

Amendment No.

CHAMBER ACTION

Senate

House

.

Representative Dudley offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

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

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

(1) It is ~~hereby declared~~ the public policy of this state to conserve and control the natural resources of oil and gas in this state, and the products made from oil and gas in this state; to prevent waste of natural resources; to provide for the protection and adjustment of the correlative rights of the owners of the land in which the natural resources lie, of the

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15 owners and producers of oil and gas resources and the products
16 made from oil and gas, and of others interested in these
17 resources and products; and to safeguard the health, property,
18 and public welfare of the residents of this state and other
19 interested persons ~~and for all purposes indicated by the~~
20 ~~provisions in this section.~~

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

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

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

43 377.19 Definitions.—As used in ss. 377.06, 377.07, and
44 377.10-377.45 ~~377.10-377.40~~, the term:

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

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

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

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

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

64 (6) "Horizontal well" means a well completed with the
65 wellbore in a horizontal or nearly horizontal orientation within
66 10 degrees of horizontal within the producing formation.

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67 (7) "Illegal gas" means gas that has been produced within
68 the state from any well or wells in excess of the amount allowed
69 by any rule, regulation, or order of the division, as
70 distinguished from gas produced within the State of Florida from
71 a well not producing in excess of the amount so allowed, which
72 is "legal gas."

73 (8) "Illegal oil" means oil that has been produced within
74 the state from any well or wells in excess of the amount allowed
75 by rule, regulation, or order of the division, as distinguished
76 from oil produced within the state from a well not producing in
77 excess of the amount so allowed, which is "legal oil."

78 (9) "Illegal product" means a product of oil or gas, any
79 part of which was processed or derived, in whole or in part,
80 from illegal gas or illegal oil or from any product thereof, as
81 distinguished from "legal product," which is a product processed
82 or derived to no extent from illegal oil or illegal gas.

83 (10) "Lateral storage reservoir boundary" means the
84 projection up to the land surface of the maximum horizontal
85 extent of the gas volume contained in a natural gas storage
86 reservoir.

87 (11) "Native gas" means gas that occurs naturally within
88 this state and does not include gas produced outside the state,
89 transported to this state, and injected into a permitted natural
90 gas storage facility.

91 (12) "Natural gas storage facility" means an underground
92 reservoir from which oil or gas has previously been produced and

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93 which is used or to be used for the underground storage of
94 natural gas, and any surface or subsurface structure, or
95 infrastructure, except wells. The term also includes a right or
96 appurtenance necessary or useful in the operation of the
97 facility for the underground storage of natural gas, including
98 any necessary or reasonable reservoir protective area as
99 designated for the purpose of ensuring the safe operation of the
100 storage of natural gas or protecting the natural gas storage
101 facility from pollution, invasion, escape, or migration of gas,
102 or any subsequent extension thereof. The term does not mean a
103 transmission, distribution, or gathering pipeline or system that
104 is not used primarily as integral piping for a natural gas
105 storage facility.

106 (13) "Natural gas storage reservoir" means a pool or field
107 from which gas or oil has previously been produced and which is
108 suitable for or capable of being made suitable for the
109 injection, storage, and recovery of gas, as identified in a
110 permit application submitted to the department under s.
111 377.2407.

112 (14) "New field well" means an oil or gas well completed
113 after July 1, 1997, in a new field as designated by the
114 Department of Environmental Protection.

115 (15) "Oil" means crude petroleum oil and other
116 hydrocarbons, regardless of gravity, which are produced at the
117 well in liquid form by ordinary production methods, and which
118 are not the result of condensation of gas after it leaves the

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119 reservoir.

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

122 (17) "Oil and gas administrator" means the State
123 Geologist.

124 (18) "Operator" means the entity who:

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

126 (b) As part of a natural gas storage facility, injects, or
127 is engaged in the work of preparing to inject, gas into a
128 natural gas storage reservoir; or stores gas in, or removes gas
129 from, a natural gas storage reservoir.

130 (19) "Owner" means the person who has the right to drill
131 into and to produce from any pool and to appropriate the
132 production for the person or for the person and another, or
133 others.

134 (20) "Person" means a natural person, corporation,
135 association, partnership, receiver, trustee, guardian, executor,
136 administrator, fiduciary, or representative of any kind.

137 (21) "Pool" means an underground reservoir containing or
138 appearing to contain a common accumulation of oil or gas or
139 both. Each zone of a general structure which is completely
140 separated from any other zone on the structure is considered a
141 separate pool as used herein.

142 (22) "Producer" means the owner or operator of a well or
143 wells capable of producing oil or gas, or both.

144 (23) "Product" means a commodity made from oil or gas and

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145 includes refined crude oil, crude tops, topped crude, processed
146 crude petroleum, residue from crude petroleum, cracking stock,
147 uncracked fuel oil, fuel oil, treated crude oil, residuum, gas
148 oil, casinghead gasoline, natural gas gasoline, naphtha,
149 distillate, condensate, gasoline, waste oil, kerosene, benzine,
150 wash oil, blended gasoline, lubricating oil, blends or mixtures
151 of oil with one or more liquid products or byproducts derived
152 from oil or gas, and blends or mixtures of two or more liquid
153 products or byproducts derived from oil or gas, whether
154 hereinabove enumerated or not.

155 (24) "Reasonable market demand" means the amount of oil
156 reasonably needed for current consumption, together with a
157 reasonable amount of oil for storage and working stocks.

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

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

164 (27) "Shut-in well" means an oil or gas well that has been
165 taken out of service for economic reasons or mechanical repairs.

166 (28) "State" means the State of Florida.

167 (29) "Temporarily abandoned well" means a permitted well
168 or wellbore that has been abandoned by plugging in a manner that
169 allows reentry and redevelopment in accordance with oil or gas
170 rules of the Department of Environmental Protection.

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171 (30) "Tender" means a permit or certificate of clearance
172 for the transportation or the delivery of oil, gas, or products,
173 approved and issued or registered under the authority of the
174 division.

175 (31) "Waste," in addition to its ordinary meaning, means
176 "physical waste" as that term is generally understood in the oil
177 and gas industry. The term "waste" includes:

178 (a) The inefficient, excessive, or improper use or
179 dissipation of reservoir energy; and the locating, spacing,
180 drilling, equipping, operating, or producing of any oil or gas
181 well or wells in a manner that results, or tends to result, in
182 reducing the quantity of oil or gas ultimately to be stored or
183 recovered from any pool in this state.

184 (b) The inefficient storing of oil; and the locating,
185 spacing, drilling, equipping, operating, or producing of any oil
186 or gas well or wells in a manner that causes, or tends to cause,
187 unnecessary or excessive surface loss or destruction of oil or
188 gas.

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

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

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

195 (f) The underground waste, however caused and whether or
196 not defined.

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197 (g) The creation of unnecessary fire hazards.

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

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

202 (j) Permitting gas produced from a gas well to escape into
203 the air.

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

208 (32) "Well site" means the general area around a well,
209 which area has been disturbed from its natural or existing
210 condition, as well as the drilling or production pad, mud and
211 water circulation pits, and other operation areas necessary to
212 drill for or produce oil or gas, or to inject gas into and
213 recover gas from a natural gas storage facility.

214 (33) "Well stimulation" means all stages of a well
215 intervention performed by acidizing or low-pressure stimulation
216 or high-pressure stimulation. As used in this subsection, the
217 term:

218 (a) "Acidizing" or "low-pressure stimulation" means a
219 treatment used to improve the permeability of reservoir rocks by
220 injecting acids into the well in order to dissolve the rock,
221 which improves production by creating channels in the rock to
222 allow oil and natural gas to reach the well.

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223 (b) "High-pressure stimulation" means the injection of
224 fluids into a rock formation at high pressure that exceeds the
225 fracture gradient of the rock formation in order to propagate
226 fractures in such formation to increase production at an oil or
227 gas well by improving the flow of hydrocarbons from the
228 formation into the wellbore.

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

231 377.22 Rules and orders.—

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

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

248 (b) To prevent the alteration of the sheet flow of water

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249 in any area.

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

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

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

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

271 (g) To require and carry out a reasonable program of
272 monitoring and inspecting ~~or inspection of~~ all drilling
273 operations, well stimulations, producing wells, ~~or~~ injecting
274 wells, and well sites, including regular inspections by division

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275 personnel. Inspections are required during the testing of
276 blowout preventers, during the pressure testing of the casing
277 and casing shoe, and during the integrity testing of the cement
278 plugs in plugging and abandonment operations.

279 (h) To require the making of reports showing the location
280 of all oil and gas wells; the making and filing of logs; the
281 taking and filing of directional surveys; the filing of
282 electrical, sonic, radioactive, and mechanical logs of oil and
283 gas wells; if taken, the saving of cutting and cores, the cuts
284 of which shall be given to the Bureau of Geology; and the making
285 of reports with respect to drilling and production records.
286 However, such information, or any part thereof, at the request
287 of the operator, shall be exempt from ~~the provisions of s.~~
288 ~~119.07(1) and held confidential by the division for a period of~~
289 ~~1 year after the completion of a well.~~

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

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

298 (k) To require the operation of wells with efficient gas-
299 oil ratio~~7~~ and to fix such ratios.

300 (l) To prevent "blowouts," "caving," and "seepage," in the

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301 sense that conditions indicated by such terms are generally
302 understood in the oil and gas business.

303 (m) To prevent fires.

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

307 (o) To regulate the "shooting," perforating, ~~and~~ chemical
308 treatment, and stimulation of wells.

309 (p) To regulate secondary recovery methods, including the
310 introduction of gas, air, water, or other substance into
311 producing formations.

312 (q) To regulate gas cycling operations.

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

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

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

321 (u) To regulate the spacing of wells and to establish
322 drilling units.

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

326 (w) To require that geophysical operations requiring a

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327 permit be conducted in a manner which will minimize the impact
328 on hydrology and biota of the area, especially environmentally
329 sensitive lands and coastal areas.

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

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

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

340 Section 4. Subsections (1), (2), (4), and (5) of section
341 377.24, Florida Statutes, are amended, and subsections (10) and
342 (11) are added to that section, to read:

343 377.24 Notice of intention to drill well; permits;
344 abandoned wells and dry holes.—

345 (1) Before drilling a well in search of oil or gas, before
346 performing a well stimulation, or before storing gas in or
347 recovering gas from a natural gas storage reservoir, the person
348 who desires to drill for, store, or recover gas, ~~or~~ drill for
349 oil or gas, or perform a well stimulation shall notify the
350 division upon such form as it may prescribe and shall pay a
351 reasonable fee set by rule of the department not to exceed the
352 actual cost of processing and inspecting for each well or

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353 reservoir. The drilling of any well, the performance of any well
354 stimulation, and the storing and recovering of gas are
355 prohibited until such notice is given, the fee is paid, and a
356 ~~the~~ permit is granted. A permit may authorize a single activity
357 or multiple activities.

358 (2) An application for the drilling of a well in search of
359 oil or gas, for the performance of a well stimulation, or for
360 the storing of gas in and recovering of gas from a natural gas
361 storage reservoir, in this state must include the address of the
362 residence of the applicant, or applicants, which must be the
363 address of each person involved in accordance with the records
364 of the Division of Water Resource Management until such address
365 is changed on the records of the division after written request.

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

369 (5) The department may not grant a ~~No~~ permit to drill a
370 gas or oil well within the jurisdictional boundaries of a county
371 or municipality unless the applicant provides notice of the
372 permit application by certified mail to the governing authority
373 of the county or municipality. The applicant shall include a
374 copy of the notice with the permit application ~~shall be granted~~
375 ~~within the corporate limits of any municipality, unless the~~
376 ~~governing authority of the municipality shall have first duly~~
377 ~~approved the application for such permit by resolution.~~

378 (10) The department may not approve a permit to authorize

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379 a well stimulation until the department adopts rules for well
380 stimulations which are based on the findings of the study
381 required pursuant to s. 377.2436 and such rules take effect.

382 (11) The rules for well stimulation shall be submitted to
383 the President of the Senate and Speaker of the House of
384 Representatives and may not take effect until they are ratified
385 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 well stimulations, whether the well stimulation as
393 proposed is designed to ensure that:

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

397 (b) The well stimulation is consistent with the public
398 policy of this state as specified in s. 377.06.

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

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405 regulation of oil or gas, including violations that occurred
406 outside the state.

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

409 Section 6. Section 377.242, Florida Statutes, is amended
410 to read:

411 377.242 Permits for drilling or exploring and extracting
412 through well holes or by other means.—The department is vested
413 with the power and authority:

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

420 1. A ~~No~~ structure intended for the drilling for, or
421 production of, oil, gas, or other petroleum products may not be
422 permitted or constructed on any submerged land within any bay or
423 estuary.

424 2. A ~~No~~ structure intended for the drilling for, or
425 production of, oil, gas, or other petroleum products may not be
426 permitted or constructed within 1 mile seaward of the coastline
427 of the state.

428 3. A ~~No~~ structure intended for the drilling for, or
429 production of, oil, gas, or other petroleum products may not be
430 permitted or constructed within 1 mile of the seaward boundary

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431 of any state, local, or federal park or aquatic or wildlife
432 preserve or on the surface of a freshwater lake, river, or
433 stream.

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

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

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457 of Florida's territorial seas as defined in 43 U.S.C. s. 1301.

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

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

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

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

477
478 Each permit shall contain an agreement by the permitholder that
479 the permitholder will not prevent inspection by division
480 personnel at any time, including during installation and
481 cementing of the casing, during the testing of blowout
482 preventers, during the pressure testing of the casing and casing

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483 shoe, and during the integrity testing of the cement plugs in
484 plugging and abandonment operations. The provisions of this
485 section prohibiting permits for drilling or exploring for oil in
486 coastal waters do not apply to any leases entered into before
487 June 7, 1991.

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

490 377.2425 Manner of providing security for geophysical
491 exploration, drilling, and production.—

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

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

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

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509 Fund. Such cash or other securities shall be released by the
510 Chief Financial Officer upon request of the applicant and
511 certification by the department that all safety and
512 environmental performance provisions established by the
513 department for permitted activities have been fulfilled.

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

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

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

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

529 2. For each subsequent year, or part of a year, the fee is
530 \$1,500 per permitted well.

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

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

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

556 Section 8. Section 377.2436, Florida Statutes, is created
557 to read:

558 377.2436 Study on well stimulations.-

559 (1) The department shall conduct a study on well
560 stimulations. The study must:

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561 (a) Evaluate the underlying geologic features present in
562 the counties where oil wells have been permitted and analyze the
563 potential impact that well stimulation and wellbore construction
564 may have on the underlying geologic features.

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

572 (c) Review and evaluate the potential for groundwater
573 contamination from conducting well stimulation under or near
574 wells that have been previously plugged and abandoned and
575 identify a setback radius from previously plugged and abandoned
576 wells that could be impacted by well stimulation.

577 (d) Review and evaluate the ultimate disposition of well
578 stimulation fluids after use in well stimulation processes.

579 (e) Review and evaluate the potential direct and indirect
580 economic benefits from the use of well stimulation, including
581 the effect on state and local tax revenues, royalty payments,
582 employment opportunities, and demand for goods and services.

583 (f) Review and evaluate potential seismic activity
584 associated with well stimulation and deep-well disposal of oil
585 and gas production wastewater.

586 (g) Review and evaluate the feasibility and impact of

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587 waterless fracking to perform well stimulation.

588 (2) The department shall continue conventional oil and gas
589 business operations during the performance of the study. There
590 may not be a moratorium on the evaluation and issuance of
591 permits for conventional drilling, exploration, conventional
592 completions, or conventional workovers during the performance of
593 the study.

594 (3) The study is subject to independent scientific peer
595 review.

596 (4) The department shall submit the findings of the study
597 to the Governor, the President of the Senate, and the Speaker of
598 the House of Representatives by June 30, 2017, and shall
599 prominently post the findings on its website.

600 (5) The department may not adopt rules for well
601 stimulation until the findings of the study are submitted to the
602 Legislature. However, by March 1, 2018, the department shall
603 adopt rules to implement the findings of the study if such rules
604 are warranted to protect public health, safety, and the
605 environment.

606 Section 9. Paragraph (a) of subsection (1) of section
607 377.37, Florida Statutes, is amended to read:

608 377.37 Penalties.—

609 (1) (a) A ~~Any~~ person who violates any provision of this
610 chapter law or any rule, regulation, or order of the division
611 made under this chapter or who violates the terms of any permit
612 to drill for or produce oil, gas, or other petroleum products

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

633 Section 10. Section 377.45, Florida Statutes, is created
634 to read:

635 377.45 Well stimulation chemical disclosure registry.-
636 (1)(a) The department shall designate the national
637 chemical disclosure registry, known as FracFocus, developed by
638 the Ground Water Protection Council and the Interstate Oil and

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639 Gas Compact Commission, as the state's registry for chemical
640 disclosure for all wells on which well stimulations are
641 performed. The department shall provide a link to FracFocus on
642 its website.

643 (b) In addition to a permit applicant having to provide
644 the following information to the department as part of the
645 permit application process, a service provider, vendor, or well
646 owner or operator shall report, as established by department
647 rule, to the department, at a minimum, the following
648 information:

649 1. The name of the service provider, vendor, or well owner
650 or operator.

651 2. The date of completion of the well stimulation.

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

653 4. The API Well Number.

654 5. The well name and number.

655 6. The longitude and latitude of the wellhead.

656 7. The total vertical depth of the well.

657 8. The total volume of water used in the well stimulation.

658 9. Each chemical ingredient that is subject to 29 C.F.R.
659 s. 1910.1200(g)(2) and the ingredient concentration in the well
660 stimulation fluid by mass for each well on which a well
661 stimulation is performed.

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

664 (c) The department shall report to FracFocus all

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665 information received under paragraph (b), excluding any
666 information protected under chapter 688.

667 (d) If FracFocus cannot accept and make publicly available
668 any information specified in this section, the department shall
669 post the information on its website, excluding any information
670 protected under chapter 688.

671 (2) A service provider, vendor, or well owner or operator
672 shall:

673 (a) Report the information required under subsection (1)
674 to the department within 60 days after the initiation of the
675 well stimulation for each well on which such well stimulation is
676 performed.

677 (b) Notify the department if any chemical ingredient not
678 previously reported is intentionally included and used for the
679 purpose of performing a well stimulation.

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

681 (a) Is not intentionally added to the well stimulation; or

682 (b) Occurs incidentally or is otherwise unintentionally
683 present in a well stimulation.

684 (4) The department shall adopt rules to administer this
685 section.

686 Section 11. Section 377.07, Florida Statutes, is amended
687 to read:

688 377.07 Division of Water Resource Management; powers,
689 duties, and authority.—The Division of Water Resource Management
690 of the Department of Environmental Protection is ~~hereby~~ vested

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691 with power, authority, and duty to administer, carry out, and
692 enforce ~~the provisions of this part law as directed in s.~~
693 ~~370.02(3).~~

694 Section 12. Section 377.10, Florida Statutes, is amended
695 to read:

696 377.10 Certain persons not to be employed by division.—A
697 ~~No~~ person in the employ of, or holding any official connection
698 or position with, any person, firm, partnership, corporation, or
699 association of any kind, ~~engaged~~ engaged in the business of buying or
700 selling mineral leases, drilling wells in the search of oil or
701 gas, or producing, transporting, refining, or distributing oil
702 or gas may not ~~shall~~ hold any position under, or be employed by,
703 the Division of Water Resource Management in the prosecution of
704 its duties under this part ~~law~~.

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

707 377.243 Conditions for granting permits for extraction
708 through well holes.—

709 (1) Before applying ~~Prior to the application~~ to the
710 Division of Water Resource Management for the permit to drill
711 for oil, gas, and related products referred to in s. 377.242(1),
712 the applicant must own a valid deed, or other muniment of title,
713 or lease granting the ~~said~~ applicant the privilege to explore
714 for oil, gas, or related mineral products to be extracted only
715 through the well hole on the land or lands included in the
716 application. However, unallocated interests may be unitized

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717 according to s. 377.27.

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

720 377.244 Conditions for granting permits for surface
721 exploratory and extraction operations.—

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

734 (a) The applicant must own a valid deed, or other muniment
735 of title, or lease granting the applicant the right to explore
736 for and extract oil, gas, and other minerals from the said
737 lands.

738 (b) The applicant shall post a good and sufficient surety
739 bond with the division in such amount as the division determines
740 ~~may determine~~ is adequate to afford full and complete protection
741 for the owner of the surface rights of the lands described in
742 the application, conditioned upon the full and complete

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743 restoration, by the applicant, of the area over which the
744 exploratory and extraction operations are conducted to the same
745 condition and contour in existence before ~~prior to~~ such
746 operations.

747 Section 15. For the 2016-2017 fiscal year, the sum of \$1
748 million in nonrecurring funds is appropriated from the General
749 Revenue Fund to the Department of Environmental Protection to
750 conduct a well stimulation study pursuant to s. 377.2436,
751 Florida Statutes, as created by this act.

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

753
754 -----

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

755 Remove everything before the enacting clause and insert:

756 A bill to be entitled

757 An act relating to the regulation of oil and gas
758 resources; amending s. 377.06, F.S.; preempting to the
759 state all matters relating to regulation of the
760 exploration, development, production, processing,
761 storage, and transportation of oil and gas; declaring
762 existing ordinances and regulations relating thereto
763 void; providing an exception for certain zoning
764 ordinances; amending s. 377.19, F.S.; applying the
765 definitions of certain terms to additional sections of
766 chapter 377, F.S.; revising the definition of the term
767 "division"; defining the term "well stimulation";
768

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769 amending s. 377.22, F.S.; revising the rulemaking
770 authority of the Department of Environmental
771 Protection; amending s. 377.24, F.S.; requiring that a
772 permit be obtained before the performance of a well
773 stimulation; specifying that a permit may authorize
774 single or multiple activities; requiring the applicant
775 to notify counties or municipalities of permit
776 applications within their jurisdictional boundaries;
777 deleting provisions that prohibit the Division of
778 Water Resource Management from granting permits to
779 drill gas or oil wells within the limits of a
780 municipality without approval of the governing
781 authority of the municipality; prohibiting the
782 department from approving permits for well stimulation
783 until certain rules are adopted and take effect;
784 requiring legislative ratification of such rules;
785 amending s. 377.241, F.S.; requiring the division to
786 give consideration to and be guided by additional
787 criteria when issuing permits; amending s. 377.242,
788 F.S.; authorizing the department to issue permits for
789 the performance of a well stimulation; revising permit
790 requirements to specify that permitholders agree not
791 to prevent certain division inspections; amending s.
792 377.2425, F.S.; requiring an applicant or operator to
793 provide surety that performance of a well stimulation
794 will be conducted in a safe and environmentally

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795 compatible manner; creating s. 377.2436, F.S.;

796 requiring the department to conduct a study on well

797 stimulation; providing study criteria; requiring the

798 department's findings from the study to be submitted

799 to the Governor and Legislature and posted on the

800 department's website; prohibiting the department from

801 adopting rules until the study is submitted to the

802 Legislature; requiring the department to adopt rules

803 under certain conditions by a specified date; amending

804 s. 377.37, F.S.; increasing the maximum amount of a

805 civil penalty; creating s. 377.45, F.S.; requiring the

806 department to designate the national chemical

807 disclosure registry as the state's registry; requiring

808 service providers, vendors, and well owners or

809 operators to report certain information to the

810 department; requiring the department to report certain

811 information to the national chemical registry;

812 requiring the national chemical disclosure registry to

813 provide certain information to the department if it is

814 unable to make the information public; providing

815 applicability; requiring the department to adopt

816 rules; amending ss. 377.07, 377.10, 377.243, and

817 377.244, F.S.; conforming provisions to changes made

818 by the act; providing an appropriation; providing an

819 effective date.

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