

By the Committee on Communications, Energy, and Public Utilities; and Senator Evers

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1 A bill to be entitled

2 An act relating to the development of oil and gas
3 resources; authorizing a land management agency to
4 enter into a public-private partnership with a
5 business entity to develop oil and gas resources upon
6 onshore state lands if the development yields near-
7 term revenues for the state; providing that the
8 financial, technical, and operational risk for the
9 exploration, development, and production of oil and
10 gas resources is the responsibility of the private
11 business entity; requiring that a business entity
12 seeking a public-private partnership contract submit a
13 business proposal to the agency for review; specifying
14 the information to be included in the business
15 proposal; providing criteria for the agency to use in
16 selecting the exploration proposal by a business
17 entity; requiring that the geophysical data and the
18 subsequent interpretation be made available to the
19 agency or its representative for review but remain in
20 the possession of the business entity; providing
21 criteria for the public-private partnership contract;
22 requiring a proposed public-private partnership
23 contract to be approved by the Governor and Cabinet
24 sitting as the Board of Trustees of the Internal
25 Improvement Trust Fund; providing an effective date.

26
27 WHEREAS, the exploration and development of oil and gas
28 deposits under onshore lands owned by a board, department, or
29 agency of the state may provide the opportunity to produce

579-03306-12

20121158c1

30 higher, near-term revenues to the state, and

31 WHEREAS, the monetary reward for discovering new reserves
32 of oil and gas deposits may be significant, and

33 WHEREAS, the exploration for oil and gas deposits via
34 modern three-dimensional, geophysical seismic methods and
35 production, with its technological improvements, including
36 directional and horizontal drilling, although costly, is more
37 efficient and yields better results than older methods of
38 exploration and production employed during the past 50 years,
39 NOW, THEREFORE,

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

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43 Section 1. (1) DUTIES; AUTHORITY.—Notwithstanding the
44 provisions in chapter 253, Florida Statutes, if a land
45 management agency determines that there is an opportunity to
46 develop oil and gas resources under onshore lands owned by a
47 board, department, or agency of this state to yield greater,
48 near-term revenue returns for the state, the land management
49 agency may participate with a business entity authorized to
50 conduct business in the state in a public-private partnership
51 contract.

52 (2) PRIVATE-PARTNER RESPONSIBILITIES.—The financial,
53 technical, and operational risk for the exploration,
54 development, and production of oil and gas resources is the
55 responsibility of the private business entity.

56 (3) PROPOSAL SELECTION.—

57 (a) A business entity seeking a public-private partnership
58 contract shall submit a business proposal that describes the

579-03306-12

20121158c1

59 exploration for oil or gas resources and the development of
60 state lands for those purposes. The business entity may nominate
61 state land that is to be explored and developed under the
62 public-private partnership contract. The proposal shall provide
63 an estimate of the revenues that the project is expected to
64 generate for the state. The proposal for upland state lands must
65 be consistent with approved land management plans approved
66 pursuant to s. 253.034, Florida Statutes.

67 (b) The land management agency shall review the business
68 proposal in a timely manner and in a manner that is consistent
69 with contemporary industry practices. The geophysical seismic
70 exploration, drilling, and production activities proposed shall
71 be of a duration consistent with industry practices.

72 (c) The land management agency shall select a private
73 partner based on the business proposal. The land management
74 agency's consideration must include, but need not be limited to,
75 the technical quality of the exploration program proposed and
76 the proposed timetable of geophysical and drilling activities
77 which expedites the potential for generating revenues. If more
78 than one entity submits a proposal for a public-private
79 partnership for substantially the same area, the land management
80 agency shall evaluate and select the single proposal that will
81 provide the best value for the state.

82 (d) The geophysical data acquired and the subsequent
83 interpretation shall be made available to the land management
84 agency or its representatives for review during the period
85 provided in paragraph (4) (a), but shall remain in the sole
86 possession of the business entity until the business entity has
87 selected the lease areas.

579-03306-12

20121158c1

88 (4) PUBLIC-PRIVATE PARTNERSHIP CONTRACT.—The public-private
89 partnership contract shall provide for:

90 (a) A period of 3 years or longer during which the private
91 partner may explore specified state lands by geophysical seismic
92 methods for the feasibility of oil and gas resource development
93 and production;

94 (b) A selection process after geophysical operations are
95 concluded in which the private partner may select and lease
96 prospective parcels of state land for the purpose of exploration
97 and production;

98 (c) The leasing of state lands identified as a result of
99 the geophysical seismic operations, which shall be for a term of
100 at least 5 years; and

101 (d) Negotiated royalty rates and a lease bonus.

102 (5) APPROVAL OF CONTRACT.—The proposed public-private
103 partnership contract must be approved by the Governor and
104 Cabinet sitting as the Board of Trustees of the Internal
105 Improvement Trust Fund in order to be legally binding on the
106 State of Florida.

107 Section 2. This act shall take effect upon becoming a law.