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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/25/2013	.	
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The Committee on Appropriations (Richter) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. This act may be cited as the "Florida Underground Natural Gas Storage Act."

Section 2. Subsection (7) is added to section 211.02, Florida Statutes, to read:

211.02 Oil production tax; basis and rate of tax; tertiary oil and mature field recovery oil.—An excise tax is hereby levied upon every person who severs oil in the state for sale, transport, storage, profit, or commercial use. Except as



919526

13 otherwise provided in this part, the tax is levied on the basis
14 of the entire production of oil in this state, including any
15 royalty interest. Such tax shall accrue at the time the oil is
16 severed and shall be a lien on production regardless of the
17 place of sale, to whom sold, or by whom used, and regardless of
18 the fact that delivery of the oil may be made outside the state.

19 (7) As used in this section, the term "oil" does not
20 include gas-phase hydrocarbons that are transported into the
21 state, injected in the gaseous phase into a natural gas storage
22 facility permitted under part I of chapter 377, and later
23 recovered as a liquid hydrocarbon.

24 Section 3. Subsection (6) is added to section 211.025,
25 Florida Statutes, to read:

26 211.025 Gas production tax; basis and rate of tax.—An
27 excise tax is hereby levied upon every person who severs gas in
28 the state for sale, transport, profit, or commercial use. Except
29 as otherwise provided in this part, the tax shall be levied on
30 the basis of the entire production of gas in this state,
31 including any royalty interest. Such tax shall accrue at the
32 time the gas is severed and shall be a lien on production
33 regardless of the place of sale, to whom sold, or by whom used
34 and regardless of the fact that delivery of the gas may be made
35 outside the state.

36 (6) This section applies only to native gas as defined in
37 s. 377.19.

38 Section 4. Subsection (36) of section 376.301, Florida
39 Statutes, is amended to read:

40 376.301 Definitions of terms used in ss. 376.30-376.317,
41 376.70, and 376.75.—When used in ss. 376.30-376.317, 376.70, and



919526

42 376.75, unless the context clearly requires otherwise, the term:

43 (36) "Pollutants" includes any "product" as defined in s.

44 377.19(11), pesticides, ammonia, chlorine, and derivatives

45 thereof, excluding liquefied petroleum gas.

46 Section 5. Section 377.06, Florida Statutes, is amended to
47 read:

48 377.06 Public policy of state concerning natural resources
49 of oil and gas.—It is hereby declared ~~to be~~ the public policy of
50 this the state to conserve and control the natural resources of
51 oil and gas in this said state, and the products made from oil
52 and gas in this state therefrom; to prevent waste of ~~said~~
53 natural resources; to provide for the protection and adjustment
54 of the correlative rights of the owners of the land in which the
55 ~~wherein said~~ natural resources lie, of and the owners and
56 producers of oil and gas resources and the products made from
57 oil and gas therefrom, and of others interested in these
58 resources and products therein; to safeguard the health,
59 property, and public welfare of the residents citizens of this
60 ~~said~~ state and other interested persons and for all purposes
61 indicated by the provisions in this section herein. Further, it
62 is declared that underground storage of natural gas is in the
63 public interest because underground storage promotes
64 conservation of natural gas; makes gas more readily available to
65 the domestic, commercial, and industrial consumers of this
66 state; and allows the accumulation of large quantities of gas in
67 reserve for orderly withdrawal during emergencies or periods of
68 peak demand. It is not the intention of this section to limit,
69 ~~or~~ restrict, or modify in any way the provisions of this law.

70 Section 6. Section 377.18, Florida Statutes, is amended to



919526

71 read:

72 377.18 Common sources of oil and gas.—All common sources of
73 supply of oil or native and gas ~~or either of them~~ shall have the
74 production ~~therefrom~~ controlled or regulated in accordance with
75 the provisions of this law.

76 Section 7. Section 377.19, Florida Statutes, is reordered
77 and amended to read:

78 377.19 Definitions.—As used ~~Unless the context otherwise~~
79 ~~requires, the words defined in this section shall have the~~
80 ~~following meanings when found in ss. 377.06, 377.07, and 377.10-~~
81 377.40, the term:

82 (3)~~(1)~~ "Division" means the Division of Resource Management
83 of the Department of Environmental Protection.

84 (28)~~(2)~~ "State" means the State of Florida.

85 (20)~~(3)~~ "Person" means a ~~any~~ natural person, corporation,
86 association, partnership, receiver, trustee, guardian, executor,
87 administrator, fiduciary, or representative of any kind.

88 (15)~~(4)~~ "Oil" means crude petroleum oil and other
89 hydrocarbons, regardless of gravity, which are produced at the
90 well in liquid form by ordinary production methods, and which
91 are not the result of condensation of gas after it leaves the
92 reservoir.

93 (5) "Gas" means all natural gas, including casinghead gas,
94 and all other hydrocarbons not defined as oil in subsection (4).

95 (21)~~(6)~~ "Pool" means an underground reservoir containing or
96 appearing to contain a common accumulation of oil or gas or
97 both. Each zone of a general structure which is completely
98 separated from any other zone on the structure is considered a
99 separate pool as used herein.



919526

100 (4)~~(7)~~ "Field" means the general area that ~~which~~ is
101 underlaid, or appears to be underlaid, by at least one pool. The
102 term; ~~and "field"~~ includes the underground reservoir, or
103 reservoirs, containing oil or gas, or both. The terms ~~words~~
104 "field" and "pool" mean the same thing if ~~when~~ only one
105 underground reservoir is involved; however, the term "field,"
106 unlike the term "pool," may relate to two or more pools.

107 (19)~~(8)~~ "Owner" means the person who has the right to drill
108 into and to produce from any pool and to appropriate the
109 production ~~either~~ for the person or for the person and another,
110 or others.

111 (22)~~(9)~~ "Producer" means the owner or operator of a well or
112 wells capable of producing oil or gas, or both.

113 (31)~~(10)~~ "Waste," in addition to its ordinary meaning,
114 means "physical waste" as that term is generally understood in
115 the oil and gas industry. The term "waste" includes:

116 (a) The inefficient, excessive, or improper use or
117 dissipation of reservoir energy; and the locating, spacing,
118 drilling, equipping, operating, or producing of any oil or gas
119 well or wells in a manner that ~~which~~ results, or tends to
120 result, in reducing the quantity of oil or gas ultimately to be
121 stored or recovered from any pool in this state.

122 (b) The inefficient storing of oil; and the locating,
123 spacing, drilling, equipping, operating, or producing of any oil
124 or gas well or wells in a manner that causes, or tends ~~causing,~~
125 ~~or tending~~ to cause, unnecessary or excessive surface loss or
126 destruction of oil or gas.

127 (c) The producing of oil or gas in ~~such~~ a manner that
128 causes ~~as to cause~~ unnecessary water channeling or coning.



919526

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

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

133 (f) The underground waste, however caused and whether or
134 not defined.

135 (g) The creation of unnecessary fire hazards.

136 (h) The escape into the open air, from a well producing
137 both oil and gas, of gas in excess of the amount that ~~which~~ is
138 necessary in the efficient drilling or operation of the well.

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

140 (j) Permitting gas produced from a gas well to escape into
141 the air.

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

146 ~~(23)-(11)~~ "Product" means a ~~any~~ commodity made from oil or
147 gas and includes refined crude oil, crude tops, topped crude,
148 processed crude petroleum, residue from crude petroleum,
149 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,
150 residuum, gas oil, casinghead gasoline, natural gas gasoline,
151 naphtha, distillate, condensate, gasoline, waste oil, kerosene,
152 benzine, wash oil, blended gasoline, lubricating oil, blends or
153 mixtures of oil with one or more liquid products or byproducts
154 derived from oil or gas, and blends or mixtures of two or more
155 liquid products or byproducts derived from oil or gas, whether
156 hereinabove enumerated or not.

157 ~~(8)-(12)~~ "Illegal oil" means oil that ~~which~~ has been



919526

158 produced within the state from any well or wells in excess of
159 the amount allowed by rule, regulation, or order of the
160 division, as distinguished from oil produced within the state
161 from a well not producing in excess of the amount so allowed,
162 which is "legal oil."

163 ~~(7)-(13)~~ "Illegal gas" means gas that ~~which~~ has been
164 produced within the state from any well or wells in excess of
165 the amount allowed by any rule, regulation, or order of the
166 division, as distinguished from gas produced within the State of
167 Florida from a well not producing in excess of the amount so
168 allowed, which is "legal gas."

169 ~~(9)-(14)~~ "Illegal product" means a ~~any~~ product of oil or
170 gas, any part of which was processed or derived, in whole or in
171 part, from illegal gas or illegal oil or from any product
172 thereof, as distinguished from "legal product," which is a
173 product processed or derived to no extent from illegal oil or
174 illegal gas.

175 ~~(24)-(15)~~ "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 ~~(30)-(16)~~ "Tender" means a permit or certificate of
179 clearance for the transportation or the delivery of oil, gas, or
180 products, approved and issued or registered under the authority
181 of the division.

182 ~~(17)~~ ~~The use of the word "and" includes the word "or" and~~
183 ~~the use of "or" includes "and," unless the context clearly~~
184 ~~requires a different meaning, especially with respect to such~~
185 ~~expressions as "oil and gas" or "oil or gas."~~

186 ~~(32)-(18)~~ "Well site" means the general area around a well,



919526

187 which area has been disturbed from its natural or existing
188 condition, as well as the drilling or production pad, mud and
189 water circulation pits, and other operation areas necessary to
190 drill for or produce oil or gas, or to inject gas into and
191 recover gas from a natural gas storage facility.

192 ~~(17)~~~~(19)~~ "Oil and gas administrator" means the State
193 Geologist.

194 ~~(18)~~~~(20)~~ "Operator" means the entity who:

195 (a) Has the right to drill and to produce a well; or

196 (b) As part of a natural gas storage facility, injects, or
197 is engaged in the work of preparing to inject, gas into a
198 natural gas storage reservoir; or stores gas in, or removes gas
199 from, a natural gas storage reservoir.

200 ~~(1)~~~~(21)~~ "Completion date" means the day, month, and year
201 that a new productive well, a previously shut-in well, or a
202 temporarily abandoned well is completed, repaired, or
203 recompleted and the operator begins producing oil or gas in
204 commercial quantities.

205 ~~(26)~~~~(22)~~ "Shut-in well" means an oil or gas well that has
206 been taken out of service for economic reasons or mechanical
207 repairs.

208 ~~(29)~~~~(23)~~ "Temporarily abandoned well" means a permitted
209 well or wellbore that has been abandoned by plugging in a manner
210 that allows reentry and redevelopment in accordance with oil or
211 gas rules of the Department of Environmental Protection.

212 ~~(14)~~~~(24)~~ "New field well" means an oil or gas well
213 completed after July 1, 1997, in a new field as designated by
214 the Department of Environmental Protection.

215 ~~(6)~~~~(25)~~ "Horizontal well" means a well completed with the



919526

216 wellbore in a horizontal or nearly horizontal orientation within
217 10 degrees of horizontal within the producing formation.

218 (2) "Department" means the Department of Environmental
219 Protection.

220 (10) "Lateral storage reservoir boundary" means the
221 projection up to the land surface of the maximum horizontal
222 extent of the gas volume contained in a natural gas storage
223 reservoir.

224 (11) "Native gas" means gas that occurs naturally within
225 this state and does not include gas produced outside the state,
226 transported to this state, and injected into a permitted natural
227 gas storage facility.

228 (12) "Natural gas storage facility" means an underground
229 reservoir from which oil or gas has previously been produced and
230 which is used or to be used for the underground storage of
231 natural gas, and any surface or subsurface structure, or
232 infrastructure, except wells. The term also includes a right or
233 appurtenance necessary or useful in the operation of the
234 facility for the underground storage of natural gas, including
235 any necessary or reasonable reservoir protective area as
236 designated for the purpose of ensuring the safe operation of the
237 storage of natural gas or protecting the natural gas storage
238 facility from pollution, invasion, escape, or migration of gas,
239 or any subsequent extension thereof. The term does not mean a
240 transmission, distribution, or gathering pipeline or system that
241 is not used primarily as integral piping for a natural gas
242 storage facility.

243 (13) "Natural gas storage reservoir" means a pool or field
244 from which gas or oil has previously been produced and which is



919526

245 suitable for or capable of being made suitable for the
246 injection, storage, and recovery of gas, as identified in a
247 permit application submitted to the department under s.
248 377.2407.

249 (16) "Oil and gas" has the same meaning as the term "oil or
250 gas."

251 (25) "Reservoir protective area" means the area extending
252 up to and including 2,000 feet surrounding a natural gas storage
253 reservoir.

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

257 Section 8. Subsection (1) of section 377.21, Florida
258 Statutes, is amended to read:

259 377.21 Jurisdiction of division.—

260 (1) The division shall have jurisdiction and authority over
261 all persons and property necessary to administer and enforce
262 effectively the provisions of this law and all other laws
263 relating to the conservation of oil and gas or to the storage of
264 gas in and recovery of gas from natural gas storage reservoirs.

265 Section 9. Subsection (2) of section 377.22, Florida
266 Statutes, is amended to read:

267 377.22 Rules and orders.—

268 (2) The department shall issue orders and adopt rules
269 pursuant to ss. 120.536~~(1)~~ and 120.54 to implement and enforce
270 the provisions of this chapter. Such rules and orders shall
271 ensure that all precautions are taken to prevent the spillage of
272 oil or any other pollutant in all phases of the drilling for,
273 and extracting of, oil, gas, or other petroleum products, or



919526

274 during the injection of gas into and recovery of gas from a
275 natural gas storage reservoir. The department shall revise such
276 rules from time to time as necessary for the proper
277 administration and enforcement of this chapter. Rules adopted
278 and orders issued in accordance with this section are ~~shall be~~
279 for, but ~~shall~~ not ~~be~~ limited to, the following purposes:

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

284 (b) To prevent the alteration of the sheet flow of water in
285 any area.

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

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

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

298 (f) To require a reasonable bond, or other form of security
299 acceptable to the department, conditioned upon the performance
300 of the duty to plug properly each dry and abandoned well and the
301 full and complete restoration by the applicant of the area over
302 which geophysical exploration, drilling, or production is



919526

303 conducted to the similar contour and general condition in
304 existence prior to such operation.

305 (g) To require and carry out a reasonable program of
306 monitoring or inspection of all drilling operations, ~~or~~
307 producing wells, or injecting wells, including regular
308 inspections by division personnel.

309 (h) To require the making of reports showing the location
310 of all oil and gas wells; the making and filing of logs; the
311 taking and filing of directional surveys; the filing of
312 electrical, sonic, radioactive, and mechanical logs of oil and
313 gas wells; if taken, the saving of cutting and cores, the cuts
314 of which shall be given to the Bureau of Geology; and the making
315 of reports with respect to drilling and production records.
316 However, such information, or any part thereof, at the request
317 of the operator, shall be exempt from the provisions of s.
318 119.07(1) and held confidential by the division for a period of
319 1 year after the completion of a well.

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

323 (j) To prevent the drowning by water of any stratum, or
324 part thereof, capable of producing oil or gas in paying
325 quantities and to prevent the premature and irregular
326 encroachment of water which reduces, or tends to reduce, the
327 total ultimate recovery of oil or gas from any pool.

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

330 (l) To prevent "blowouts," "caving," and "seepage," in the
331 sense that conditions indicated by such terms are generally



919526

332 understood in the oil and gas business.

333 (m) To prevent fires.

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

337 (o) To regulate the "shooting," perforating and chemical
338 treatment of wells.

339 (p) To regulate secondary recovery methods, including the
340 introduction of gas, air, water, or other substance into
341 producing formations.

342 (q) To regulate gas cycling operations.

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

345 (s)~~(r)~~ If necessary for the prevention of waste, as herein
346 defined, to determine, limit, and prorate the production of oil
347 or gas, or both, from any pool or field in the state.

348 (t)~~(s)~~ To require, either generally or in or from
349 particular areas, certificates of clearance or tenders in
350 connection with the transportation or delivery of oil or gas, or
351 any product.

352 (u)~~(t)~~ To regulate the spacing of wells and to establish
353 drilling units.

354 (v)~~(u)~~ To prevent, so far as is practicable, reasonably
355 avoidable drainage from each developed unit which is not
356 equalized by counterdrainage.

357 (w)~~(v)~~ To require that geophysical operations requiring a
358 permit be conducted in a manner which will minimize the impact
359 on hydrology and biota of the area, especially environmentally
360 sensitive lands and coastal areas.



919526

361 ~~(x)(w)~~ To regulate aboveground crude oil storage tanks in a
362 manner which will protect the water resources of the state.

363 ~~(y)(*)~~ To act in a receivership capacity for fractional
364 mineral interests for which the owners are unknown or unlocated
365 and to administratively designate the operator as the lessee.

366 Section 10. Subsections (1) and (2) of section 377.24,
367 Florida Statutes, are amended to read:

368 377.24 Notice of intention to drill well; permits;
369 abandoned wells and dry holes.—

370 (1) Before drilling a any well in search of oil or gas, or
371 before storing gas in or recovering gas from a natural gas
372 storage reservoir ~~shall be drilled~~, the person who desires
373 ~~desiring~~ to drill for, store, or recover gas, or drill for oil
374 or gas, ~~the same~~ shall notify the division upon such form as it
375 may prescribe and shall pay a reasonable fee set by rule of the
376 department not to exceed the actual cost of processing and
377 inspecting for each well or reservoir. The drilling of any well
378 and the storing and recovering of gas are ~~is hereby~~ prohibited
379 until such notice is given, ~~the and such fee is~~ has been paid,
380 and ~~the permit is~~ granted.

381 (2) ~~An Each~~ application for the drilling of a well in
382 search of oil or gas, or for the storing of gas in and
383 recovering of gas from a natural gas storage reservoir, in this
384 state must ~~shall~~ include the address of the residence of the
385 applicant, or applicants ~~each applicant~~, which must address
386 ~~shall~~ be the address of each person involved in accordance with
387 the records of the Division of Resource Management until such
388 address is changed on the records of the division after written
389 request.



919526

390 Section 11. Section 377.2407, Florida Statutes, is created
391 to read:

392 377.2407 Natural gas storage facility permit application to
393 inject gas into and recover gas from a natural gas storage
394 reservoir.-

395 (1) Before drilling a well to inject gas into and recover
396 gas from a natural gas storage reservoir, the person who desires
397 to conduct such operation shall apply to the department in the
398 manner described in this section using such form as the
399 department may prescribe to obtain a natural gas storage
400 facility permit. The department shall also require any applicant
401 seeking to obtain such permit to pay a reasonable permit
402 application fee. Such fee must be in an amount necessary to
403 cover the costs associated with receiving, processing, issuing,
404 and recertifying the permit application, and inspecting for
405 compliance with the permit.

406 (2) Each application must contain:

407 (a) A detailed, three-dimensional description of the
408 natural gas storage reservoir, including geologic-based
409 descriptions of the reservoir boundaries, and the horizontal and
410 vertical dimensions.

411 (b) A geographic description of the lateral storage
412 reservoir boundary.

413 (c) A general description and location of all injection,
414 recovery, withdrawal-only, and observation wells.

415 (d) A description of the reservoir protective area.

416 (e) Information demonstrating that the proposed natural gas
417 storage reservoir is suitable for the storage and recovery of
418 gas.



919526

419 (f) Information identifying all reasonably known abandoned
420 or active wells within the natural gas storage facility.

421 (g) A field-monitoring plan that requires, at a minimum,
422 monthly field inspections of all wells that are part of the
423 natural gas storage facility.

424 (h) A monitoring and testing plan for the well integrity.

425 (i) A well inspection plan that requires, at a minimum, the
426 inspection of all wells that are part of the natural gas storage
427 facility and plugged wells within the natural gas storage
428 facility boundary.

429 (j) A spill prevention and response plan.

430 (k) A well spacing plan.

431 (l) An operating plan for the natural gas storage
432 reservoir, which must include gas capacities, anticipated
433 operating conditions, and maximum storage pressure.

434 (m) A gas migration response plan.

435 (n) A location plat and general facility map surveyed and
436 prepared by a registered land surveyor licensed under chapter
437 472.

438 (3) The department may require the applicant to provide
439 additional information that is deemed necessary to permit the
440 development of the natural gas storage facility. Each well
441 related to the natural gas storage facility shall be authorized
442 and permitted individually upon the applicant's satisfying
443 applicable well construction and operation criteria under this
444 part; however, notwithstanding any other provision of this
445 chapter, well spacing requirements do not apply.

446 Section 12. Subsection (4) is added to section 377.241,
447 Florida Statutes, to read:



919526

448 377.241 Criteria for issuance of permits.—The division, in
449 the exercise of its authority to issue permits as hereinafter
450 provided, shall give consideration to and be guided by the
451 following criteria:

452 (4) For activities and operations concerning a natural gas
453 storage facility, the nature, structure, and proposed use of the
454 natural gas storage reservoir is suitable for the storage and
455 recovery of gas without adverse effect to public health or
456 safety or the environment.

457 Section 13. Subsection (3) of section 377.242, Florida
458 Statutes, is amended to read:

459 377.242 Permits for drilling or exploring and extracting
460 through well holes or by other means.—The department is vested
461 with the power and authority:

462 (3) To issue permits to establish natural gas storage
463 facilities or construct wells for the injection and recovery of
464 any natural gas for ~~temporary~~ storage in natural gas storage
465 ~~subsurface~~ reservoirs.

466
467 Each permit shall contain an agreement by the permit holder that
468 the permit holder will not prevent inspection by division
469 personnel at any time. The provisions of this section
470 prohibiting permits for drilling or exploring for oil in coastal
471 waters do not apply to any leases entered into before June 7,
472 1991.

473 Section 14. Section 377.2431, Florida Statutes, is created
474 to read:

475 377.2431 Conditions for granting permits for natural gas
476 storage facilities.—



919526

477 (1) A natural gas storage facility permit shall authorize
478 the construction and operation of a natural gas storage facility
479 and must be issued for the life of the facility, subject to
480 recertification every 10 years.

481 (2) Before issuing or recertifying a permit, the department
482 shall require satisfactory evidence of the following:

483 (a) The applicant has implemented, or is in the process of
484 implementing, programs for the control and mitigation of
485 pollution related to oil, petroleum products or their
486 byproducts, and other pollutants.

487 (b) The applicant or operator has acquired a lawful right
488 to drill, explore, or develop a natural gas storage reservoir
489 from owners of at least 75 percent of the storage rights within
490 the natural gas storage reservoir, or the applicant or operator
491 has obtained a certificate of public convenience and necessity
492 for the natural gas storage reservoir from the Federal Energy
493 Regulatory Commission pursuant to the Natural Gas Act, 15 U.S.C.
494 ss. 717 et seq.

495 (c) The applicant has used all reasonable means to identify
496 known wells that have been drilled into or through the natural
497 gas storage reservoir or the reservoir protective area to
498 determine the status of the wells and whether inactive or
499 abandoned wells have been properly plugged. For any well that
500 has not been properly plugged, before conducting injection
501 operations and after issuance of the permit, the applicant must
502 plug or recondition the well to ensure the integrity of the
503 storage reservoir or the reservoir protective area.

504 (d) The applicant has tested the quality of water produced
505 by all water supply wells within the lateral boundary of the



919526

506 natural gas storage facility and complied with all requirements
507 under s. 377.2432. The applicant shall provide to the department
508 and the owner of the water supply well a written copy of the
509 water quality data collected under this paragraph.

510 (e) A determination has been made whether native gas or oil
511 will be severed from below the soil or water of this state in
512 the recovery of injected gas. If native gas or oil will be
513 severed, the applicant or operator must acquire a lawful right
514 to develop the native gas or oil before injecting gas into the
515 natural gas storage reservoir.

516 (3) The applicant shall maintain records of well pressures
517 recorded monthly, and monthly volumes of gas injected into and
518 withdrawn from the reservoir. These records shall be maintained
519 at the natural gas storage facility and shall be made available
520 for inspection by the department at any reasonable time.

521 (4) (a) The maximum storage pressure for a natural gas
522 storage reservoir shall be the highest shut-in bottom hole
523 pressure found to exist during the production history of the
524 reservoir, unless a higher pressure is established by the
525 department based on testing of caprock and pool containment. The
526 methods used for determining the higher pressure must be
527 approved by the department.

528 (b) If the shut-in bottom hole pressure of the original
529 discovery or of the highest production is not known, or a higher
530 pressure has not been established through a method approved by
531 the department pursuant to paragraph (a), the maximum storage
532 reservoir pressure must be limited to a freshwater hydrostatic
533 gradient.

534 (5) A permit may not be issued for a natural gas storage



919526

535 facility that includes a natural gas storage reservoir located
536 beneath an underground source of drinking water unless the
537 applicant demonstrates that the injection, storage, or recovery
538 of natural gas will not cause or allow natural gas to migrate
539 into the underground source of drinking water; in any offshore
540 location in the Gulf of Mexico, the Straits of Florida, or the
541 Atlantic Ocean; or in any solution-mined cavern within a salt
542 formation.

543 (6) A natural gas storage facility permit issued by the
544 department must contain a condition that requires the permittee
545 to obtain the lawful right to develop a natural gas storage
546 reservoir from the owners of 100 percent of the storage rights
547 within the natural gas storage reservoir.

548 Section 15. Section 377.2432, Florida Statutes, is created
549 to read:

550 377.2432 Natural gas storage facilities; protection of
551 water supplies.—

552 (1) An operator of a natural gas storage facility who
553 affects a public or private underground water supply by
554 pollution or diminution shall restore or replace the affected
555 supply with an alternate source of water adequate in quantity
556 and quality for the purposes served by the supply. The
557 department shall ensure that the quality of restored or replaced
558 water is comparable to the quality of the water before it was
559 affected by the operator.

560 (2) Unless rebutted by a defense established in subsection
561 (4), a natural gas storage facility operator is presumed
562 responsible for pollution of an underground water supply if:

563 (a) The water supply is within the lateral boundary of the



919526

564 natural gas storage facility; and

565 (b) The pollution occurred within 6 months after completion
566 of drilling or alteration of any well under or associated with
567 the natural gas storage facility permit or the initial injection
568 of gas into the natural gas storage reservoir, whichever is
569 later.

570 (3) If the affected underground water supply is within the
571 rebuttable presumption area as provided in subsection (2) and
572 the rebuttable presumption applies, the natural gas storage
573 facility operator shall provide a temporary water supply if the
574 water user is without a readily available alternative source of
575 water at no cost to the owner or user of the affected water
576 supply. The temporary water supply provided under this
577 subsection must be adequate in quantity and quality for the
578 purposes served by the affected supply.

579 (4) A natural gas storage facility operator rebuts the
580 presumption in subsection (2) by affirmatively proving any of
581 the following:

582 (a) The pollution existed before the drilling or alteration
583 activity as determined by a predrilling or prealteration survey.

584 (b) The landowner or water purveyor refused to allow the
585 operator access to conduct a predrilling or prealteration
586 survey.

587 (c) The water supply well is not within the lateral
588 boundary of the natural gas storage facility.

589 (d) The pollution occurred more than 6 months after
590 completion of drilling or alteration of any well under or
591 associated with the natural gas storage facility permit.

592 (e) The pollution occurred as the result of a cause other



919526

593 than activities authorized under the natural gas storage
594 facility permit.

595 (5) A natural gas storage facility operator electing to
596 preserve a defense under subsection (4) must retain an
597 independent certified laboratory to conduct a predrilling or
598 prealteration survey of the water supply. A copy of survey
599 results must be submitted to the department and the landowner or
600 water purveyor in the manner prescribed by the department.

601 (6) A natural gas storage facility operator must provide
602 written notice to the landowner or water purveyor indicating
603 that the presumption established under subsection (2) may be
604 void if the landowner or water purveyor refused to allow the
605 operator access to conduct a predrilling or prealteration
606 survey. Proof of written notice to the landowner or water
607 purveyor must be provided to the department in order for the
608 operator to retain the protections under subsection (4).

609 (7) This section does not prevent a landowner or water
610 purveyor who claims pollution or diminution of a water supply
611 from seeking any other remedy at law or in equity.

612 Section 16. Section 377.2433, Florida Statutes, is created
613 to read:

614 377.2433 Protection of natural gas storage facilities;
615 remedies.—

616 (1) The department may not authorize the drilling of any
617 well into or through a permitted natural gas storage reservoir
618 or reservoir protective area, except upon conditions deemed by
619 the department to be sufficient to prevent the loss, migration,
620 or escape of gas from the natural gas storage reservoir. The
621 department shall provide written notice to the natural gas



919526

622 storage facility operator of any application filed with the
623 department and any agency action taken related to drilling a
624 well into or through a permitted natural gas storage facility
625 boundary or reservoir protective area.

626 (2) As a condition for the issuance of a permit by the
627 department, an applicant seeking to drill a well into or through
628 a permitted natural gas storage facility boundary or reservoir
629 protective area must provide the affected natural gas storage
630 facility operator a reasonable right of entry to observe and
631 monitor all drilling activities.

632 (3) The department shall require by permit condition that
633 any well drilled into or through a permitted natural gas storage
634 reservoir or reservoir protective area is cased and cemented in
635 a manner sufficient to protect the integrity of the natural gas
636 storage reservoir.

637 Section 17. Section 377.2434, Florida Statutes, is created
638 to read:

639 377.2434 Property rights to injected natural gas.—

640 (1) All natural gas that has previously been reduced to
641 possession and that is subsequently injected into a natural gas
642 storage facility is at all times the property of the injector or
643 the injector's heirs, successors, or assigns, whether owned by
644 the injector or stored under contract.

645 (2) Such gas may not be subject to the right of the owner
646 of the surface of the lands or of any mineral interest therein,
647 under which the natural gas storage facilities lie, or to the
648 right of any person, other than the injector or the injector's
649 heirs, successors, or assigns, to waste or otherwise interfere
650 with or exercise control over such gas, to produce, to take, or



919526

651 to reduce to possession, by means of the law of capture or
652 otherwise. This subsection does not affect the ownership of
653 hydrocarbons occurring naturally within this state or the right
654 of the owner of the surface of the lands or of any mineral
655 interest therein to drill or bore through the natural gas
656 storage facilities in a manner that will protect the facilities
657 against pollution or the escape of stored natural gas.

658 (3) With regard to natural gas that has migrated to
659 adjoining property or to a stratum, or portion thereof, which
660 has not been condemned or otherwise purchased:

661 (a) The injector or the injector's heirs, successors, or
662 assigns:

663 1. May not lose title to or possession of the gas if the
664 injector or the injector's heirs, successors, or assigns can
665 prove by a preponderance of the evidence that the gas was
666 originally injected into the underground storage; and

667 2. Have the right to conduct tests on any existing wells on
668 adjoining property as may be reasonable to determine ownership
669 of the gas, but the tests are solely at the injector's risk and
670 expense.

671 (b) The owner of the stratum and the owner of the surface
672 are entitled to compensation, including compensation for use of
673 or damage to the surface or substratum, as provided by law.

674 Section 18. Subsection (3) of section 377.25, Florida
675 Statutes, is amended to read:

676 377.25 Production pools; drilling units.—

677 (3) Each well permitted to be drilled upon any drilling
678 unit shall be drilled approximately in the center thereof, with
679 such exception as may be reasonably necessary where the division



919526

680 finds that the unit is partly outside the pool or, for some
681 other reason, a well approximately in the center of the unit
682 would be nonproductive or where topographical conditions are
683 such as to make the drilling approximately in the center of the
684 unit unduly burdensome or where the operator proposes to
685 complete the well with a horizontal or nearly horizontal well in
686 the producing zone. Whenever an exception is granted, the
687 division shall take such action as will offset any advantage
688 which the person securing the exception may have over other
689 producers by reason of the drilling of the well as an exception,
690 and so that drainage from developed units to the tract, with
691 respect to which the exception is granted, will be prevented or
692 minimized, and the producer of the well drilled, as an
693 exception, will be allowed to produce no more than his or her
694 just and equitable share of the oil and gas in the pool, as such
695 share is set forth in this section. This subsection does not
696 apply to wells associated with a natural gas storage facility.

697 Section 19. Subsection (2) of section 377.28, Florida
698 Statutes, is amended to read:

699 377.28 Cycling, pooling, and unitization of oil and gas.—

700 (2) The department shall issue an order requiring unit
701 operation if it finds that:

702 (a) Unit operation of the field, or of any pool or pools,
703 portion or portions, or combinations thereof within the field,
704 is reasonably necessary to prevent waste, to avoid the drilling
705 of unnecessary wells, or to increase the ultimate recovery of
706 oil or gas by additional recovery methods; ~~and~~

707 (b) The estimated additional cost incident to the conduct
708 of such operation will not exceed the value of the estimated



919526

709 additional recovery of oil or gas; and
710 (c) The additional recovery of oil or gas does not
711 adversely interfere with the storage or recovery of natural gas
712 within a natural gas storage reservoir.
713

714 The phrase "additional recovery methods" as used herein
715 includes, but is not limited to, the maintenance or partial
716 maintenance of reservoir pressures; recycling; flooding a pool
717 or pools, or parts thereof, with air, gas, water, liquid
718 hydrocarbons, any other substance, or any combination thereof;
719 or any other method of producing additional hydrocarbons
720 approved by the department.

721 Section 20. Subsection (4) is added to section 377.30,
722 Florida Statutes, to read:

723 377.30 Limitation on amount of oil or gas taken.—

724 (4) This section does not apply to nonnative gas recovered
725 from a permitted natural gas storage facility.

726 Section 21. Subsection (1) of section 377.34, Florida
727 Statutes, is amended to read:

728 377.34 Actions and injunctions by division.—

729 (1) Whenever it appears ~~shall appear~~ that a ~~any~~ person is
730 violating, or threatening to violate, any statute of this state
731 with respect to the conservation of oil or gas, or both, or any
732 provision of this law, or any rule, regulation or order made
733 ~~thereunder~~ by any act done in the operation of a ~~any~~ well
734 producing oil or gas, or storing or recovering natural gas, or
735 by omitting an ~~any~~ act required to be done ~~thereunder~~, the
736 division, through its counsel, or the Department of Legal
737 Affairs on its own initiative, may bring suit against such



919526

738 person in the Circuit Court in the County of Leon, state, or in
739 the circuit court in the county in which the well in question is
740 located, at the option of the division, or the Department of
741 Legal Affairs, to restrain such person or persons from
742 continuing such violation or from carrying out the threat of
743 violation. In such suit, the division, or the Department of
744 Legal Affairs, may obtain injunctions, prohibitory and
745 mandatory, including temporary restraining orders and temporary
746 injunctions, as the facts may warrant, including, when
747 appropriate, an injunction restraining any person from moving or
748 disposing of illegal oil, illegal gas or illegal product, and
749 any or all such commodities may be ordered to be impounded or
750 placed under the control of a receiver appointed by the court
751 if, in the judgment of the court, such action is advisable.

752 Section 22. Paragraph (a) of subsection (1) of section
753 377.37, Florida Statutes, is amended to read:

754 377.37 Penalties.—

755 (1) (a) Any person who violates any provision of this law or
756 any rule, regulation, or order of the division made under this
757 chapter or who violates the terms of any permit to drill for or
758 produce oil, gas, or other petroleum products referred to in s.
759 377.242(1)~~),~~ or to store gas in a natural gas storage facility,
760 or any lessee, permitholder, or operator of equipment or
761 facilities used in the exploration for, drilling for, or
762 production of oil, gas, or other petroleum products, or storage
763 of gas in a natural gas storage facility, who refuses inspection
764 by the division as provided in this chapter, is liable to the
765 state for any damage caused to the air, waters, or property,
766 including animal, plant, or aquatic life, of the state and for



919526

767 reasonable costs and expenses of the state in tracing the source
768 of the discharge, in controlling and abating the source and the
769 pollutants, and in restoring the air, waters, and property,
770 including animal, plant, and aquatic life, of the state.
771 Furthermore, such person, lessee, permitholder, or operator is
772 subject to the judicial imposition of a civil penalty in an
773 amount of not more than \$10,000 for each offense. However, the
774 court may receive evidence in mitigation. Each day during any
775 portion of which such violation occurs constitutes a separate
776 offense. Nothing herein shall give the department the right to
777 bring an action on behalf of any private person.

778 Section 23. Subsections (1) and (3) of section 377.371,
779 Florida Statutes, are amended to read:

780 377.371 Pollution prohibited; reporting, liability.—

781 (1) A ~~Ne~~ person drilling for or producing oil, gas, or
782 other petroleum products, or storing gas in a natural gas
783 storage facility, may not ~~shall~~ pollute land or water; damage
784 aquatic or marine life, wildlife, birds, or public or private
785 property; or allow any extraneous matter to enter or damage any
786 mineral or freshwater-bearing formation.

787 (3) Because it is the intent of this chapter to provide the
788 means for rapid and effective cleanup and to minimize damages
789 resulting from pollution in violation of this chapter, if the
790 waters of the state are polluted by the drilling, storage of
791 natural gas, or production operations of any person or persons
792 and such pollution damages or threatens to damage human, animal,
793 or plant life, public or private property, or any mineral or
794 water-bearing formation, said person shall be liable to the
795 state for all costs of cleanup or other damage incurred by the



919526

796 state. In any suit to enforce claims of the state under this
797 chapter, it is ~~shall~~ not ~~be~~ necessary for the state to plead or
798 prove negligence in any form or manner on the part of the person
799 or persons conducting the drilling or production operations; the
800 state need only plead and prove the fact of the prohibited
801 discharge or other polluting condition and that it occurred at
802 the facilities of the person or persons conducting the drilling
803 or production operation. A ~~No~~ person or persons conducting the
804 drilling, storage, or production operation may not ~~shall~~ be held
805 liable if said person or persons prove that the prohibited
806 discharge or other polluting condition was the result of any of
807 the following:

808 (a) An act of war.

809 (b) An act of government, either state, federal, or
810 municipal.

811 (c) An act of God, which means an unforeseeable act
812 exclusively occasioned by the violence of nature without the
813 interference of any human agency.

814 (d) An act or omission of a third party without regard to
815 whether any such act or omission was or was not negligent.

816 Section 24. Paragraph (b) of subsection (14) and paragraph
817 (b) of subsection (19) of section 403.973, Florida Statutes, are
818 amended, and paragraphs (g) and (h) are added to subsection (3)
819 of that section, to read:

820 403.973 Expedited permitting; amendments to comprehensive
821 plans.—

822 (3)

823 (g) Projects for natural gas storage facilities that are
824 permitted under chapter 377 are eligible for the expedited



919526

825 permitting process.

826 (h) Projects to construct interstate natural gas pipelines
827 subject to certification by the Federal Energy Regulatory
828 Commission are eligible for the expedited permitting process.

829 (14)

830 (b) Projects identified in paragraphs ~~paragraph~~ (3) (f) - (h)
831 or challenges to state agency action in the expedited permitting
832 process for establishment of a state-of-the-art biomedical
833 research institution and campus in this state by the grantee
834 under s. 288.955 are subject to the same requirements as
835 challenges brought under paragraph (a), except that,
836 notwithstanding s. 120.574, summary proceedings must be
837 conducted within 30 days after a party files the motion for
838 summary hearing, regardless of whether the parties agree to the
839 summary proceeding.

840 (19) The following projects are ineligible for review under
841 this part:

842 (b) A project, the primary purpose of which is to:

843 1. Effect the final disposal of solid waste, biomedical
844 waste, or hazardous waste in this state.

845 2. Produce electrical power, unless the production of
846 electricity is incidental and not the primary function of the
847 project or the electrical power is derived from a fuel source
848 for renewable energy as defined in s. 366.91(2) (d).

849 3. Extract natural resources.

850 4. Produce oil.

851 5. Construct, maintain, or operate an oil, petroleum,
852 ~~natural gas,~~ or sewage pipeline.

853 Section 25. The Department of Environmental Protection



919526

854 shall adopt rules relating to natural gas storage before issuing
855 a natural gas storage facility permit.

856 Section 26. This act shall take effect July 1, 2013.

857

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

859 And the title is amended as follows:

860 Delete everything before the enacting clause
861 and insert:

862 A bill to be entitled
863 An act relating to underground natural gas storage;
864 providing a short title; amending s. 211.02, F.S.;
865 narrowing the use of the term "oil"; amending s.
866 211.025, F.S.; narrowing the scope of the gas
867 production tax to apply only to native gas; amending
868 s. 376.301, F.S.; conforming a cross-reference;
869 amending s. 377.06, F.S.; declaring underground
870 natural gas storage to be in the public interest;
871 amending s. 377.18, F.S.; clarifying common sources of
872 oil and gas; amending s. 377.19, F.S.; modifying and
873 providing definitions; amending s. 377.21, F.S.;
874 extending the jurisdiction of the Division of Resource
875 Management of the Department of Environmental
876 Protection; amending s. 377.22, F.S.; expanding the
877 scope of the department's rules and orders; amending
878 s. 377.24, F.S.; providing for the notice and
879 permitting of storage in and recovery from natural gas
880 storage reservoirs; creating s. 377.2407, F.S.;
881 establishing a natural gas storage facility permit
882 application process; specifying requirements for an



919526

883 application, including fees; amending s. 377.241,
884 F.S.; providing criteria that the division must
885 consider in issuing permits; amending s. 377.242,
886 F.S.; granting authority to the department to issue
887 permits to establish natural gas storage facilities;
888 creating s. 377.2431, F.S.; establishing conditions
889 and procedures for granting natural gas storage
890 facility permits; prohibiting the issuance of permits
891 for facilities located in specified areas; creating s.
892 377.2432, F.S.; providing for the protection of water
893 supplies at natural gas storage facilities; providing
894 that an operator is presumed responsible for pollution
895 of an underground water supply under certain
896 circumstances; creating s. 377.2433, F.S.; providing
897 for the protection of natural gas storage facilities
898 through requirement of notice, compliance with certain
899 standards, and a right of entry to monitor activities;
900 creating s. 377.2434, F.S.; providing that property
901 rights to injected natural gas are with the injector
902 or the injector's heirs, successors, or assigns;
903 providing for compensation to the owner of the stratum
904 and the owner of the surface for use of or damage to
905 the surface or substratum; amending s. 377.25, F.S.;
906 limiting the scope of certain drilling unit
907 requirements; amending s. 377.28, F.S.; modifying
908 situations in which the department is required to
909 issue an order requiring unit operation; amending s.
910 377.30, F.S.; providing that limitations on the amount
911 of oil or gas taken do not apply to nonnative gas



919526

912 recovered from a permitted natural gas storage
913 facility; amending s. 377.34, F.S.; providing for
914 legal action against a person who appears to be
915 violating a rule that relates to the storage or
916 recovery of natural gas; amending s. 377.37, F.S.;
917 expanding penalties to reach persons who violate the
918 terms of a permit relating to storage of gas in a
919 natural gas storage facility; amending s. 377.371,
920 F.S.; providing that a person storing gas in a natural
921 gas storage facility may not pollute or otherwise
922 damage certain areas and that a person who pollutes
923 water by storing natural gas is liable for cleanup or
924 other costs incurred by the state; amending s.
925 403.973, F.S.; allowing expedited permitting for
926 natural gas storage facilities permitted under ch.
927 377, F.S., and certain projects to construct
928 interstate natural gas pipelines; providing that
929 natural gas storage facilities are subject to certain
930 requirements; directing the department to adopt
931 certain rules before issuing permits for natural gas
932 storage facilities; providing an effective date.