

# FLORIDA HOUSE OF REPRESENTATIVES

## FINAL BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

<b>BILL #:</b> <a href="#">HB 1143</a> <b>TITLE:</b> Permits for Drilling, Exploration, and Extraction of Oil and Gas Resources <b>SPONSOR(S):</b> Shoaf, Tant	<b>COMPANION BILL:</b> <a href="#">SB 1300</a> (Simon) <b>LINKED BILLS:</b> None <b>RELATED BILLS:</b> None
<b>FINAL HOUSE FLOOR ACTION:</b> 109 Y's 0 N's	<b>GOVERNOR'S ACTION:</b> Pending

### SUMMARY

#### Effect of the Bill:

The bill requires the Department of Environmental Protection to consider certain factors when determining whether natural resources of certain bodies of water and shore areas are adequately protected from potential accidents or blowouts from oil or gas drilling and exploration activities. Additionally, the bill prohibits certain oil and gas drilling activities in counties designated as rural areas of opportunity if the proposed site is within 10 miles of a national estuarine research reserve.

#### Fiscal or Economic Impact:

The bill may have an indeterminate negative fiscal impact on the private sector.

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### ANALYSIS

#### EFFECT OF THE BILL:

The bill requires the Department of Environmental Protection (DEP) to conduct a balancing test when granting a [permit for oil and gas activities](#) in areas within one mile inland from the shoreline of the coast or other bodies of water. DEP must balance the measures in place to protect the natural resources with the potential harm to the natural resources when determining whether a natural resource will be adequately protected in the event of an accident or a blowout from oil or gas drilling or exploration activities. (Section [2](#))

The bill requires the balancing test to assess the potential impact of an accident or a blowout on the natural resources of such bodies of water and shore areas, including the ecological functions and any water quality impacts. The balancing test must include the community's current condition, hydrological connection, uniqueness, location, fish and wildlife use, time lag, and the potential cost of restoration. (Section [2](#))

Notwithstanding any law or rule to the contrary, the bill prohibits drilling, exploration, or production of oil, gas, or other petroleum products in counties designated as [rural areas of opportunity](#) if the proposed site is within 10 miles of a [national estuarine research reserve](#). (Section [1](#))

Subject to the Governor's veto powers, the effective date of the bill is July 1, 2025. (Section [5](#))

#### FISCAL OR ECONOMIC IMPACT:

##### PRIVATE SECTOR:

The bill may have an indeterminate negative fiscal impact on private entities that will not be permitted to conduct oil and gas activities in counties designated as rural areas of opportunity if the proposed site is within 10 miles of a national estuarine research reserve as prohibited by the bill.

**STORAGE NAME:** h1143z.NRD

**DATE:** 5/6/2025

## RELEVANT INFORMATION

### SUBJECT OVERVIEW:

#### **Oil and Gas Production**

Oil and gas extraction is the exploration and production of oil and gas from wells. The production process involves the taking of raw natural oil and gas from underground formations.<sup>1</sup> Conventional oil and gas resources are found in concentrated underground locations, referred to as reservoirs, located in permeable rock formations, including sandstone and carbonate.<sup>2</sup> Wells have historically been drilled vertically, straight down into a rock formation to extract the conventional oil and gas resources. In 2023, there were 918,068 producing wells in the United States providing over 13.3 million barrels of oil per day.<sup>3</sup>

Florida has minor crude oil reserves and accounts for less than 0.1 percent of the nation's crude oil production.<sup>4</sup> Northwest and South Florida are the primary oil and gas producing areas in the state. In 2024, there were 10 producer wells in South Florida and 40 in Northwest Florida.<sup>5</sup> In total, wells in Florida produced approximately 630,385 barrels of oil and 899,022 million cubic feet of gas in 2024.<sup>6</sup>

#### **Permitting Oil and Gas Activities**

States are the principal regulators of oil and gas production activities on state and private lands.<sup>7</sup> The federal government, through the Department of the Interior's Bureau of Land Management, has responsibility for overseeing oil and gas development on federally managed lands; however, some states require operators on federal public lands within state boundaries to comply with the state's oil and gas rules.<sup>8</sup>

#### **Oil and Gas Regulation in Florida**

The Division of Water Resource Management (division) within the Department of Environmental Protection (DEP) is responsible for enforcing provisions related to oil and gas conservation,<sup>9</sup> overseeing the permitting process, and monitoring oil and gas operations in Florida.<sup>10</sup>

While cities and counties do not operate oil and gas permitting programs in Florida, some cities and counties, through their land use regulations or zoning ordinances, require special exceptions for oil and gas activities or limit oil and gas activities to certain zoning classifications.<sup>11</sup> When authorizing oil and gas activities, local governments consider factors such as consistency with their comprehensive plan, injuries to communities or the public welfare, and compliance with zoning ordinances.<sup>12</sup>

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<sup>1</sup> United States Environmental Protection Agency (EPA), *Overview of the Natural Oil and Gas Industry*, <https://www.epa.gov/natural-gas-star-program/overview-oil-and-natural-gas-industry> (last visited Mar. 13, 2025).

<sup>2</sup> EPA, *Well Completions and Workovers*, <https://www.epa.gov/natural-gas-star-program/well-completions-and-workovers> (last visited Mar. 13, 2025).

<sup>3</sup> United States Energy Information Administration (EIA), *U.S. Oil and Natural Gas Wells by Production Rate*, <https://www.eia.gov/petroleum/wells/> (last visited Mar. 13, 2025).

<sup>4</sup> EIA, *Florida*, <https://www.eia.gov/state/analysis.php?sid=FL> (last visited Mar. 13, 2025).

<sup>5</sup> DEP, *State Production Data 2000 to Current*, available at <https://floridadep.gov/water/oil-gas/documents/state-production-data-2000-current> (last visited Mar. 13, 2025).

<sup>6</sup> *Id.*

<sup>7</sup> Michael Ratner & Mary Tiemann, Cong. Research Serv., R 43148, *An Overview of Unconventional Oil and Natural Gas: Resources and Federal Actions*, 10 (Apr. 22, 2015), available at <https://fas.org/sgp/crs/misc/R43148.pdf> (last visited Mar. 13, 2025).

<sup>8</sup> *Id.*

<sup>9</sup> Section 377.21, F.S.

<sup>10</sup> Section 377.22, F.S.; see rules 62C-25 - 62C-30, F.A.C., for oil and gas permitting and operating regulations.

<sup>11</sup> See, e.g., LEE COUNTY, FLA., LAND DEV. CODE §§ 34-1651 and 34-145(c) (2025), available at [https://library.municode.com/fl/lee\\_county/codes/land\\_development\\_code?nodeId=LADECO\\_CH34ZO\\_ARTVIISUDIRE\\_DIV15\\_EXAC\\_S34-1651GEREALEXAC](https://library.municode.com/fl/lee_county/codes/land_development_code?nodeId=LADECO_CH34ZO_ARTVIISUDIRE_DIV15_EXAC_S34-1651GEREALEXAC) (last visited Mar. 13, 2025).

<sup>12</sup> *Id.*

## Permitting Process

DEP's Oil and Gas Program processes applications for oil and gas permits for the drilling of new wells, geophysical exploration, and operational permits.<sup>13</sup> The Legislature has prohibited the permitting or construction of structures intended for drilling for, or production of, oil, gas, or other petroleum projects within one mile inland from the shoreline of certain bodies of water unless DEP is satisfied that the natural resources of such bodies of water and shore area will be adequately protected in the event of an accident or blowout.<sup>14</sup> Additionally, DEP is prohibited from issuing permits to drill a gas or oil well within certain areas.<sup>15</sup> When issuing permits for oil and gas exploration or extraction, the division must consider the following criteria:

- The nature, character, and location of the lands involved;
- The nature, type, and extent of ownership of the applicant; and
- The proven or indicated likelihood of the presence of oil, gas, or related minerals on a commercially viable basis.<sup>16</sup>

DEP must ensure that all precautions are taken to prevent the spillage of oil or other pollutants in all phases of drilling for and extracting oil, gas, or other petroleum products.<sup>17</sup> Additionally, DEP must adopt rules to require the wells to be drilled, cased, and plugged in a manner that prevents the escape of oil or other petroleum products from one stratum to another.<sup>18</sup>

Before any person begins work, other than environmental assessments or surveying at the site of a proposed drilling operation, a permit to drill is required and a preliminary site inspection must be conducted by DEP.<sup>19</sup> In addition to the drilling permit, a permit to operate the well must be obtained before the well is used for its intended purpose.<sup>20</sup> Operating permits are valid for the life of the well, although each operating well and permit must be recertified every five years from the permit date.<sup>21</sup> Each application and subsequent recertification must include: the appropriate fee; bond or security coverage; a spill prevention and cleanup plan; flowline specifications and an installation plan; containment facility certification; and additional reporting and data submissions, such as driller's logs and monthly well reports.<sup>22</sup>

## Oil and Gas Drilling Environmental Impacts

There are various environmental and human impact concerns related to oil and gas drilling. Exploring and drilling for oil can disturb land and marine ecosystems<sup>23</sup> and may impact human health.<sup>24</sup> Additionally, oil spills can occur,<sup>25</sup> causing damage to ecosystems, polluting water and soil, and harming local wildlife<sup>26</sup> and plants.<sup>27</sup>

<sup>13</sup> DEP, *Oil and Gas Program*, <https://floridadep.gov/water/oil-gas> (last visited Mar. 13, 2025).

<sup>14</sup> Section 377.242(1)(a)4., F.S.

<sup>15</sup> Oil and gas drilling and exploration are not authorized or are subject to local governmental approval in tidal waters, near improved beaches, and within municipal boundaries. Section 377.24(5)-(9), F.S.

<sup>16</sup> Section 377.241, F.S.

<sup>17</sup> Section 377.22(2), F.S.

<sup>18</sup> *Id.*

<sup>19</sup> Rule 62C-26.003, F.A.C.

<sup>20</sup> Rule 62C-26.008, F.A.C.; for further explanation of establishing a drilling site, see DEP, *Drilling 101*, available at <https://floridadep.gov/sites/default/files/Drilling%20101%20Factsheet.pdf> (last visited Mar. 13, 2025).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> U.S. Energy Information Administration, *Oil and Petroleum Projects Explained*, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/oil-and-the-environment.php> (last visited April 3, 2025).

<sup>24</sup> Johnston et al., *Impact of Upstream Oil Extraction and Environmental Public Health: A Review of the Evidence*, 657 *Sci Total Environ.*, 187-199 (Mar. 20, 2019), available at <https://pmc.ncbi.nlm.nih.gov/articles/PMC6344296/> (last visited Mar. 13, 2025).

<sup>25</sup> Oil spills often are the result of accidents at oil wells or on the pipelines, ships, trains, and trucks that move oil from wells to refineries. Oil spills contaminate soil and water and may cause explosions and fires. EIA, *Oil and Petroleum Projects Explained*, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/oil-and-the-environment.php> (last visited Mar. 13, 2025).

<sup>26</sup> For example, early life-stage fish impacted by the Deepwater Horizon oil spill developed heart and spinal defects, while older fish suffered from stunted growth, immune system problems, and impaired swimming abilities resulting in premature mortality or reduced productivity. NOAA, *How Deepwater Horizon Spurred Advances in Oil Toxicity Science*, <https://blog.response.restoration.noaa.gov/how-deepwater-horizon-spurred-advances-oil-toxicity-science> (last visited Mar. 13, 2025).

<sup>27</sup> NOAA, *Oil Spills*, <https://www.noaa.gov/education/resource-collections/ocean-coasts/oil-spills> (last visited Mar. 13, 2025).

In April 2024, DEP issued a notice of intent and draft permit for exploratory drilling in Calhoun County along the Apalachicola River.<sup>28</sup> This prompted bipartisan opposition due to concerns that the drilling would harm the local ecosystem and impact shellfish farmers and fisheries in the area.<sup>29</sup>

### **National Estuarine Research Reserves**

The National Estuarine Research Reserve System is a network of estuaries<sup>30</sup> established across the nation for long-term research, education, and coastal stewardship.<sup>31</sup> The reserves are a partnership between the National Oceanic and Atmospheric Administration (NOAA) and the coastal states and territories.<sup>32</sup> NOAA's Office for Coastal Management is responsible for administering the reserve system. Each reserve is managed on a day-to-day basis by a lead state agency with input from local partners.<sup>33</sup>

### **Florida National Estuarine Research Reserves**

There are three National Estuarine Research Reserves (NERRs) in the state: the Apalachicola NERR, the Guana Tolomato Matanzas NERR, and the Rookery Bay NERR. DEP serves as the lead managing agency for all of these reserves.

The Apalachicola NERR is considered one of the most productive estuarine systems in the northern hemisphere.<sup>34</sup> Spanning 234,715 acres, it is located 90 miles southwest of Tallahassee and was designated in 1979.<sup>35</sup> The Apalachicola NERR serves as a major foraging area for migratory bird species and supports a local fishing industry worth \$14-16 million annually.<sup>36</sup>

The Guana Tolomato Matanzas NERR encompasses the northernmost extent of mangrove habitat on the east coast of the U.S. and some of Florida's highest dunes.<sup>37</sup> It was designated in 1999 and spans 76,760 acres off the coast of St. Augustine.<sup>38</sup> The Guana Tolomato Matanzas NERR includes salt marsh and mangrove tidal wetlands, oyster bars, lagoons, upland habitat, and calving grounds for the endangered Right Whale.<sup>39</sup>

The Rookery Bay NERR consists primarily of open waters, with the remaining habitat being mangroves.<sup>40</sup> It was designated in 1978 and spans 110,00 acres five miles south of Naples.<sup>41</sup> The habitats protected by the Rookery Bay NERR support 150 species of birds and endangered and threatened species, including the Florida Panther.<sup>42</sup>

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<sup>28</sup> DEP, *Current Applications*, <https://floridadep.gov/water/oil-gas/content/current-applications> (last visited Mar. 13, 2025).

<sup>29</sup> See Burlew, *DEP Intends to OK Exploratory Oil Drilling in Apalachicola River Floodplain*, Tallahassee Democrat (April 29, 2024), <https://www.tallahassee.com/story/news/local/2024/04/29/fdep-to-ok-exploratory-oil-drilling-in-apalachicola-river-floodplain-riverkeeper-environment-permit/73499033007/> (last visited Mar. 13, 2025); Menzel, *Voices Rise Against Oil Drilling in the Fragile Apalachicola River Basin*, WFSU (December 13, 2024), <https://news.wfsu.org/state-news/2024-12-13/voices-rise-against-oil-drilling-in-the-fragile-apalachicola-river-basin> (last visited Mar. 13, 2025); See also, *Apalachicola Bay and River Keeper v. Clearwater Land and Minerals, Fla. and DEP* [24-002283] <https://www.doah.state.fl.us/ALJ/searchDOAH/detail.asp?T=3/13/2025%205:19:18%20PM> (last visited Mar. 13, 2025).

<sup>30</sup> Estuaries and their surrounding wetlands are bodies of water usually found where rivers meet the sea. Estuaries are home to unique plant and animal communities that have adapted to brackish water. Brackish water is a mixture of fresh water draining from the land and salty seawater. NOAA, *About National Estuarine Research Reserves*, <https://coast.noaa.gov/nerrs/> (last visited Mar. 13, 2025).

<sup>31</sup> NOAA, *National Estuarine Research Reserves*, <https://oceanservice.noaa.gov/ecosystems/nerrs/> (last visited Mar. 13, 2025).

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> NOAA, *Apalachicola National Estuarine Research Reserve*, <https://coast.noaa.gov/nerrs/reserves/apalachicola-bay.html> (last visited Mar. 13, 2025).

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> NOAA, *Guana Tolomato Matanzas National Estuarine Research Reserve*, <https://coast.noaa.gov/nerrs/reserves/gtm.html> (last visited Mar. 13, 2025).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> NOAA, *Rookery Bay National Estuarine Research Reserve*, <https://coast.noaa.gov/nerrs/reserves/rookery-bay.html> (last visited Mar. 13, 2025).

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

### Rural Areas of Opportunity

A rural area of opportunity (RAO) is a rural community, or a region composed of rural communities, designated by the Governor that presents a unique economic development opportunity of regional impact or that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster.<sup>43</sup> The three designated RAOs are:

- The Northwest RAO, which includes Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington Counties, and the cities of Freeport, DeFuniak Springs, and Paxton.
- The South Central RAO, which includes DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee Counties, and the cities of Pahokee, Belle Glade, South Bay, and Immokalee.
- The North Central RAO, which includes Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union Counties.<sup>44</sup>

### **OTHER RESOURCES:**

[Interactive Map of Permitted Oil and Gas Wells in Florida](#)

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<sup>43</sup> Section [288.0656\(2\)\(d\).F.S.](#)

<sup>44</sup> Walton County, *Rural Areas of Economic Opportunity*, <https://www.mywaltonfl.gov/1265/Rural-Areas-of-Economic-Opportunity> (last visited Apr. 28, 2025).