

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Environment and Natural Resources

BILL: SB 1300

INTRODUCER: Senator Simon

SUBJECT: Permits for Drilling, Exploration, and Extraction of Oil and Gas Resources

DATE: March 24, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Barriero</u>	<u>Rogers</u>	<u>EN</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>AEG</u>	_____
3.	_____	_____	<u>RC</u>	_____

I. Summary:

SB 1300 requires the Department of Environmental Protection to apply a balancing test when determining whether the natural resources of certain waterbodies and shore areas of the state will be adequately protected from potential harm caused by accidents or blowouts associated with oil, gas, or petroleum drilling. The balancing test should assess the potential impact of an accident or a blowout on such waterbodies and shore areas, including ecological functions and water quality impacts. In addition, the balancing test must consider the ecological community's current condition, hydrologic connection, uniqueness, location, fish and wildlife use, time lag, and the potential costs of restoration.

II. Present Situation:

Production of Oil and Gas Resources in Florida

Florida has minor crude oil reserves and accounts for less than 0.1 percent of the nation's crude oil production.¹ Onshore drilling for oil and natural gas in Florida began in 1901 and about 80 exploration wells were drilled in the state before oil was discovered in southwest Florida in 1943. Annual crude oil production in the state peaked at more than 47 million barrels in 1978 with the development of the Jay Field in northwestern Florida. Since 1978, statewide production has declined and has been less than 3 million barrels each year since 2004. In 2022, Florida crude oil production was about 1.2 million barrels. Geologists believe there may be substantial additional reserves in the Gulf of Mexico off Florida's western coast. However, since 1989, Florida has banned drilling in both Atlantic and Gulf of Mexico state waters.² In 2006, Congress banned oil and natural gas leasing in federal offshore areas in the central Gulf of Mexico planning area within 100 miles of Florida's coastline and in most of the eastern Gulf of Mexico planning area

¹ U.S. Energy Information Administration (EIA), *Profile Analysis*, <https://www.eia.gov/state/analysis.php?sid=FL> (last visited Mar. 17, 2025).

² FLA. CONST. art. II, s. 7(c); sections 377.24(9) and 377.242(1)(a)5., F.S.

within 125 miles of Florida's coast. The ban on federal oil and natural gas leases off the state's Gulf coast was to expire in 2022, but a 2020 presidential memorandum extended the ban until 2032.³ On January 6, 2025, a presidential memorandum was issued pursuant to the Outer Continental Shelf Lands Act that withdrew additional areas of the Gulf of Mexico from future oil or natural gas leasing for purposes of exploration, development, or production.⁴ On January 20, 2025, executive action was taken to repeal the January 6 ban on oil drilling in certain offshore areas, including all of Florida's coastland.⁵

Florida does not have significant natural gas reserves.⁶ Economically recoverable natural gas reserves may lie offshore in the eastern Gulf of Mexico, but, as with crude oil, exploratory drilling in state and federal waters in the eastern Gulf is prohibited. However, Florida does have a small amount of natural gas production, all from the same fields that produce crude oil. Almost all of that natural gas production is in the Jay Field in the Florida Panhandle, and most of that natural gas is reinjected into the oil zones to maintain reservoir pressures and improve oil production. As a result, only about 5 to 15 percent of the state's natural gas gross withdrawals are marketed. Florida's annual natural gas production peaked at almost 52 billion cubic feet in 1978 (less than 0.3 percent of the U.S. total that year) but declined steadily in the next three decades. Production rose again in 2010, reaching more than one-third of the 1978 peak in 2012. It increased again, reaching almost one-third of the peak in 2018 before declining again. In 2022, Florida's total natural gas production was only about 8.4 billion cubic feet. Florida receives nearly all the natural gas it consumes from the Gulf Coast region via major interstate pipelines. Pipelines entering Florida bring natural gas into the state through Alabama and Georgia.⁷

Requirements for Drilling, Exploration, and Extraction of Oil and Gas Resources

In Florida, the Department of Environmental Protection (DEP) has regulatory authority over oil and gas resources.⁸ DEP's Division of Water Resource Management (Division) oversees the permitting process for drilling, production, and exploration.⁹ Before issuing a permit, the Division must consider:

- The nature, character, and location of the lands involved;
- The nature, type, and extent of ownership of the applicant, including the length of time the permit applicant has owned the rights claimed without having performed any of the exploratory operations so granted or authorized.

³ EIA, *Profile Analysis*, <https://www.eia.gov/state/analysis.php?sid=FL>.

⁴ Office of the White House, *Memorandum on the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Oil or Natural Gas Leasing*, <https://perma.cc/6RD5-48QZ> (last visited Mar. 20, 2025).

⁵ EIA, *Profile Analysis*, <https://www.eia.gov/state/analysis.php?sid=FL>; Office of the White House, *Initial Rescissions of Harmful Executive Orders and Actions*, <https://www.whitehouse.gov/presidential-actions/2025/01/initial-rescissions-of-harmful-executive-orders-and-actions/> (last visited Mar. 20, 2025); Office of the White House, *Unleashing American Energy*, <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/> (last visited Mar. 21, 2025); U.S. Bureau of Ocean Energy Management, *Areas Under Restriction*, <https://www.boem.gov/oil-gas-energy/leasing/areas-under-restriction> (last visited Mar. 21, 2025).

⁶ EIA, *Profile Analysis*, <https://www.eia.gov/state/analysis.php?sid=FL>.

⁷ *Id.*

⁸ Section 377.242, F.S.; Fla. Admin. Code Chapters 62C-25 - 62C-30.

⁹ DEP, *Oil and Gas Program*, <https://floridadep.gov/water/oil-gas> (last visited Mar. 18, 2025); section 377.07, F.S.

- The proven or indicated likelihood of the presence of oil, gas, or related minerals in such quantities as to warrant the exploration and extraction of such products on a commercially profitable basis.
- For activities and operations concerning a natural gas storage facility, the nature, structure, and proposed use of the natural gas storage reservoir is suitable for the storage and recovery of gas without adverse effect to public health or safety or the environment.¹⁰

A drilling permit is required and a preliminary site inspection must be conducted by DEP before beginning any work other than environmental assessments or surveying at a proposed drilling site.¹¹ Regulations require the operator to case and cement wells in order to maintain well control and prevent degradation of natural resources, including water and petroleum.¹² Drilling permits are valid for one year from the date of approval.¹³ Each permit must include an agreement stating that the permit holder will allow division personnel to inspect at any time.¹⁴

Before a permit is granted, the owner or operator is required to post a surety bond or other form of security for each well.¹⁵ The amount of the bond, which is determined by the Division, must be sufficient to protect the owner of the surface rights of the land and ensure that the permittee will restore the land to its original condition and contour after operations are completed.¹⁶

In addition to a permit to drill, an operating permit is also required.¹⁷ Operating permits are valid for the life of the well, although each operating well and permit must be recertified every five years.¹⁸ 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.¹⁹ A separate permit is not required for the performance of well stimulation techniques.²⁰

Oil or gas producers must submit a monthly production report for each well to the Division and the Department of Financial Services.²¹ Abandoned wells and dry holes must be plugged

¹⁰ Section 377.241, F.S.

¹¹ Fla. Admin. Code R. 62C-26.003.

¹² Fla. Admin. Code R. 62C-27.005. The regulations specify standards for casing depth and pressure testing.

¹³ Fla. Admin. Code R. 62C-26.003.

¹⁴ Section 377.242, F.S.

¹⁵ Sections 377.244(1)(b), 377.2424(2), and 377.2425(1), F.S.; Fla. Admin. Code R. 62C-26.002.

¹⁶ Section 377.244(1)(b), F.S. For geophysical operations, the restoration requirement is less stringent, only requiring the land to be returned to its general condition and contour similar to that in existence prior to such operations. Section 377.2424(2), F.S.

¹⁷ Fla. Admin. Code R. 62C-26.008.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ See section 377.22(2)(o)(p), F.S. The Division is required to adopt rules to "regulate the 'shooting,' perforating and chemical treatment of wells," and to "regulate secondary recovery methods, including the introduction of gas, air, water, or other substance into producing formations"; see section 377.26, F.S. In regulating the vertical orientation of the well, the division is required to "take into account technological advances in drilling and production technology, including, but not limited to, horizontal well completions in the producing formation using directional drilling methods."

²¹ Section 377.23, F.S.

promptly in accordance with DEP regulations, and no well may be abandoned without prior approval from the Division.²²

State Prohibitions on Drilling in Certain Areas

State law prohibits the permitting and construction of drilling and exploratory structures in certain areas. For example, the construction or permitting of structures intended for the drilling for, or production of, oil, gas, or other petroleum products is prohibited in the following areas:

- On submerged lands within bays or estuaries;
- Within one mile seaward of the state's coastline;
- Within one mile of the seaward boundary of any park or aquatic or wildlife preserve, or on the surface of a freshwater lake, river, or stream;
- Within one mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary, or within one mile of any freshwater lake, river, or stream unless DEP is satisfied that the natural resources of such bodies of water and shore areas will be adequately protected in the event of accident or blowout.²³

In addition, no drilling permits may be granted for the construction of structures intended for the drilling for or production of oil, gas, or other petroleum products within Florida's territorial seas, or beneath state waters in the Atlantic and Gulf of Mexico, as prohibited by both state law and the Florida Constitution.²⁴

Local Government Regulation

While cities and counties do not operate oil and gas permitting programs, some, through their land use regulations or zoning ordinances, require special exceptions for oil and gas activities or limit such activities to certain zoning classifications.²⁵ Drilling permits within a municipality require prior approval from the municipal governing authority, and permits for drilling in tidal waters adjacent to municipalities or within three miles of municipal limits must also be approved by the municipality.²⁶ Similarly, drilling on or near improved beaches²⁷ requires county commissioner approval.²⁸ 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.²⁹

Violations and Penalties

A person that violates any statute, rule, regulation, order, or permit relating to the regulation of oil or gas resources, or who refuses inspection by the Division, is liable for damages caused to the air, waters, or property of the state for the reasonable costs of tracing the source of the

²² Sections 377.24(3) and 377.2426, F.S.

²³ Section 377.242(1)(a)1.-4., F.S.

²⁴ FLA. CONST. art. II, s. 7(c); sections 377.24(9) and 377.242(1)(a)5., F.S.

²⁵ See, e.g., Lee County, Fla., Land Development Code §§ 34-1651 and 34-145.

²⁶ Section 377.24(5) and (6), F.S.

²⁷ An improved beach, situated outside of the corporate limits of any municipality or town, is defined as any beach adjacent to or abutting upon the tidal waters of the state and having not less than 10 hotels, apartment buildings, residences or other structures, used for residential purposes, on or to any given mile of such beach. Section 377.24(8), F.S.

²⁸ Section 377.24(7), F.S.

²⁹ See, e.g., Lee County, Fla., Land Development Code §§ 34-1651 and 34-145.

discharge and for controlling and abating the source and the pollutants, and restoring the air, waters, and property.³⁰ Such persons are also subject to judicial imposition of a civil penalty of up to \$10,000 for each offense.³¹ Each day during any portion of which a violation occurs constitutes a separate offense.³²

III. Effect of Proposed Changes:

Section 1 amends s. 377.242, F.S., which regulates permits for drilling or exploring and extracting through well holes or by other means. Under current law, no structure intended for the drilling for, or production of, oil, gas, or other petroleum products may be permitted or constructed within one mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary or within one mile of any freshwater lake, river, or stream unless the Department of Environmental Protection (DEP) is satisfied that the natural resources of such bodies of water and shore areas of the state will be adequately protected in the event of accident or blowout.

The bill provides that DEP's determination of whether a resource is adequately protected must balance the measures in place to protect the natural resources with the potential harm to the natural resources. This balancing test should assess the potential impact of an accident or a blowout on the natural resources of such bodies of water and shore areas, including ecological functions and any water quality impacts. The balancing test must consider the ecological community's current condition, hydrologic connection, uniqueness, location, fish and wildlife use, time lag, and the potential costs of restoration.

Section 2 reenacts s. 377.243(1), F.S., for purposes of incorporating the amendments made by this bill to s. 377.242, F.S.

Section 3 reenacts s. 377.37(1)(a), F.S., for purposes of incorporating the amendments made by this bill to s. 377.242, F.S.

Section 4 provides an effective date of July 1, 2025.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

³⁰ Section 377.37(1)(a), F.S.

³¹ *Id.*

³² *Id.*

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 377.242, 377.243, and 377.37.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.