (m) To prevent fires.

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

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304 (o) To regulate the "shooting," perforating, ~~and~~ chemical
305 treatment, and high-pressure stimulations of wells.

306 (p) To regulate secondary recovery methods, including the
307 introduction of gas, air, water, or other substance into
308 producing formations.

309 (q) To regulate gas cycling operations.

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

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

315 (t) To require, either generally or in or from particular
316 areas, certificates of clearance or tenders in connection with
317 the transportation or delivery of oil or gas, or any product.

318 (u) To regulate the spacing of wells and to establish
319 drilling units.

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

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

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

329 (y) To act in a receivership capacity for fractional

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330 mineral interests for which the owners are unknown or unlocated
331 and to administratively designate the operator as the lessee.

332 (z) To evaluate the history of prior adjudicated,
333 uncontested, or settled violations committed by permit
334 applicants or the applicants' affiliated entities of any
335 substantive and material rule or law pertaining to the
336 regulation of oil or gas.

337 Section 4. Subsections (1), (2), (4), and (5) of section
338 377.24, Florida Statutes, are amended, and a new subsection (10)
339 and subsection (11) are added to that section, to read:

340 377.24 Notice of intention to drill well; permits;
341 abandoned wells and dry holes.—

342 (1) Before drilling a well in search of oil or gas, before
343 performing a high-pressure well stimulation, or before storing
344 gas in or recovering gas from a natural gas storage reservoir,
345 the person who desires to drill for, store, or recover gas, ~~or~~
346 drill for oil or gas, or perform a high-pressure well
347 stimulation shall notify the division upon such form as it may
348 prescribe and shall pay a reasonable fee set by rule of the
349 department not to exceed the actual cost of processing and
350 inspecting for each well or reservoir. The drilling of any well,
351 the performance of any high-pressure well stimulation, and the
352 storing and recovering of gas are prohibited until such notice
353 is given, the fee is paid, and a ~~the~~ permit is granted. A permit
354 may authorize a single activity or multiple activities.

355 (2) An application for the drilling of a well in search of

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356 oil or gas, for the performance of a high-pressure well
357 stimulation, or for the storing of gas in and recovering of gas
358 from a natural gas storage reservoir, in this state must include
359 the address of the residence of the applicant, or applicants,
360 which must be the address of each person involved in accordance
361 with the records of the Division of Water Resource Management
362 until such address is changed on the records of the division
363 after written request.

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

367 (5) No permit to drill a gas or oil well shall be granted
368 within the jurisdictional boundaries of any municipality or
369 county, unless the applicant provides notice of the permit
370 application, by certified mail, to the governing authority of
371 the county or municipality. The applicant shall include a copy
372 of the notice with the permit application. No permit to drill a
373 gas or oil well shall be granted within the corporate limits of
374 any municipality, unless the governing authority of the
375 municipality shall have first duly approved the application for
376 such permit by resolution.

377 (10) The department may not approve a permit to authorize
378 a high-pressure well stimulation until the department adopts
379 rules for high-pressure well stimulations which are based upon
380 the findings of the study required pursuant to s. 377.2436 and
381 such rules take effect.

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382 (11) The rules for high-pressure well stimulation shall be
383 submitted to the President of the Senate and Speaker of the
384 House of Representatives and such rules may not take effect
385 until they are ratified by the Legislature.

386 Section 5. Subsections (5), (6), and (7) are added to
387 section 377.241, Florida Statutes, to read:

388 377.241 Criteria for issuance of permits.—The division, in
389 the exercise of its authority to issue permits as hereinafter
390 provided, shall give consideration to and be guided by the
391 following criteria:

392 (5) For high-pressure well stimulations, whether the high-
393 pressure well stimulation as proposed is designed to ensure
394 that:

395 (a) The groundwater near the well location, including
396 groundwater through which the well will be or has been drilled,
397 is not contaminated as a result of the high-pressure well
398 stimulation; and

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

401 (6) As a basis for permit denial or imposition of specific
402 permit conditions, including increased bonding up to five times
403 the applicable limits and increased monitoring, the history of
404 prior adjudicated, uncontested, or settled violations committed
405 by the applicant or an affiliated entity of the applicant of any
406 substantive and material rule or law pertaining to the
407 regulation of oil or gas, including violations that occurred

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408 outside the state.

409 (7) Matters raised in comments timely submitted by a
410 municipality to the division pursuant to s. 377.24(5).

411 Section 6. Section 377.242, Florida Statutes, is amended
412 to read:

413 377.242 Permits for drilling or exploring and extracting
414 through well holes or by other means.—The department is vested
415 with the power and authority:

416 (1)(a) To issue permits for the performance of a high-
417 pressure well stimulation or the drilling for, exploring for, or
418 production of oil, gas, or other petroleum products ~~that~~ ~~which~~
419 are to be extracted from below the surface of the land,
420 including submerged land, only through the well hole drilled for
421 oil, gas, and other petroleum products.

422 1. A ~~Ne~~ structure intended for the drilling for, or
423 production of, oil, gas, or other petroleum products may not be
424 permitted or constructed on any submerged land within any bay or
425 estuary.

426 2. A ~~Ne~~ structure intended for the drilling for, or
427 production of, oil, gas, or other petroleum products may not be
428 permitted or constructed within 1 mile seaward of the coastline
429 of the state.

430 3. A ~~Ne~~ structure intended for the drilling for, or
431 production of, oil, gas, or other petroleum products may not be
432 permitted or constructed within 1 mile of the seaward boundary
433 of any state, local, or federal park or aquatic or wildlife

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434 preserve or on the surface of a freshwater lake, river, or
435 stream.

436 4. A ~~Ne~~ structure intended for the drilling for, or
437 production of, oil, gas, or other petroleum products may not be
438 permitted or constructed within 1 mile inland from the shoreline
439 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
440 or within 1 mile of any freshwater lake, river, or stream unless
441 the department is satisfied that the natural resources of such
442 bodies of water and shore areas of the state will be adequately
443 protected in the event of accident or blowout.

444 5. Without exception, after July 1, 1989, a ~~ne~~ structure
445 intended for the drilling for, or production of, oil, gas, or
446 other petroleum products may not be permitted or constructed
447 south of 26°00'00" north latitude off Florida's west coast and
448 south of 27°00'00" north latitude off Florida's east coast,
449 within the boundaries of Florida's territorial seas as defined
450 in 43 U.S.C. s. 1301. After July 31, 1990, a ~~ne~~ structure
451 intended for the drilling for, or production of, oil, gas, or
452 other petroleum products may not be permitted or constructed
453 north of 26°00'00" north latitude off Florida's west coast to
454 the western boundary of the state bordering Alabama as set forth
455 in s. 1, Art. II of the State Constitution, or located north of
456 27°00'00" north latitude off Florida's east coast to the
457 northern boundary of the state bordering Georgia as set forth in
458 s. 1, Art. II of the State Constitution, within the boundaries
459 of Florida's territorial seas as defined in 43 U.S.C. s. 1301.

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460 (b) Subparagraphs (a)1. and 4. do not apply to permitting
461 or construction of structures intended for the drilling for, or
462 production of, oil, gas, or other petroleum products pursuant to
463 an oil, gas, or mineral lease of such lands by the state under
464 which lease any valid drilling permits are in effect on the
465 effective date of this act. In the event that such permits
466 contain conditions or stipulations, such conditions and
467 stipulations shall govern and supersede subparagraphs (a)1. and
468 4.

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

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

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

479
480 Each permit shall contain an agreement by the permit holder that
481 the permit holder will not prevent inspection by division
482 personnel at any time, including during installation and
483 cementing of casing, during the testing of blowout preventers,
484 during the pressure testing of the casing and casing shoe, and
485 during the integrity testing of the cement plugs in plugging and

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486 abandonment operations. The provisions of this section
487 prohibiting permits for drilling or exploring for oil in coastal
488 waters do not apply to any leases entered into before June 7,
489 1991.

490 Section 7. Subsection (1) of section 377.2425, Florida
491 Statutes, is amended to read:

492 377.2425 Manner of providing security for geophysical
493 exploration, drilling, and production.—

494 (1) Before ~~Prior to~~ granting a permit for conducting ~~to~~
495 ~~conduct~~ geophysical operations; drilling of exploratory,
496 injection, or production wells; producing oil and gas from a
497 wellhead; performing a high-pressure well stimulation; or
498 transporting oil and gas through a field-gathering system, the
499 department shall require the applicant or operator to provide
500 surety that these operations will be conducted in a safe and
501 environmentally compatible manner.

502 (a) The applicant for a drilling, production, high-
503 pressure well stimulation, or injection well permit or a
504 geophysical permit may provide the following types of surety to
505 the department for this purpose:

506 1. A deposit of cash or other securities made payable to
507 the Minerals Trust Fund. Such cash or securities so deposited
508 shall be held at interest by the Chief Financial Officer to
509 satisfy safety and environmental performance provisions of this
510 chapter. The interest shall be credited to the Minerals Trust
511 Fund. Such cash or other securities shall be released by the

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512 Chief Financial Officer upon request of the applicant and
513 certification by the department that all safety and
514 environmental performance provisions established by the
515 department for permitted activities have been fulfilled.

516 2. A bond of a surety company authorized to do business in
517 the state in an amount as provided by rule.

518 3. A surety in the form of an irrevocable letter of credit
519 in an amount as provided by rule guaranteed by an acceptable
520 financial institution.

521 (b) An applicant for a drilling, production, high-pressure
522 well stimulation, or injection well permit, or a permittee who
523 intends to continue participating in long-term production
524 activities of such wells, has the option to provide surety to
525 the department by paying an annual fee to the Minerals Trust
526 Fund. For an applicant or permittee choosing this option the
527 following shall apply:

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

531 2. For each subsequent year, or part of a year, the fee is
532 \$1,500 per permitted well.

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

537 4. The fees set forth in subparagraphs 1., 2., and 3.

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538 shall be reviewed by the department on a biennial basis and
539 adjusted for the cost of inflation. The department shall
540 establish by rule a suitable index for implementing such fee
541 revisions.

542 (c) An applicant for a drilling or operating permit for
543 operations planned in coastal waters that by their nature
544 warrant greater surety shall provide surety only in accordance
545 with paragraph (a), or similar proof of financial responsibility
546 other than as provided in paragraph (b). For all such
547 applications, including applications pending at the effective
548 date of this act and notwithstanding ~~the provisions of~~ paragraph
549 (b), the Governor and Cabinet in their capacity as the
550 Administration Commission, at the recommendation of the
551 department ~~of Environmental Protection~~, shall set a reasonable
552 amount of surety required under this subsection. The surety
553 amount shall be based on the projected cleanup costs and natural
554 resources damages resulting from a maximum oil spill and adverse
555 hydrographic and atmospheric conditions that would tend to
556 transport the oil into environmentally sensitive areas, as
557 determined by the department ~~of Environmental Protection~~.

558 Section 8. Section 377.2436, Florida Statutes, is created
559 to read:

560 377.2436 Study on high-pressure well stimulations.-

561 (1) The department shall conduct a study on high-pressure
562 well stimulations. The study must:

563 (a) Evaluate the underlying geologic features present in

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564 the counties where oil wells have been permitted and analyze the
565 potential impact that high-pressure well stimulation and
566 wellbore construction may have on the underlying geologic
567 features.

568 (b) Evaluate the potential hazards and risks that high-
569 pressure well stimulation poses to surface water or groundwater
570 resources. The study must assess the potential impacts of high-
571 pressure well stimulation on drinking water resources and
572 identify the main factors affecting the severity and frequency
573 of impacts and must analyze the potential for the use or reuse
574 of recycled water in well stimulation fluids while meeting
575 appropriate water quality standards.

576 (c) Review and evaluate the potential for groundwater
577 contamination from conducting high-pressure well stimulation
578 under or near wells that have been previously plugged and
579 abandoned and identify a setback radius from previously plugged
580 and abandoned wells that could be impacted by high-pressure well
581 stimulation.

582 (d) Review and evaluate the ultimate disposition of high-
583 pressure well stimulation fluids after use in high-pressure well
584 stimulation processes.

585 (e) Review and evaluate the potential direct and indirect
586 economic benefits from the use of high pressure well
587 stimulation, including the effect on state and local tax
588 revenues, royalty payments, employment opportunities, and demand
589 for goods and services.

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590 (f) Review and evaluate potential seismic activity
591 associated with high pressure well stimulation and deep-well
592 disposal of oil and gas production wastewater.

593 (g) Review and evaluate the feasibility and impact of
594 waterless fracking to perform high pressure well stimulation.

595 (2) The department shall continue conventional oil and gas
596 business operations during the performance of the study. There
597 may not be a moratorium on the evaluation and issuance of
598 permits for conventional drilling, exploration, conventional
599 completions, or conventional workovers during the performance of
600 the study.

601 (3) The study is subject to independent scientific peer
602 review.

603 (4) The department shall submit the findings of the study
604 to the Governor, the President of the Senate, and the Speaker of
605 the House of Representatives by June 30, 2017, and shall
606 prominently post the findings on its website.

607 (5) The department may not adopt rules for high-pressure
608 well stimulation until the findings of the study have been
609 submitted to the Legislature. However, by March 1, 2018, the
610 department must adopt rules to implement the findings of the
611 study, if such rules are warranted to protect public health,
612 safety, and the environment.

613 Section 9. Paragraph (a) of subsection (1) of section
614 377.37, Florida Statutes, is amended to read:

615 377.37 Penalties.—

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616 (1) (a) A ~~Any~~ person who violates any provision of this
617 chapter law or any rule, regulation, or order of the division
618 made under this chapter or who violates the terms of any permit
619 to drill for or produce oil, gas, or other petroleum products
620 referred to in s. 377.242(1) or to store gas in a natural gas
621 storage facility, or any lessee, permitholder, or operator of
622 equipment or facilities used in the exploration for, drilling
623 for, or production of oil, gas, or other petroleum products, or
624 storage of gas in a natural gas storage facility, who refuses
625 inspection by the division as provided in this chapter, is
626 liable to the state for any damage caused to the air, waters, or
627 property, including animal, plant, or aquatic life, of the state
628 and for reasonable costs and expenses of the state in tracing
629 the source of the discharge, in controlling and abating the
630 source and the pollutants, and in restoring the air, waters, and
631 property, including animal, plant, and aquatic life, of the
632 state. Furthermore, such person, lessee, permitholder, or
633 operator is subject to the judicial imposition of a civil
634 penalty ~~in an amount~~ of not more than \$25,000 ~~\$10,000~~ for each
635 offense. However, the court may receive evidence in mitigation.
636 Each day during any portion of which such violation occurs
637 constitutes a separate offense. This paragraph does not ~~Nothing~~
638 ~~herein shall~~ give the department the right to bring an action on
639 behalf of a ~~any~~ private person.

640 Section 10. Section 377.45, Florida Statutes, is created
641 to read:

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642 377.45 High-pressure well stimulation chemical disclosure
643 registry.-

644 (1) (a) The department shall designate the national
645 chemical disclosure registry, known as FracFocus, developed by
646 the Ground Water Protection Council and the Interstate Oil and
647 Gas Compact Commission, as the state's registry for chemical
648 disclosure for all wells on which high-pressure well
649 stimulations are performed. The department shall provide a link
650 to FracFocus through its website.

651 (b) In addition to providing the following information to
652 the department as part of the permitting process, a service
653 provider, vendor, or well owner or operator shall report, as
654 established by department rule, to the department, at a minimum,
655 the following information:

656 1. The name of the service provider, vendor, or owner or
657 operator.

658 2. The date of completion of the high-pressure well
659 stimulation.

660 3. The county in which the well is located.

661 4. The API Well Number.

662 5. The well name and number.

663 6. The longitude and latitude of the wellhead.

664 7. The total vertical depth of the well.

665 8. The total volume of water used in the high-pressure
666 well stimulation.

667 9. Each chemical ingredient that is subject to 29 C.F.R.

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668 s. 1910.1200(g)(2) and the ingredient concentration in the high-
669 pressure well stimulation fluid by mass for each well on which a
670 high-pressure well stimulation is performed.

671 10. The trade or common name and the CAS Registry Number
672 for each chemical ingredient.

673 (c) The department shall report to FracFocus all
674 information received under paragraph (b), excluding any
675 information subject to chapter 688.

676 (d) If FracFocus cannot accept and make publicly available
677 any information specified in this section, the department shall
678 post the information on its website, excluding any information
679 subject to chapter 688.

680 (2) A service provider, vendor, or well owner or operator
681 shall:

682 (a) Report the information required under subsection (1)
683 to the department within 60 days after the initiation of the
684 high-pressure well stimulation for each well on which such high-
685 pressure well stimulation is performed.

686 (b) Notify the department if any chemical ingredient not
687 previously reported is intentionally included and used for the
688 purpose of performing a high-pressure well stimulation.

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

690 (a) Is not intentionally added to the high-pressure well
691 stimulation; or

692 (b) Occurs incidentally or is otherwise unintentionally
693 present in a high-pressure well stimulation.

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694 (4) The department shall adopt rules to administer this
695 section.

696 Section 11. Section 377.07, Florida Statutes, is amended
697 to read:

698 377.07 Division of Water Resource Management; powers,
699 duties, and authority.—The Division of Water Resource Management
700 of the Department of Environmental Protection is ~~hereby~~ vested
701 with power, authority, and duty to administer, carry out, and
702 enforce ~~the provisions of this part law as directed in s.~~
703 ~~370.02(3).~~

704 Section 12. Section 377.10, Florida Statutes, is amended
705 to read:

706 377.10 Certain persons not to be employed by division.—A
707 ~~No~~ person in the employ of, or holding any official connection
708 or position with any person, firm, partnership, corporation, or
709 association of any kind, engaged in the business of buying or
710 selling mineral leases, drilling wells in the search of oil or
711 gas, producing, transporting, refining, or distributing oil or
712 gas may not ~~shall~~ hold any position under, or be employed by,
713 the Division of Water Resource Management in the prosecution of
714 its duties under this part law.

715 Section 13. Subsection (1) of section 377.243, Florida
716 Statutes, is amended to read:

717 377.243 Conditions for granting permits for extraction
718 through well holes.—

719 (1) Before applying ~~Prior to the application~~ to the

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720 Division of Water Resource Management for the permit to drill
721 for oil, gas, and related products referred to in s. 377.242(1),
722 the applicant must own a valid deed, or other muniment of title,
723 or lease granting the ~~said~~ applicant the privilege to explore
724 for oil, gas, or related mineral products to be extracted only
725 through the well hole on the land or lands included in the
726 application. However, unallocated interests may be unitized
727 according to s. 377.27.

728 Section 14. Subsection (1) of section 377.244, Florida
729 Statutes, is amended to read:

730 377.244 Conditions for granting permits for surface
731 exploratory and extraction operations.—

732 (1) Exploration for and extraction of minerals under ~~and~~
733 ~~by virtue of~~ the authority of a grant of oil, gas, or mineral
734 rights, or which, subsequent to such grant, may ~~be interpreted~~
735 ~~to~~ include the right to explore for and extract minerals which
736 are subject to extraction from the land by means other than
737 through a well hole, that is by means of surface exploratory and
738 extraction operations such as sifting of the sands, dragline,
739 open pit mining, or other type of surface operation, which would
740 include movement of sands, dirt, rock, or minerals, shall be
741 exercised only pursuant to a permit issued by the Division of
742 Water Resource Management upon the applicant's compliance
743 ~~applicant complying~~ with the following conditions:

744 (a) The applicant must own a valid deed, or other muniment
745 of title, or lease granting the applicant the right to explore

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746 for and extract oil, gas, and other minerals from the said
747 lands.

748 (b) The applicant shall post a good and sufficient surety
749 bond with the division in such amount as the division determines
750 ~~may determine~~ is adequate to afford full and complete protection
751 for the owner of the surface rights of the lands described in
752 the application, conditioned upon the full and complete
753 restoration, by the applicant, of the area over which the
754 exploratory and extraction operations are conducted to the same
755 condition and contour in existence before ~~prior to~~ such
756 operations.

757 Section 15. For the 2016-2017 fiscal year, the sum of \$1
758 million in nonrecurring funds is appropriated from the General
759 Revenue Fund to the Department of Environmental Protection to
760 conduct a high-pressure well stimulation study pursuant to s.
761 377.2436, Florida Statutes.

762 Section 16. This act shall take effect July 1, 2016.

763
764 -----

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

766 Remove everything before the enacting clause and insert:
767 An act relating to the regulation of oil and gas resources;
768 amending s. 377.06, F.S.; preempting the regulation of all
769 matters relating to the exploration, development, production,
770 processing, storage, and transportation of oil and gas;
771 declaring existing ordinances and regulations relating thereto

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772 void; providing an exception for certain zoning ordinances;
773 amending s. 377.19, F.S.; applying the definitions of certain
774 terms to additional sections of ch. 377, F.S.; revising the
775 definition of the term "division"; conforming a cross-reference;
776 defining the term "high-pressure well stimulation"; amending s.
777 377.22, F.S.; revising the rulemaking authority of the
778 Department of Environmental Protection; amending s. 377.24,
779 F.S.; requiring that a permit be obtained before the performance
780 of a high-pressure well stimulation; specifying that a permit
781 may authorize single or multiple activities; requiring the
782 applicant to notify municipalities of permit applications within
783 their jurisdictional boundaries; deleting provisions that
784 prohibit the Division of Water Resource Management from granting
785 permits to drill gas or oil wells within the limits of a
786 municipality without approval of the governing authority of the
787 municipality; prohibiting the department from approving permits
788 for high-pressure well stimulation until certain rules are
789 adopted and take effect; requiring legislative ratification of
790 such rules; amending s. 377.241, F.S.; requiring the Division of
791 Water Resource Management to give consideration to and be guided
792 by certain additional criteria when issuing permits; amending s.
793 377.242, F.S.; authorizing the department to issue permits for
794 the performance of a high-pressure well stimulation; revising
795 permit requirements that permit holders agree not to prevent
796 division inspections; amending s. 377.2425, F.S.; requiring an
797 applicant or operator to provide surety that performance of a

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COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 191 (2016)

Amendment No.

798 high-pressure well stimulation will be conducted in a safe and
799 environmentally compatible manner; creating s. 377.2436, F.S.;
800 requiring the department to conduct a study on high-pressure
801 well stimulation; providing study criteria; requiring the study
802 to be submitted to the Governor and Legislature and posted on
803 the department website; prohibiting the department from adopting
804 rules until the study has been submitted to the Legislature;
805 requiring the department to adopt rules under certain conditions
806 by a specified date; amending s. 377.37, F.S.; increasing the
807 maximum amount of a civil penalty; creating s. 377.45, F.S.;
808 requiring the department to designate the national chemical
809 disclosure registry as the state's registry; requiring service
810 providers, vendors, and well owners or operators to report
811 certain information to the department; requiring the department
812 to report certain information to the national chemical registry;
813 providing applicability; requiring the department to adopt
814 rules; amending ss. 377.07, 377.10, 377.243, and 377.244, F.S.;
815 making technical changes; conforming provisions to changes made
816 by the act; providing an appropriation; providing an effective
817 date.

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