

By the Committee on Environmental Preservation and Conservation;  
and Senator Richter

592-02111-16

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1                   A bill to be entitled  
2           An act relating to the regulation of oil and gas  
3           resources; amending s. 377.06, F.S.; preempting the  
4           regulation of all matters relating to the exploration,  
5           development, production, processing, storage, and  
6           transportation of oil and gas; declaring existing  
7           ordinances and regulations relating thereto void;  
8           providing an exception for certain zoning ordinances;  
9           amending s. 377.19, F.S.; applying the definitions of  
10          certain terms to additional sections of ch. 377, F.S.;  
11          revising the definition of the term "division";  
12          conforming a cross-reference; defining the term "high-  
13          pressure well stimulation"; amending s. 377.22, F.S.;  
14          revising the rulemaking authority of the Department of  
15          Environmental Protection; amending s. 377.24, F.S.;  
16          requiring that a permit be obtained before the  
17          performance of a high-pressure well stimulation;  
18          specifying that a permit may authorize single or  
19          multiple activities; deleting provisions that prohibit  
20          the Division of Water Resource Management from  
21          granting permits to drill gas or oil wells within the  
22          limits of a municipality without approval of the  
23          governing authority of the municipality; prohibiting  
24          the department from approving permits for high-  
25          pressure well stimulation until certain rules are  
26          adopted and take effect; requiring legislative  
27          ratification of such rules; amending s. 377.241, F.S.;  
28          requiring the Division of Water Resource Management to  
29          give consideration to and be guided by certain  
30          additional criteria when issuing permits; amending s.  
31          377.242, F.S.; authorizing the department to issue

592-02111-16

2016318c1

32 permits for the performance of a high-pressure well  
33 stimulation; revising permit requirements that  
34 permitholders agree not to prevent division  
35 inspections; amending s. 377.2425, F.S.; requiring an  
36 applicant or operator to provide surety that  
37 performance of a high-pressure well stimulation will  
38 be conducted in a safe and environmentally compatible  
39 manner; creating s. 377.2436, F.S.; requiring the  
40 department to conduct a study on high-pressure well  
41 stimulation; providing study criteria; requiring the  
42 study to be submitted to the Governor and Legislature  
43 and posted on the department website; prohibiting the  
44 department from adopting rules until the study has  
45 been submitted to the Legislature; requiring the  
46 department to adopt rules under certain conditions by  
47 a specified date; amending s. 377.37, F.S.; increasing  
48 the maximum amount of a civil penalty; creating s.  
49 377.45, F.S.; requiring the department to designate  
50 the national chemical disclosure registry as the  
51 state's registry; requiring service providers,  
52 vendors, and well owners or operators to report  
53 certain information to the department; requiring the  
54 department to report certain information to the  
55 national chemical registry; providing applicability;  
56 requiring the department to adopt rules; amending ss.  
57 377.07, 377.10, 377.243, and 377.244, F.S.; making  
58 technical changes; conforming provisions to changes  
59 made by the act; providing an appropriation; providing  
60 an effective date.

592-02111-16

2016318c1

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

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

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

(3) The Legislature declares that all matters relating to

592-02111-16

2016318c1

90 the regulation of the exploration, development, production,  
91 processing, storage, and transportation of oil and gas are  
92 preempted to the state, to the exclusion of all existing and  
93 future ordinances or regulations relating thereto adopted by any  
94 county, municipality, or other political subdivision of the  
95 state. Any such existing ordinance or regulation is void. A  
96 county or municipality may, however, enforce an existing zoning  
97 ordinance adopted before January 1, 2015, if the ordinance is  
98 otherwise valid.

99 Section 2. Section 377.19, Florida Statutes, is amended to  
100 read:

101 377.19 Definitions.—As used in ss. 377.06, 377.07, and  
102 377.10-377.45 ~~377.10-377.40~~, the term:

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

107 (2) "Department" means the Department of Environmental  
108 Protection.

109 (3) "Division" means the Division of Water Resource  
110 Management of the Department of Environmental Protection.

111 (4) "Field" means the general area that is underlaid, or  
112 appears to be underlaid, by at least one pool. The term includes  
113 the underground reservoir, or reservoirs, containing oil or gas,  
114 or both. The terms "field" and "pool" mean the same thing if  
115 only one underground reservoir is involved; however, the term  
116 "field," unlike the term "pool," may relate to two or more  
117 pools.

118 (5) "Gas" means all natural gas, including casinghead gas,

592-02111-16

2016318c1

119 and all other hydrocarbons not defined as oil in subsection (16)  
120 ~~(15)~~.

121 (6) "High-pressure well stimulation" means all stages of a  
122 well intervention performed by injecting fluids into a rock  
123 formation at high pressure that exceeds the fracture gradient of  
124 the rock formation in order to propagate fractures in such  
125 formation to increase production at an oil or gas well by  
126 improving the flow of hydrocarbons from the formation into the  
127 wellbore. The term does not include well stimulation or  
128 conventional workover procedures that may incidentally fracture  
129 the formation near the wellbore.

130 (7)~~(6)~~ "Horizontal well" means a well completed with the  
131 wellbore in a horizontal or nearly horizontal orientation within  
132 10 degrees of horizontal within the producing formation.

133 (8)~~(7)~~ "Illegal gas" means gas that has been produced  
134 within the state from any well or wells in excess of the amount  
135 allowed by any rule, regulation, or order of the division, as  
136 distinguished from gas produced within the State of Florida from  
137 a well not producing in excess of the amount so allowed, which  
138 is "legal gas."

139 (9)~~(8)~~ "Illegal oil" means oil that has been produced  
140 within the state from any well or wells in excess of the amount  
141 allowed by rule, regulation, or order of the division, as  
142 distinguished from oil produced within the state from a well not  
143 producing in excess of the amount so allowed, which is "legal  
144 oil."

145 (10)~~(9)~~ "Illegal product" means a product of oil or gas,  
146 any part of which was processed or derived, in whole or in part,  
147 from illegal gas or illegal oil or from any product thereof, as

592-02111-16

2016318c1

148 distinguished from "legal product," which is a product processed  
149 or derived to no extent from illegal oil or illegal gas.

150 (11)~~(10)~~ "Lateral storage reservoir boundary" means the  
151 projection up to the land surface of the maximum horizontal  
152 extent of the gas volume contained in a natural gas storage  
153 reservoir.

154 (12)~~(11)~~ "Native gas" means gas that occurs naturally  
155 within this state and does not include gas produced outside the  
156 state, transported to this state, and injected into a permitted  
157 natural gas storage facility.

158 (13)~~(12)~~ "Natural gas storage facility" means an  
159 underground reservoir from which oil or gas has previously been  
160 produced and which is used or to be used for the underground  
161 storage of natural gas, and any surface or subsurface structure,  
162 or infrastructure, except wells. The term also includes a right  
163 or appurtenance necessary or useful in the operation of the  
164 facility for the underground storage of natural gas, including  
165 any necessary or reasonable reservoir protective area as  
166 designated for the purpose of ensuring the safe operation of the  
167 storage of natural gas or protecting the natural gas storage  
168 facility from pollution, invasion, escape, or migration of gas,  
169 or any subsequent extension thereof. The term does not mean a  
170 transmission, distribution, or gathering pipeline or system that  
171 is not used primarily as integral piping for a natural gas  
172 storage facility.

173 (14)~~(13)~~ "Natural gas storage reservoir" means a pool or  
174 field from which gas or oil has previously been produced and  
175 which is suitable for or capable of being made suitable for the  
176 injection, storage, and recovery of gas, as identified in a

592-02111-16

2016318c1

177 permit application submitted to the department under s.  
178 377.2407.

179 (15)~~(14)~~ "New field well" means an oil or gas well  
180 completed after July 1, 1997, in a new field as designated by  
181 the Department of Environmental Protection.

182 (16)~~(15)~~ "Oil" means crude petroleum oil and other  
183 hydrocarbons, regardless of gravity, which are produced at the  
184 well in liquid form by ordinary production methods, and which  
185 are not the result of condensation of gas after it leaves the  
186 reservoir.

187 (17)~~(16)~~ "Oil and gas" has the same meaning as the term  
188 "oil or gas."

189 (18)~~(17)~~ "Oil and gas administrator" means the State  
190 Geologist.

191 (19)~~(18)~~ "Operator" means the entity who:

- 192 (a) Has the right to drill and to produce a well; or  
193 (b) As part of a natural gas storage facility, injects, or  
194 is engaged in the work of preparing to inject, gas into a  
195 natural gas storage reservoir; or stores gas in, or removes gas  
196 from, a natural gas storage reservoir.

197 (20)~~(19)~~ "Owner" means the person who has the right to  
198 drill into and to produce from any pool and to appropriate the  
199 production for the person or for the person and another, or  
200 others.

201 (21)~~(20)~~ "Person" means a natural person, corporation,  
202 association, partnership, receiver, trustee, guardian, executor,  
203 administrator, fiduciary, or representative of any kind.

204 (22)~~(21)~~ "Pool" means an underground reservoir containing  
205 or appearing to contain a common accumulation of oil or gas or

592-02111-16

2016318c1

206 both. Each zone of a general structure which is completely  
207 separated from any other zone on the structure is considered a  
208 separate pool as used herein.

209 (23)~~(22)~~ "Producer" means the owner or operator of a well  
210 or wells capable of producing oil or gas, or both.

211 (24)~~(23)~~ "Product" means a commodity made from oil or gas  
212 and includes refined crude oil, crude tops, topped crude,  
213 processed crude petroleum, residue from crude petroleum,  
214 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,  
215 residuum, gas oil, casinghead gasoline, natural gas gasoline,  
216 naphtha, distillate, condensate, gasoline, waste oil, kerosene,  
217 benzine, wash oil, blended gasoline, lubricating oil, blends or  
218 mixtures of oil with one or more liquid products or byproducts  
219 derived from oil or gas, and blends or mixtures of two or more  
220 liquid products or byproducts derived from oil or gas, whether  
221 hereinabove enumerated or not.

222 (25)~~(24)~~ "Reasonable market demand" means the amount of oil  
223 reasonably needed for current consumption, together with a  
224 reasonable amount of oil for storage and working stocks.

225 (26)~~(25)~~ "Reservoir protective area" means the area  
226 extending up to and including 2,000 feet surrounding a natural  
227 gas storage reservoir.

228 (27)~~(26)~~ "Shut-in bottom hole pressure" means the pressure  
229 at the bottom of a well when all valves are closed and no oil or  
230 gas has been allowed to escape for at least 24 hours.

231 (28)~~(27)~~ "Shut-in well" means an oil or gas well that has  
232 been taken out of service for economic reasons or mechanical  
233 repairs.

234 (29)~~(28)~~ "State" means the State of Florida.

592-02111-16

2016318c1

235        (30)~~(29)~~ "Temporarily abandoned well" means a permitted  
236 well or wellbore that has been abandoned by plugging in a manner  
237 that allows reentry and redevelopment in accordance with oil or  
238 gas rules of the Department of Environmental Protection.

239        (31)~~(30)~~ "Tender" means a permit or certificate of  
240 clearance for the transportation or the delivery of oil, gas, or  
241 products, approved and issued or registered under the authority  
242 of the division.

243        (32)~~(31)~~ "Waste," in addition to its ordinary meaning,  
244 means "physical waste" as that term is generally understood in  
245 the oil and gas industry. The term "waste" includes:

246            (a) The inefficient, excessive, or improper use or  
247 dissipation of reservoir energy; and the locating, spacing,  
248 drilling, equipping, operating, or producing of any oil or gas  
249 well or wells in a manner that results, or tends to result, in  
250 reducing the quantity of oil or gas ultimately to be stored or  
251 recovered from any pool in this state.

252            (b) The inefficient storing of oil; and the locating,  
253 spacing, drilling, equipping, operating, or producing of any oil  
254 or gas well or wells in a manner that causes, or tends to cause,  
255 unnecessary or excessive surface loss or destruction of oil or  
256 gas.

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

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

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

263            (f) The underground waste, however caused and whether or

592-02111-16

2016318c1

264 not defined.

265 (g) The creation of unnecessary fire hazards.

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

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

270 (j) Permitting gas produced from a gas well to escape into  
271 the air.

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

276 (33)~~(32)~~ "Well site" means the general area around a well,  
277 which area has been disturbed from its natural or existing  
278 condition, as well as the drilling or production pad, mud and  
279 water circulation pits, and other operation areas necessary to  
280 drill for or produce oil or gas, or to inject gas into and  
281 recover gas from a natural gas storage facility.

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

284 377.22 Rules and orders.—

285 (2) The department shall issue orders and adopt rules  
286 pursuant to ss. 120.536 and 120.54 to implement and enforce ~~the~~  
287 ~~provisions of~~ this chapter. Such rules and orders shall ensure  
288 that all precautions are taken to prevent the spillage of oil or  
289 any other pollutant in all phases of the drilling for, and  
290 extracting of, oil, gas, or other petroleum products, including  
291 high-pressure well stimulations, or during the injection of gas  
292 into and recovery of gas from a natural gas storage reservoir.

592-02111-16

2016318c1

293 The department shall revise such rules from time to time as  
294 necessary for the proper administration and enforcement of this  
295 chapter. Rules adopted and orders issued in accordance with this  
296 section are for, but not limited to, the following purposes:

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

301 (b) To prevent the alteration of the sheet flow of water in  
302 any area.

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

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

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

315 (f) To require a reasonable bond, or other form of security  
316 acceptable to the department, conditioned upon properly  
317 drilling, casing, producing, and operating each well and  
318 properly plugging ~~the performance of the duty to plug properly~~  
319 each dry and abandoned well and upon the full and complete  
320 restoration by the applicant of the area over which geophysical  
321 exploration, drilling, or production is conducted to the similar

592-02111-16

2016318c1

322 contour and general condition in existence before ~~prior to~~ such  
323 operation.

324 (g) To require and carry out a reasonable program of  
325 monitoring and inspecting ~~or inspection of~~ all drilling  
326 operations, high-pressure well stimulations, producing wells, ~~or~~  
327 injecting wells, and well sites, including regular inspections  
328 by division personnel. Inspections are required during the  
329 testing of blowout preventers, during the pressure testing of  
330 the casing and casing shoe, and during the integrity testing of  
331 the cement plugs in plugging and abandonment operations.

332 (h) To require the making of reports showing the location  
333 of all oil and gas wells; the making and filing of logs; the  
334 taking and filing of directional surveys; the filing of  
335 electrical, sonic, radioactive, and mechanical logs of oil and  
336 gas wells; if taken, the saving of cutting and cores, the cuts  
337 of which shall be given to the Bureau of Geology; and the making  
338 of reports with respect to drilling and production records.  
339 However, such information, or any part thereof, at the request  
340 of the operator, shall be exempt from ~~the provisions of~~ s.  
341 119.07(1) and held confidential by the division for ~~a period of~~  
342 1 year after the completion of a well.

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

346 (j) To prevent the drowning by water of any stratum, or  
347 part thereof, capable of producing oil or gas in paying  
348 quantities and to prevent the premature and irregular  
349 encroachment of water which reduces, or tends to reduce, the  
350 total ultimate recovery of oil or gas from any pool.

592-02111-16

2016318c1

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

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

356 (m) To prevent fires.

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

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

362 (p) To regulate secondary recovery methods, including the  
363 introduction of gas, air, water, or other substance into  
364 producing formations.

365 (q) To regulate gas cycling operations.

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

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

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

374 (u) To regulate the spacing of wells and to establish  
375 drilling units.

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

379 (w) To require that geophysical operations requiring a

592-02111-16

2016318c1

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

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

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

388 (z) To evaluate the history of prior adjudicated,  
389 uncontested, or settled violations committed by permit  
390 applicants or the applicants' affiliated entities of any  
391 substantive and material rule or law pertaining to the  
392 regulation of oil or gas.

393 Section 4. Subsections (1), (2), (4), and (5) of section  
394 377.24, Florida Statutes, are amended, present subsections (6)  
395 through (9) of that section are redesignated as subsections (5)  
396 through (8), respectively, and a new subsection (9) and  
397 subsection (10) are added to that section, to read:

398 377.24 Notice of intention to drill well; permits;  
399 abandoned wells and dry holes.—

400 (1) Before drilling a well in search of oil or gas, before  
401 performing a high-pressure well stimulation, or before storing  
402 gas in or recovering gas from a natural gas storage reservoir,  
403 the person who desires to drill for, store, or recover gas, ~~or~~  
404 drill for oil or gas, or perform a high-pressure well  
405 stimulation shall notify the division upon such form as it may  
406 prescribe and shall pay a reasonable fee set by rule of the  
407 department not to exceed the actual cost of processing and  
408 inspecting for each well or reservoir. The drilling of any well,

592-02111-16

2016318c1

409 the performance of any high-pressure well stimulation, and the  
410 storing and recovering of gas are prohibited until such notice  
411 is given, the fee is paid, and a the permit is granted. A permit  
412 may authorize a single activity or multiple activities.

413 (2) An application for the drilling of a well in search of  
414 oil or gas, for the performance of a high-pressure well  
415 stimulation, or for the storing of gas in and recovering of gas  
416 from a natural gas storage reservoir, in this state must include  
417 the address of the residence of the applicant, or applicants,  
418 which must be the address of each person involved in accordance  
419 with the records of the Division of Water Resource Management  
420 until such address is changed on the records of the division  
421 after written request.

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

425 ~~(5) No permit to drill a gas or oil well shall be granted~~  
426 ~~within the corporate limits of any municipality, unless the~~  
427 ~~governing authority of the municipality shall have first duly~~  
428 ~~approved the application for such permit by resolution.~~

429 (9) The department may not approve a permit to authorize a  
430 high-pressure well stimulation until the department adopts rules  
431 for high-pressure well stimulations which are based upon the  
432 findings of the study required pursuant to s. 377.2436 and such  
433 rules take effect.

434 (10) The rules for high-pressure well stimulation shall be  
435 submitted to the President of the Senate and Speaker of the  
436 House of Representatives and such rules may not take effect  
437 until they are ratified by the Legislature.

592-02111-16

2016318c1

438 Section 5. Subsections (5) and (6) are added to section  
439 377.241, Florida Statutes, to read:

440 377.241 Criteria for issuance of permits.—The division, in  
441 the exercise of its authority to issue permits as hereinafter  
442 provided, shall give consideration to and be guided by the  
443 following criteria:

444 (5) For high-pressure well stimulations, whether the high-  
445 pressure well stimulation as proposed is designed to ensure  
446 that:

447 (a) The groundwater near the well location, including  
448 groundwater through which the well will be or has been drilled,  
449 is not contaminated as a result of the high-pressure well  
450 stimulation; and

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

453 (6) As a basis for permit denial or imposition of specific  
454 permit conditions, including increased bonding up to five times  
455 the applicable limits and increased monitoring, the history of  
456 prior adjudicated, uncontested, or settled violations committed  
457 by the applicant or an affiliated entity of the applicant of any  
458 substantive and material rule or law pertaining to the  
459 regulation of oil or gas, including violations that occurred  
460 outside the state.

461 Section 6. Section 377.242, Florida Statutes, is amended to  
462 read:

463 377.242 Permits for drilling or exploring and extracting  
464 through well holes or by other means.—The department is vested  
465 with the power and authority:

466 (1) (a) To issue permits for the performance of a high-

592-02111-16

2016318c1

467 pressure well stimulation or the drilling for, exploring for, or  
468 production of oil, gas, or other petroleum products that ~~which~~  
469 are to be extracted from below the surface of the land,  
470 including submerged land, only through the well hole drilled for  
471 oil, gas, and other petroleum products.

472 1. A ~~No~~ structure intended for the drilling for, or  
473 production of, oil, gas, or other petroleum products may not be  
474 permitted or constructed on any submerged land within any bay or  
475 estuary.

476 2. A ~~No~~ structure intended for the drilling for, or  
477 production of, oil, gas, or other petroleum products may not be  
478 permitted or constructed within 1 mile seaward of the coastline  
479 of the state.

480 3. A ~~No~~ structure intended for the drilling for, or  
481 production of, oil, gas, or other petroleum products may not be  
482 permitted or constructed within 1 mile of the seaward boundary  
483 of any state, local, or federal park or aquatic or wildlife  
484 preserve or on the surface of a freshwater lake, river, or  
485 stream.

486 4. A ~~No~~ structure intended for the drilling for, or  
487 production of, oil, gas, or other petroleum products may not be  
488 permitted or constructed within 1 mile inland from the shoreline  
489 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary  
490 or within 1 mile of any freshwater lake, river, or stream unless  
491 the department is satisfied that the natural resources of such  
492 bodies of water and shore areas of the state will be adequately  
493 protected in the event of accident or blowout.

494 5. Without exception, after July 1, 1989, a ~~no~~ structure  
495 intended for the drilling for, or production of, oil, gas, or

592-02111-16

2016318c1

496 other petroleum products may not be permitted or constructed  
497 south of 26°00'00" north latitude off Florida's west coast and  
498 south of 27°00'00" north latitude off Florida's east coast,  
499 within the boundaries of Florida's territorial seas as defined  
500 in 43 U.S.C. s. 1301. After July 31, 1990, a ~~no~~ structure  
501 intended for the drilling for, or production of, oil, gas, or  
502 other petroleum products may not be permitted or constructed  
503 north of 26°00'00" north latitude off Florida's west coast to  
504 the western boundary of the state bordering Alabama as set forth  
505 in s. 1, Art. II of the State Constitution, or located north of  
506 27°00'00" north latitude off Florida's east coast to the  
507 northern boundary of the state bordering Georgia as set forth in  
508 s. 1, Art. II of the State Constitution, within the boundaries  
509 of Florida's territorial seas as defined in 43 U.S.C. s. 1301.

510 (b) Subparagraphs (a)1. and 4. do not apply to permitting  
511 or construction of structures intended for the drilling for, or  
512 production of, oil, gas, or other petroleum products pursuant to  
513 an oil, gas, or mineral lease of such lands by the state under  
514 which lease any valid drilling permits are in effect on the  
515 effective date of this act. In the event that such permits  
516 contain conditions or stipulations, such conditions and  
517 stipulations shall govern and supersede subparagraphs (a)1. and  
518 4.

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

523 (2) To issue permits to explore for and extract minerals  
524 which are subject to extraction from the land by means other

592-02111-16

2016318c1

525 than through a well hole.

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

529

530 Each permit shall contain an agreement by the permit holder that  
531 the permit holder will not prevent inspection by division  
532 personnel at any time, including during installation and  
533 cementing of casing, during the testing of blowout preventers,  
534 during the pressure testing of the casing and casing shoe, and  
535 during the integrity testing of the cement plugs in plugging and  
536 abandonment operations. The provisions of this section  
537 prohibiting permits for drilling or exploring for oil in coastal  
538 waters do not apply to any leases entered into before June 7,  
539 1991.

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

542 377.2425 Manner of providing security for geophysical  
543 exploration, drilling, and production.—

544 (1) Before ~~Prior to~~ granting a permit for conducting ~~to~~  
545 ~~conduct~~ geophysical operations; drilling of exploratory,  
546 injection, or production wells; producing oil and gas from a  
547 wellhead; performing a high-pressure well stimulation; or  
548 transporting oil and gas through a field-gathering system, the  
549 department shall require the applicant or operator to provide  
550 surety that these operations will be conducted in a safe and  
551 environmentally compatible manner.

552 (a) The applicant for a drilling, production, high-pressure  
553 well stimulation, or injection well permit or a geophysical

592-02111-16

2016318c1

554 permit may provide the following types of surety to the  
555 department for this purpose:

556 1. A deposit of cash or other securities made payable to  
557 the Minerals Trust Fund. Such cash or securities so deposited  
558 shall be held at interest by the Chief Financial Officer to  
559 satisfy safety and environmental performance provisions of this  
560 chapter. The interest shall be credited to the Minerals Trust  
561 Fund. Such cash or other securities shall be released by the  
562 Chief Financial Officer upon request of the applicant and  
563 certification by the department that all safety and  
564 environmental performance provisions established by the  
565 department for permitted activities have been fulfilled.

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

568 3. A surety in the form of an irrevocable letter of credit  
569 in an amount as provided by rule guaranteed by an acceptable  
570 financial institution.

571 (b) An applicant for a drilling, production, high-pressure  
572 well stimulation, or injection well permit, or a permittee who  
573 intends to continue participating in long-term production  
574 activities of such wells, has the option to provide surety to  
575 the department by paying an annual fee to the Minerals Trust  
576 Fund. For an applicant or permittee choosing this option the  
577 following shall apply:

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

581 2. For each subsequent year, or part of a year, the fee is  
582 \$1,500 per permitted well.

592-02111-16

2016318c1

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

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

591           (c) An applicant for a drilling or operating permit for  
592 operations planned in coastal waters that by their nature  
593 warrant greater surety shall provide surety only in accordance  
594 with paragraph (a), or similar proof of financial responsibility  
595 other than as provided in paragraph (b). For all such  
596 applications, including applications pending at the effective  
597 date of this act and notwithstanding ~~the provisions of~~ paragraph  
598 (b), the Governor and Cabinet in their capacity as the  
599 Administration Commission, at the recommendation of the  
600 department ~~of Environmental Protection~~, shall set a reasonable  
601 amount of surety required under this subsection. The surety  
602 amount shall be based on the projected cleanup costs and natural  
603 resources damages resulting from a maximum oil spill and adverse  
604 hydrographic and atmospheric conditions that would tend to  
605 transport the oil into environmentally sensitive areas, as  
606 determined by the department ~~of Environmental Protection~~.

607           Section 8. Section 377.2436, Florida Statutes, is created  
608 to read:

609           377.2436 Study on high-pressure well stimulations.-

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

592-02111-16

2016318c1

612 (a) Evaluate the underlying geologic features present in  
613 the counties where oil wells have been permitted and analyze the  
614 potential impact that high-pressure well stimulation and  
615 wellbore construction may have on the underlying geologic  
616 features.

617 (b) Evaluate the potential hazards and risks that high-  
618 pressure well stimulation poses to surface water or groundwater  
619 resources. The study must assess the potential impacts of high-  
620 pressure well stimulation on drinking water resources and  
621 identify the main factors affecting the severity and frequency  
622 of impacts and must analyze the potential for the use or reuse  
623 of recycled water in well stimulation fluids while meeting  
624 appropriate water quality standards.

625 (c) Review and evaluate the potential for groundwater  
626 contamination from conducting high-pressure well stimulation  
627 under or near wells that have been previously plugged and  
628 abandoned and identify a setback radius from previously plugged  
629 and abandoned wells that could be impacted by high-pressure well  
630 stimulation.

631 (d) Review and evaluate the ultimate disposition of high-  
632 pressure well stimulation fluids after use in high-pressure well  
633 stimulation processes.

634 (2) The department shall continue conventional oil and gas  
635 business operations during the performance of the study. There  
636 may not be a moratorium on the evaluation and issuance of  
637 permits for conventional drilling, exploration, conventional  
638 completions, or conventional workovers during the performance of  
639 the study.

640 (3) The study is subject to independent scientific peer

592-02111-16

2016318c1

641 review.

642 (4) The department shall submit the findings of the study  
643 to the Governor, the President of the Senate, and the Speaker of  
644 the House of Representatives by June 30, 2017, and shall  
645 prominently post the findings on its website.

646 (5) The department may not adopt rules for high-pressure  
647 well stimulation until the findings of the study have been  
648 submitted to the Legislature. However, by March 1, 2018, the  
649 department must adopt rules to implement the findings of the  
650 study, if such rules are warranted to protect public health,  
651 safety, and the environment.

652 Section 9. Paragraph (a) of subsection (1) of section  
653 377.37, Florida Statutes, is amended to read:

654 377.37 Penalties.—

655 (1) (a) A ~~Any~~ person who violates any provision of this  
656 chapter law ~~law~~ or any rule, regulation, or order of the division  
657 made under this chapter or who violates the terms of any permit  
658 to drill for or produce oil, gas, or other petroleum products  
659 referred to in s. 377.242(1) or to store gas in a natural gas  
660 storage facility, or any lessee, permitholder, or operator of  
661 equipment or facilities used in the exploration for, drilling  
662 for, or production of oil, gas, or other petroleum products, or  
663 storage of gas in a natural gas storage facility, who refuses  
664 inspection by the division as provided in this chapter, is  
665 liable to the state for any damage caused to the air, waters, or  
666 property, including animal, plant, or aquatic life, of the state  
667 and for reasonable costs and expenses of the state in tracing  
668 the source of the discharge, in controlling and abating the  
669 source and the pollutants, and in restoring the air, waters, and

592-02111-16

2016318c1

670 property, including animal, plant, and aquatic life, of the  
671 state. Furthermore, such person, lessee, permitholder, or  
672 operator is subject to the judicial imposition of a civil  
673 penalty ~~in an amount~~ of not more than \$25,000 ~~\$10,000~~ for each  
674 offense. However, the court may receive evidence in mitigation.  
675 Each day during any portion of which such violation occurs  
676 constitutes a separate offense. This paragraph does not ~~Nothing~~  
677 ~~herein shall~~ give the department the right to bring an action on  
678 behalf of a ~~any~~ private person.

679 Section 10. Section 377.45, Florida Statutes, is created to  
680 read:

681 377.45 High-pressure well stimulation chemical disclosure  
682 registry.-

683 (1) (a) The department shall designate the national chemical  
684 disclosure registry, known as FracFocus, developed by the Ground  
685 Water Protection Council and the Interstate Oil and Gas Compact  
686 Commission, as the state's registry for chemical disclosure for  
687 all wells on which high-pressure well stimulations are  
688 performed. The department shall provide a link to FracFocus  
689 through its website.

690 (b) In addition to providing the following information to  
691 the department as part of the permitting process, a service  
692 provider, vendor, or well owner or operator shall report, as  
693 established by department rule, to the department, at a minimum,  
694 the following information:

695 1. The name of the service provider, vendor, or owner or  
696 operator.

697 2. The date of completion of the high-pressure well  
698 stimulation.

592-02111-16

2016318c1

- 699       3. The county in which the well is located.
- 700       4. The API Well Number.
- 701       5. The well name and number.
- 702       6. The longitude and latitude of the wellhead.
- 703       7. The total vertical depth of the well.
- 704       8. The total volume of water used in the high-pressure well  
705 stimulation.
- 706       9. Each chemical ingredient that is subject to 29 C.F.R. s.  
707 1910.1200(g)(2) and the ingredient concentration in the high-  
708 pressure well stimulation fluid by mass for each well on which a  
709 high-pressure well stimulation is performed.
- 710       10. The trade or common name and the CAS Registry Number  
711 for each chemical ingredient.
- 712       (c) The department shall report to FracFocus all  
713 information received under paragraph (b), excluding any  
714 information subject to chapter 688.
- 715       (d) If FracFocus cannot accept and make publicly available  
716 any information specified in this section, the department shall  
717 post the information on its website, excluding any information  
718 subject to chapter 688.
- 719       (2) A service provider, vendor, or well owner or operator  
720 shall:
- 721       (a) Report the information required under subsection (1) to  
722 the department within 60 days after the initiation of the high-  
723 pressure well stimulation for each well on which such high-  
724 pressure well stimulation is performed.
- 725       (b) Notify the department if any chemical ingredient not  
726 previously reported is intentionally included and used for the  
727 purpose of performing a high-pressure well stimulation.

592-02111-16

2016318c1

- 728       (3) This section does not apply to an ingredient that:  
729       (a) Is not intentionally added to the high-pressure well  
730 stimulation; or  
731       (b) Occurs incidentally or is otherwise unintentionally  
732 present in a high-pressure well stimulation.  
733       (4) The department shall adopt rules to administer this  
734 section.

735       Section 11. Section 377.07, Florida Statutes, is amended to  
736 read:

737       377.07 Division of Water Resource Management; powers,  
738 duties, and authority.—The Division of Water Resource Management  
739 of the Department of Environmental Protection is ~~hereby~~ vested  
740 with power, authority, and duty to administer, carry out, and  
741 enforce ~~the provisions of this part law as directed in s.~~  
742 ~~370.02(3).~~

743       Section 12. Section 377.10, Florida Statutes, is amended to  
744 read:

745       377.10 Certain persons not to be employed by division.—~~A~~ ~~No~~  
746 person in the employ of, or holding any official connection or  
747 position with any person, firm, partnership, corporation, or  
748 association of any kind, engaged in the business of buying or  
749 selling mineral leases, drilling wells in the search of oil or  
750 gas, producing, transporting, refining, or distributing oil or  
751 gas may not ~~shall~~ hold any position under, or be employed by,  
752 the Division of Water Resource Management in the prosecution of  
753 its duties under this part ~~law~~.

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

756       377.243 Conditions for granting permits for extraction

592-02111-16

2016318c1

757 through well holes.-

758 (1) Before applying ~~Prior to the application~~ to the  
759 Division of Water Resource Management for the permit to drill  
760 for oil, gas, and related products referred to in s. 377.242(1),  
761 the applicant must own a valid deed, or other muniment of title,  
762 or lease granting the ~~said~~ applicant the privilege to explore  
763 for oil, gas, or related mineral products to be extracted only  
764 through the well hole on the land or lands included in the  
765 application. However, unallocated interests may be unitized  
766 according to s. 377.27.

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

769 377.244 Conditions for granting permits for surface  
770 exploratory and extraction operations.-

771 (1) Exploration for and extraction of minerals under ~~and by~~  
772 ~~virtue of~~ the authority of a grant of oil, gas, or mineral  
773 rights, or which, subsequent to such grant, may ~~be interpreted~~  
774 ~~to~~ include the right to explore for and extract minerals which  
775 are subject to extraction from the land by means other than  
776 through a well hole, that is by means of surface exploratory and  
777 extraction operations such as sifting of the sands, dragline,  
778 open pit mining, or other type of surface operation, which would  
779 include movement of sands, dirt, rock, or minerals, shall be  
780 exercised only pursuant to a permit issued by the Division of  
781 Water Resource Management upon the applicant's compliance  
782 ~~applicant complying~~ with the following conditions:

783 (a) The applicant must own a valid deed, or other muniment  
784 of title, or lease granting the applicant the right to explore  
785 for and extract oil, gas, and other minerals from the ~~said~~

592-02111-16

2016318c1

786 lands.

787 (b) The applicant shall post a good and sufficient surety  
788 bond with the division in such amount as the division determines  
789 ~~may determine~~ is adequate to afford full and complete protection  
790 for the owner of the surface rights of the lands described in  
791 the application, conditioned upon the full and complete  
792 restoration, by the applicant, of the area over which the  
793 exploratory and extraction operations are conducted to the same  
794 condition and contour in existence before ~~prior to~~ such  
795 operations.

796 Section 15. For the 2016-2017 fiscal year, the sum of \$1  
797 million in nonrecurring funds is appropriated from the General  
798 Revenue Fund to the Department of Environmental Protection to  
799 conduct a high-pressure well stimulation study pursuant to s.  
800 377.2436, Florida Statutes.

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