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LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
03/01/2016	.	
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The Committee on Appropriations (Simmons) recommended the following:

Senate Amendment (with title amendment)

Delete 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



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11 this state, and the products made from oil and gas in this
12 state; to prevent waste of natural resources; to provide for the
13 protection and adjustment of the correlative rights of the
14 owners of the land in which the natural resources lie, of the
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 declared
22 that underground storage of natural gas is in the public
23 interest because underground storage promotes conservation of
24 natural gas, and makes gas more readily available to the domestic,
25 commercial, and industrial consumers of this state, and allows
26 the accumulation of large quantities of gas in reserve for
27 orderly withdrawal during emergencies or periods of peak demand.
28 It is not the intention of this section to limit, restrict, or
29 modify in any way the provisions of this law.

30 (3) The Legislature declares that all matters relating to
31 the regulation of the exploration, development, production,
32 processing, storage, and transportation of oil and gas are
33 preempted to the state, to the exclusion of all existing and
34 future ordinances or regulations relating thereto adopted by any
35 county, municipality, or other political subdivision of the
36 state. All such ordinances or regulations are hereby declared
37 void as a matter of law, including those that impose a
38 moratorium or effect a ban on one or more of these activities. A
39 county or municipality may, however, adopt and enforce zoning or



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40 land use requirements which affect the use of property for the
41 exploration, development, production, processing, storage or
42 transportation of oil and gas, with the exception of geophysical
43 operations pursuant to s. 377.2424(3), so long as such zoning or
44 land use requirements would not impose a moratorium on,
45 effectively prohibit, or inordinately burden one or more of
46 these activities on a subject property.

47 Section 2. Section 377.19, Florida Statutes, is amended to
48 read:

49 377.19 Definitions.—As used in ss. 377.06, 377.07, and
50 377.10-377.45 ~~377.10-377.40~~, the term:

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

55 (2) "Department" means the Department of Environmental
56 Protection.

57 (3) "Division" means the Division of Water Resource
58 Management of the Department of Environmental Protection.

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

66 (5) "Gas" means all natural gas, including casinghead gas,
67 and all other hydrocarbons not defined as oil in subsection (16)
68 ~~(15)~~.



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69 (6) "Fracturing well stimulation" means all stages of a
70 well intervention performed by injecting fluids into a rock
71 formation at high pressure that exceeds the fracture gradient of
72 the rock formation in order to propagate fractures in such
73 formation to increase production at an oil or gas well by
74 improving the flow of hydrocarbons from the formation into the
75 wellbore. The term also means any other well intervention,
76 whether or not at high pressure, whose purpose or effect is to
77 fracture such formation to increase production of an oil or gas
78 well by improving the flow of hydrocarbons from the formation
79 into the wellbore, but does not include conventional workover
80 procedures that may incidentally fracture the formation in close
81 proximity to the wellbore, such as those normal procedures used
82 for cleaning the wellbore.

83 (7)~~(6)~~ "Horizontal well" means a well completed with the
84 wellbore in a horizontal or nearly horizontal orientation within
85 10 degrees of horizontal within the producing formation.

86 (8)~~(7)~~ "Illegal gas" means gas that has been produced
87 within the state from any well or wells in excess of the amount
88 allowed by any rule, regulation, or order of the division, as
89 distinguished from gas produced within the State of Florida from
90 a well not producing in excess of the amount so allowed, which
91 is "legal gas."

92 (9)~~(8)~~ "Illegal oil" means oil that has been produced
93 within the state from any well or wells in excess of the amount
94 allowed by rule, regulation, or order of the division, as
95 distinguished from oil produced within the state from a well not
96 producing in excess of the amount so allowed, which is "legal
97 oil."



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98 ~~(10)-(9)~~ "Illegal product" means a product of oil or gas,
99 any part of which was processed or derived, in whole or in part,
100 from illegal gas or illegal oil or from any product thereof, as
101 distinguished from "legal product," which is a product processed
102 or derived to no extent from illegal oil or illegal gas.

103 ~~(11)-(10)~~ "Lateral storage reservoir boundary" means the
104 projection up to the land surface of the maximum horizontal
105 extent of the gas volume contained in a natural gas storage
106 reservoir.

107 ~~(12)-(11)~~ "Native gas" means gas that occurs naturally
108 within this state and does not include gas produced outside the
109 state, transported to this state, and injected into a permitted
110 natural gas storage facility.

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

126 ~~(14)-(13)~~ "Natural gas storage reservoir" means a pool or



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127 field from which gas or oil has previously been produced and
128 which is suitable for or capable of being made suitable for the
129 injection, storage, and recovery of gas, as identified in a
130 permit application submitted to the department under s.
131 377.2407.

132 (15)~~(14)~~ "New field well" means an oil or gas well
133 completed after July 1, 1997, in a new field as designated by
134 the Department of Environmental Protection.

135 (16)~~(15)~~ "Oil" means crude petroleum oil and other
136 hydrocarbons, regardless of gravity, which are produced at the
137 well in liquid form by ordinary production methods, and which
138 are not the result of condensation of gas after it leaves the
139 reservoir.

140 (17)~~(16)~~ "Oil and gas" has the same meaning as the term
141 "oil or gas."

142 (18)~~(17)~~ "Oil and gas administrator" means the State
143 Geologist.

144 (19)~~(18)~~ "Operator" means the entity ~~who~~ that:

- 145 (a) Has the right to drill and to produce a well; or
146 (b) As part of a natural gas storage facility, injects, or
147 is engaged in the work of preparing to inject, gas into a
148 natural gas storage reservoir; or stores gas in, or removes gas
149 from, a natural gas storage reservoir.

150 (20)~~(19)~~ "Owner" means the person who has the right to
151 drill into and to produce from any pool and to appropriate the
152 production for the person or for the person and another, or
153 others.

154 (21)~~(20)~~ "Person" means a natural person, corporation,
155 association, partnership, receiver, trustee, guardian, executor,



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156 administrator, fiduciary, or representative of any kind.

157 ~~(22)~~~~(21)~~ "Pool" means an underground reservoir containing
158 or appearing to contain a common accumulation of oil or gas or
159 both. Each zone of a general structure which is completely
160 separated from any other zone on the structure is considered a
161 separate pool as used herein.

162 ~~(23)~~~~(22)~~ "Producer" means the owner or operator of a well
163 or wells capable of producing oil or gas, or both.

164 ~~(24)~~~~(23)~~ "Product" means a commodity made from oil or gas
165 and includes refined crude oil, crude tops, topped crude,
166 processed crude petroleum, residue from crude petroleum,
167 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,
168 residuum, gas oil, casinghead gasoline, natural gas gasoline,
169 naphtha, distillate, condensate, gasoline, waste oil, kerosene,
170 benzine, wash oil, blended gasoline, lubricating oil, blends or
171 mixtures of oil with one or more liquid products or byproducts
172 derived from oil or gas, and blends or mixtures of two or more
173 liquid products or byproducts derived from oil or gas, whether
174 hereinabove enumerated or not.

175 ~~(25)~~~~(24)~~ "Reasonable market demand" means the amount of oil
176 reasonably needed for current consumption, together with a
177 reasonable amount of oil for storage and working stocks.

178 ~~(26)~~~~(25)~~ "Reservoir protective area" means the area
179 extending up to and including 2,000 feet surrounding a natural
180 gas storage reservoir.

181 ~~(27)~~~~(26)~~ "Shut-in bottom hole pressure" means the pressure
182 at the bottom of a well when all valves are closed and no oil or
183 gas has been allowed to escape for at least 24 hours.

184 ~~(28)~~~~(27)~~ "Shut-in well" means an oil or gas well that has



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185 been taken out of service for economic reasons or mechanical
186 repairs.

187 ~~(29)~~~~(28)~~ "State" means the State of Florida.

188 ~~(30)~~~~(29)~~ "Temporarily abandoned well" means a permitted
189 well or wellbore that has been abandoned by plugging in a manner
190 that allows reentry and redevelopment in accordance with oil or
191 gas rules of the Department of Environmental Protection.

192 ~~(31)~~~~(30)~~ "Tender" means a permit or certificate of
193 clearance for the transportation or the delivery of oil, gas, or
194 products, approved and issued or registered under the authority
195 of the division.

196 ~~(32)~~~~(31)~~ "Waste," in addition to its ordinary meaning,
197 means "physical waste" as that term is generally understood in
198 the oil and gas industry. The term "waste" includes:

199 (a) The inefficient, excessive, or improper use or
200 dissipation of reservoir energy; and the locating, spacing,
201 drilling, equipping, operating, or producing of any oil or gas
202 well or wells in a manner that results, or tends to result, in
203 reducing the quantity of oil or gas ultimately to be stored or
204 recovered from any pool in this state.

205 (b) The inefficient storing of oil; and the locating,
206 spacing, drilling, equipping, operating, or producing of any oil
207 or gas well or wells in a manner that causes, or tends to cause,
208 unnecessary or excessive surface loss or destruction of oil or
209 gas.

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

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



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

216 (f) The underground waste, however caused and whether or
217 not defined.

218 (g) The creation of unnecessary fire hazards.

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

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

223 (j) Permitting gas produced from a gas well to escape into
224 the air.

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

229 (33)~~(32)~~ "Well site" means the general area around a well,
230 which area has been disturbed from its natural or existing
231 condition, as well as the drilling or production pad, mud and
232 water circulation pits, and other operation areas necessary to
233 drill for or produce oil or gas, or to inject gas into and
234 recover gas from a natural gas storage facility.

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

237 377.22 Rules and orders.—

238 (2) The department shall issue orders and adopt rules
239 pursuant to ss. 120.536 and 120.54 to implement and enforce ~~the~~
240 ~~provisions of~~ this chapter. Such rules and orders shall ensure
241 that all precautions are taken to prevent the spillage of oil or
242 any other pollutant in all phases of the drilling for, and



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243 extracting of, oil, gas, or other petroleum products, including
244 fracturing well stimulations, or during the injection of gas
245 into and recovery of gas from a natural gas storage reservoir.
246 The department shall revise such rules from time to time as
247 necessary for the proper administration and enforcement of this
248 chapter. Rules adopted and orders issued in accordance with this
249 section are for, but not limited to, the following purposes:

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

254 (b) To prevent the alteration of the sheet flow of water in
255 any area.

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

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

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

268 (f) To require a reasonable bond, or other form of security
269 acceptable to the department, conditioned upon properly
270 drilling, casing, producing, and operating each well and
271 properly plugging ~~the performance of the duty to plug properly~~



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272 each dry and abandoned well and upon the full and complete
273 restoration by the applicant of the area over which geophysical
274 exploration, drilling, or production is conducted to the similar
275 contour and general condition in existence before ~~prior to~~ such
276 operation.

277 (g) To require and carry out a reasonable program of
278 monitoring and inspecting ~~or inspection of~~ all drilling
279 operations, fracturing well stimulations, producing wells, ~~or~~
280 injecting wells, and well sites, including regular inspections
281 by division personnel. Inspections are required during the
282 testing of blowout preventers, during the pressure testing of
283 the casing and casing shoe, and during the integrity testing of
284 the cement plugs in plugging and abandonment operations.

285 (h) To require the making of reports showing the location
286 of all oil and gas wells; the making and filing of logs; the
287 taking and filing of directional surveys; the filing of
288 electrical, sonic, radioactive, and mechanical logs of oil and
289 gas wells; if taken, the saving of cutting and cores, the cuts
290 of which shall be given to the Bureau of Geology; and the making
291 of reports with respect to drilling and production records.
292 However, such information, or any part thereof, at the request
293 of the operator, shall be exempt from ~~the provisions of s.~~
294 119.07(1) and held confidential by the division for ~~a period of~~
295 1 year after the completion of a well.

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

299 (j) To prevent the drowning by water of any stratum, or
300 part thereof, capable of producing oil or gas in paying



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301 quantities and to prevent the premature and irregular
302 encroachment of water which reduces, or tends to reduce, the
303 total ultimate recovery of oil or gas from any pool.

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

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

309 (m) To prevent fires.

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

313 (o) To regulate the "shooting," perforating, ~~and~~ chemical
314 treatment, and fracturing stimulations of wells.

315 (p) To regulate secondary recovery methods, including the
316 introduction of gas, air, water, or other substance into
317 producing formations.

318 (q) To regulate gas cycling operations.

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

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

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

327 (u) To regulate the spacing of wells and to establish
328 drilling units.

329 (v) To prevent, so far as is practicable, reasonably



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330 avoidable drainage from each developed unit which is not
331 equalized by counterdrainage.

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

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

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

341 (z) To evaluate the history of prior adjudicated,
342 uncontested, or settled violations committed by permit
343 applicants or the applicants' affiliated entities of any
344 substantive and material rule or law pertaining to the
345 regulation of oil or gas.

346 Section 4. Subsections (1), (2), (4), and (5) of section
347 377.24, Florida Statutes, are amended, and subsections (10) and
348 (11) are added to that section, to read:

349 377.24 Notice of intention to drill well; permits;
350 abandoned wells and dry holes.—

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



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359 reservoir. The drilling of any well, the performance of any
360 fracturing well stimulation, and the storing and recovering of
361 gas are prohibited until such notice is given, the fee is paid,
362 and a ~~the~~ permit is granted. A permit may authorize a single
363 activity or multiple activities.

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

373 (4) Application for permission to drill or abandon any well
374 or perform a fracturing well stimulation may be denied by the
375 division for only just and lawful cause.

376 (5) No permit to drill a gas or oil well shall be granted
377 within the jurisdictional boundaries of any municipality or
378 county, unless the applicant provides notice of the permit
379 application, by certified mail, to ~~the corporate limits of any~~
380 municipality, unless the governing authority of the county or
381 municipality. The applicant shall include a copy of the notice
382 with the permit application ~~shall have first duly approved the~~
383 application for such permit by resolution.

384 (10) The department may not approve a permit to authorize a
385 fracturing well stimulation until the department adopts rules
386 for fracturing well stimulations which are based upon the
387 findings of the study required pursuant to s. 377.2436 and such



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388 rules take effect.

389 (11) The rules for fracturing well stimulation shall be
390 submitted to the President of the Senate and Speaker of the
391 House of Representatives and such rules may not take effect
392 until they are ratified by the Legislature.

393 Section 5. Subsections (5), (6), and 7 are added to section
394 377.241, Florida Statutes, to read:

395 377.241 Criteria for issuance of permits.—The division, in
396 the exercise of its authority to issue permits as hereinafter
397 provided, shall give consideration to and be guided by the
398 following criteria:

399 (5) For fracturing well stimulations, whether the
400 fracturing well stimulation as proposed is designed to ensure
401 that:

402 (a) The groundwater near the well location, including
403 groundwater through which the well will be or has been drilled,
404 is not contaminated as a result of the fracturing well
405 stimulation; and

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

408 (6) As a basis for permit denial or imposition of specific
409 permit conditions, including increased bonding up to five times
410 the applicable limits and increased monitoring, the history of
411 prior adjudicated, uncontested, or settled violations committed
412 by the applicant or an affiliated entity of the applicant of any
413 substantive and material rule or law pertaining to the
414 regulation of oil or gas, including violations that occurred
415 outside the state.

416 (7) Matters raised in comments timely submitted by a



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417 municipality or county to the division pursuant to s. 377.24(5).

418 Section 6. Section 377.242, Florida Statutes, is amended to
419 read:

420 377.242 Permits for drilling or exploring and extracting
421 through well holes or by other means.—The department is vested
422 with the power and authority:

423 (1) (a) To issue permits for the performance of a fracturing
424 well stimulation or the drilling for, exploring for, or
425 production of oil, gas, or other petroleum products that ~~which~~
426 are to be extracted from below the surface of the land,
427 including submerged land, only through the well hole drilled for
428 oil, gas, and other petroleum products.

429 1. A ~~No~~ structure intended for the drilling for, or
430 production of, oil, gas, or other petroleum products may not be
431 permitted or constructed on any submerged land within any bay or
432 estuary.

433 2. A ~~No~~ structure intended for the drilling for, or
434 production of, oil, gas, or other petroleum products may not be
435 permitted or constructed within 1 mile seaward of the coastline
436 of the state.

437 3. A ~~No~~ structure intended for the drilling for, or
438 production of, oil, gas, or other petroleum products may not be
439 permitted or constructed within 1 mile of the seaward boundary
440 of any state, local, or federal park or aquatic or wildlife
441 preserve or on the surface of a freshwater lake, river, or
442 stream.

443 4. A ~~No~~ structure intended for the drilling for, or
444 production of, oil, gas, or other petroleum products may not be
445 permitted or constructed within 1 mile inland from the shoreline



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446 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
447 or within 1 mile of any freshwater lake, river, or stream unless
448 the department is satisfied that the natural resources of such
449 bodies of water and shore areas of the state will be adequately
450 protected in the event of accident or blowout.

451 5. Without exception, after July 1, 1989, a ~~ne~~ structure
452 intended for the drilling for, or production of, oil, gas, or
453 other petroleum products may not be permitted or constructed
454 south of 26°00'00" north latitude off Florida's west coast and
455 south of 27°00'00" north latitude off Florida's east coast,
456 within the boundaries of Florida's territorial seas as defined
457 in 43 U.S.C. s. 1301. After July 31, 1990, a ~~ne~~ structure
458 intended for the drilling for, or production of, oil, gas, or
459 other petroleum products may not be permitted or constructed
460 north of 26°00'00" north latitude off Florida's west coast to
461 the western boundary of the state bordering Alabama as set forth
462 in s. 1, Art. II of the State Constitution, or located north of
463 27°00'00" north latitude off Florida's east coast to the
464 northern boundary of the state bordering Georgia as set forth in
465 s. 1, Art. II of the State Constitution, within the boundaries
466 of Florida's territorial seas as defined in 43 U.S.C. s. 1301.

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



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475 4.

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

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

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

486
487 Each permit shall contain an agreement by the permitholder that
488 the permitholder will not prevent inspection by division
489 personnel at any time, including during installation and
490 cementing of casing, during the testing of blowout preventers,
491 during the pressure testing of the casing and casing shoe, and
492 during the integrity testing of the cement plugs in plugging and
493 abandonment operations. The provisions of this section
494 prohibiting permits for drilling or exploring for oil in coastal
495 waters do not apply to any leases entered into before June 7,
496 1991.

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

499 377.2425 Manner of providing security for geophysical
500 exploration, drilling, and production.—

501 (1) Before ~~Prior to~~ granting a permit for conducting ~~to~~
502 ~~conduct~~ geophysical operations; drilling of exploratory,
503 injection, or production wells; producing oil and gas from a



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504 wellhead; performing a fracturing well stimulation; or
505 transporting oil and gas through a field-gathering system, the
506 department shall require the applicant or operator to provide
507 surety that these operations will be conducted in a safe and
508 environmentally compatible manner.

509 (a) The applicant for a drilling, production, fracturing
510 well stimulation, or injection well permit or a geophysical
511 permit may provide the following types of surety to the
512 department for this purpose:

513 1. A deposit of cash or other securities made payable to
514 the Minerals Trust Fund. Such cash or securities so deposited
515 shall be held at interest by the Chief Financial Officer to
516 satisfy safety and environmental performance provisions of this
517 chapter. The interest shall be credited to the Minerals Trust
518 Fund. Such cash or other securities shall be released by the
519 Chief Financial Officer upon request of the applicant and
520 certification by the department that all safety and
521 environmental performance provisions established by the
522 department for permitted activities have been fulfilled.

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

525 3. A surety in the form of an irrevocable letter of credit
526 in an amount as provided by rule guaranteed by an acceptable
527 financial institution.

528 (b) An applicant for a drilling, production, fracturing
529 well stimulation, or injection well permit, or a permittee who
530 intends to continue participating in long-term production
531 activities of such wells, has the option to provide surety to
532 the department by paying an annual fee to the Minerals Trust



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533 Fund. For an applicant or permittee choosing this option the
534 following shall apply:

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

538 2. For each subsequent year, or part of a year, the fee is
539 \$1,500 per permitted well.

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

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

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



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562 transport the oil into environmentally sensitive areas, as
563 determined by the department ~~of Environmental Protection~~.

564 Section 8. Section 377.2436, Florida Statutes, is created
565 to read:

566 377.2436 Study on fracturing well stimulations.-

567 (1) The department shall conduct a study on fracturing well
568 stimulations. The study must:

569 (a) Evaluate the underlying geologic features present in
570 the counties where oil wells have been permitted and analyze the
571 potential impact that fracturing well stimulation and wellbore
572 construction may have on the underlying geologic features.

573 (b) Evaluate the potential hazards and risks that
574 fracturing well stimulation poses to surface water or
575 groundwater resources. The study must assess the potential
576 impacts of fracturing well stimulation on drinking water
577 resources and identify the main factors affecting the severity
578 and frequency of impacts and must analyze the potential for the
579 use or reuse of recycled water in well stimulation fluids while
580 meeting appropriate water quality standards.

581 (c) Review and evaluate the potential for groundwater
582 contamination from conducting fracturing well stimulation under
583 or near wells that have been previously plugged and abandoned
584 and identify a setback radius from previously plugged and
585 abandoned wells that could be impacted by fracturing well
586 stimulation.

587 (d) Review and evaluate the ultimate disposition of
588 fracturing well stimulation fluids after use in fracturing well
589 stimulation processes.

590 (e) Review and evaluate the potential direct and indirect



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591 economic benefits resulting from the use of fracturing well
592 stimulation, including effects on state and local tax revenues,
593 royalty payments, employment opportunities, and demand for goods
594 and services.

595 (f) Review and evaluate potential seismic activity
596 associated with fracturing well stimulation and the deep-well
597 disposal of oil and gas production wastewater.

598 (g) Review and evaluate the feasibility and impact of
599 waterless fracturing technologies to perform fracturing well
600 stimulation.

601 (2) The department shall continue conventional oil and gas
602 business operations during the performance of the study. There
603 may not be a moratorium on the evaluation and issuance of
604 permits for conventional drilling, exploration, conventional
605 completions, or conventional workovers during the performance of
606 the study.

607 (3) The study is subject to independent scientific peer
608 review.

609 (4) The department shall submit the findings of the study
610 to the Governor, the President of the Senate, and the Speaker of
611 the House of Representatives by June 30, 2017, and shall
612 prominently post the findings on its website.

613 (5) The department may not adopt rules for fracturing well
614 stimulation until the findings of the study have been submitted
615 to the Legislature. However, by March 1, 2018, the department
616 must adopt rules to implement the findings of the study, if such
617 rules are warranted to protect public health, safety, and the
618 environment.

619 Section 9. Paragraph (a) of subsection (1) of section



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620 377.37, Florida Statutes, is amended to read:

621 377.37 Penalties.—

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

646 Section 10. Section 377.45, Florida Statutes, is created to
647 read:

648 377.45 Fracturing well stimulation chemical disclosure



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649 registry.-

650 (1) (a) The department shall designate the national chemical
651 disclosure registry, known as FracFocus, developed by the Ground
652 Water Protection Council and the Interstate Oil and Gas Compact
653 Commission, as the state's registry for chemical disclosure for
654 all wells on which fracturing well stimulations are performed,
655 if and to the extent permitted by the department. The department
656 shall provide a link to FracFocus through its website.

657 (b) In addition to providing the following information to
658 the department as part of the permitting process, a service
659 provider, vendor, or well owner or operator shall report, as
660 established by department rule, to the department, at a minimum,
661 the following information:

662 1. The name of the service provider, vendor, or owner or
663 operator.

664 2. The date of completion of the fracturing well
665 stimulation.

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

667 4. The API Well Number.

668 5. The well name and number.

669 6. The longitude and latitude of the wellhead.

670 7. The total vertical depth of the well.

671 8. The total volume of water used in the fracturing well
672 stimulation.

673 9. Each chemical ingredient that is subject to 29 C.F.R. s.
674 1910.1200(g) (2) and the ingredient concentration in the
675 fracturing well stimulation fluid by mass for each well on which
676 a fracturing well stimulation is performed.

677 10. The trade or common name and the CAS Registry Number



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678 for each chemical ingredient.

679 (c) The department shall report to FracFocus all
680 information received under paragraph (b), excluding any
681 information subject to chapter 688.

682 (d) If FracFocus cannot accept and make publicly available
683 any information specified in this section, the department shall
684 post the information on its website, excluding any information
685 subject to chapter 688.

686 (2) A service provider, vendor, or well owner or operator
687 shall:

688 (a) Report the information required under subsection (1) to
689 the department within 60 days after the initiation of the
690 fracturing well stimulation for each well on which such
691 fracturing well stimulation is performed.

692 (b) Notify the department if any chemical ingredient not
693 previously reported is intentionally included and used for the
694 purpose of performing a fracturing well stimulation.

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

696 (a) Is not intentionally added to the fracturing well
697 stimulation; or

698 (b) Occurs incidentally or is otherwise unintentionally
699 present in a fracturing well stimulation.

700 (4) The department shall adopt rules to administer this
701 section.

702 Section 11. Section 377.07, Florida Statutes, is amended to
703 read:

704 377.07 Division of Water Resource Management; powers,
705 duties, and authority.—The Division of Water Resource Management
706 of the Department of Environmental Protection is ~~hereby~~ vested



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707 with power, authority, and duty to administer, carry out, and
708 enforce ~~the provisions of this part law as directed in s.~~
709 ~~370.02(3).~~

710 Section 12. Section 377.10, Florida Statutes, is amended to
711 read:

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

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

723 377.243 Conditions for granting permits for extraction
724 through well holes.—

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

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



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736 377.244 Conditions for granting permits for surface
737 exploratory and extraction operations.—

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

750 (a) The applicant must own a valid deed, or other muniment
751 of title, or lease granting the applicant the right to explore
752 for and extract oil, gas, and other minerals from the said
753 lands.

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

763 Section 15. For the 2016-2017 fiscal year, the sum of \$1
764 million in nonrecurring funds is appropriated from the General



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765 Revenue Fund to the Department of Environmental Protection to
766 conduct a fracturing well stimulation study pursuant to s.
767 377.2436, Florida Statutes.

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

769

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

771 And the title is amended as follows:

772 Delete everything before the enacting clause
773 and insert:

774 A bill to be entitled
775 An act relating to the regulation of oil and gas
776 resources; amending s. 377.06, F.S.; preempting the
777 regulation of all matters relating to the exploration,
778 development, production, processing, storage, and
779 transportation of oil and gas; declaring ordinances
780 and regulations relating thereto void; providing an
781 exception for certain zoning or land use requirements;
782 ordinances and regulations relating thereto void;
783 providing an exception for certain zoning ordinances;
784 amending s. 377.19, F.S.; applying the definitions of
785 certain terms to additional sections of ch. 377, F.S.;
786 revising the definition of the term "division";
787 conforming a cross-reference; defining the term
788 "fracturing well stimulation"; amending s. 377.22,
789 F.S.; revising the rulemaking authority of the
790 Department of Environmental Protection; amending s.
791 377.24, F.S.; requiring that a permit be obtained
792 before the performance of a fracturing well
793 stimulation; specifying that a permit may authorize



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794 single or multiple activities; revising provisions
795 that prohibit the Division of Water Resource
796 Management from granting permits to drill gas or oil
797 wells; providing notice requirements for an
798 application of such permit; prohibiting the department
799 from approving permits for fracturing well stimulation
800 until certain rules are adopted and take effect;
801 requiring legislative ratification of such rules;
802 amending s. 377.241, F.S.; requiring the Division of
803 Water Resource Management to give consideration to and
804 be guided by certain additional criteria when issuing
805 permits; amending s. 377.242, F.S.; authorizing the
806 department to issue permits for the performance of a
807 fracturing well stimulation; revising permit
808 requirements that permit holders agree not to prevent
809 division inspections; amending s. 377.2425, F.S.;
810 requiring an applicant or operator to provide surety
811 that performance of a fracturing well stimulation will
812 be conducted in a safe and environmentally compatible
813 manner; creating s. 377.2436, F.S.; requiring the
814 department to conduct a study on fracturing well
815 stimulation; providing study criteria; requiring the
816 study to be submitted to the Governor and Legislature
817 and posted on the department website; prohibiting the
818 department from adopting rules until the study has
819 been submitted to the Legislature; requiring the
820 department to adopt rules under certain conditions by
821 a specified date; amending s. 377.37, F.S.; increasing
822 the maximum amount of a civil penalty; creating s.



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823 377.45, F.S.; requiring the department to designate
824 the national chemical disclosure registry as the
825 state's registry; requiring service providers,
826 vendors, and well owners or operators to report
827 certain information to the department; requiring the
828 department to report certain information to the
829 national chemical registry; providing applicability;
830 requiring the department to adopt rules; amending ss.
831 377.07, 377.10, 377.243, and 377.244, F.S.; making
832 technical changes; conforming provisions to changes
833 made by the act; providing an appropriation; providing
834 an effective date.