

By Senator Richter

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1 A bill to be entitled

2 An act relating to the regulation of oil and gas
3 resources; amending s. 377.19, F.S.; applying the
4 definitions of certain terms to additional sections of
5 ch. 377, F.S.; conforming a cross-reference; defining
6 the term "high pressure well stimulation"; amending s.
7 377.22, F.S.; revising the rulemaking authority of the
8 Department of Environmental Protection; providing that
9 certain information may be considered proprietary
10 business information; amending s. 377.24, F.S.;
11 requiring that a permit be obtained before the
12 performance of any high pressure well stimulation;
13 specifying that a permit may authorize single or
14 multiple activities; amending s. 377.241, F.S.;
15 requiring the Division of Resource Management to give
16 consideration to and be guided by certain additional
17 criteria when issuing permits; amending s. 377.242,
18 F.S.; authorizing the department to issue permits for
19 the performance of high pressure well stimulation;
20 clarifying provisions relating to division inspection;
21 amending s. 377.2425, F.S.; requiring an applicant or
22 operator to provide surety that performance of a high
23 pressure well stimulation will be conducted in a safe
24 and environmentally compatible manner; amending s.
25 377.37, F.S.; increasing the maximum amount for civil
26 penalties; creating s. 377.45, F.S.; requiring the
27 department to designate the national chemical registry
28 as the state's registry; requiring service providers,
29 vendors, or well owners or operators to report certain

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30 information to the registry; providing applicability;
31 providing an effective date.

32
33 Be It Enacted by the Legislature of the State of Florida:

34
35 Section 1. Subsection (5) of section 377.19, Florida
36 Statutes, is amended, present subsections (6) through (32) of
37 that section are redesignated as subsections (7) through (33),
38 respectively, and a new subsection (6) is added to that section,
39 to read:

40 377.19 Definitions.—As used in ss. 377.06, 377.07, and
41 377.10-377.45 ~~377.10-377.40~~, the term:

42 (5) "Gas" means all natural gas, including casinghead gas,
43 and all other hydrocarbons not defined as oil in subsection (16)
(15).

44
45 (6) "High pressure well stimulation" means a well
46 intervention performed by injecting more than 100,000 gallons of
47 fluids into a rock formation at high pressure that exceeds the
48 fracture gradient of the rock formation in order to propagate
49 fractures in such formation to increase production at an oil or
50 gas well by improving flow of hydrocarbons from the formation
51 into the wellbore.

52 Section 2. Subsection (2) of section 377.22, Florida
53 Statutes, is amended to read:

54 377.22 Rules and orders.—

55 (2) The department shall issue orders and adopt rules
56 pursuant to ss. 120.536 and 120.54 to implement and enforce the
57 provisions of this chapter. Such rules and orders shall ensure
58 that all precautions are taken to prevent the spillage of oil or

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59 any other pollutant in all phases of the drilling for, and
60 extracting of, oil, gas, or other petroleum products, including
61 high pressure well stimulations, or during the injection of gas
62 into and recovery of gas from a natural gas storage reservoir.
63 The department shall revise such rules from time to time as
64 necessary for the proper administration and enforcement of this
65 chapter. Rules adopted and orders issued in accordance with this
66 section are for, but not limited to, the following purposes:

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

71 (b) To prevent the alteration of the sheet flow of water in
72 any area.

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

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

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

85 (f) To require a reasonable bond, or other form of security
86 acceptable to the department, conditioned upon properly
87 drilling, casing, producing, and operating each well, and

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properly plugging the performance of the duty to plug properly each dry and abandoned well, and the full and complete restoration by the applicant of the area over which geophysical exploration, drilling, or production is conducted to the similar contour and general condition in existence prior to such operation.

(g) To require and carry out a reasonable program of monitoring and inspecting ~~or inspection~~ of all drilling operations, high pressure well stimulations, producing wells, ~~or~~ injecting wells, and well sites, including regular inspections by division personnel.

(h) To require the making of reports showing the location of all oil and gas wells; the making and filing of logs; the taking and filing of directional surveys; the filing of electrical, sonic, radioactive, and mechanical logs of oil and gas wells; if taken, the saving of cutting and cores, the cuts of which shall be given to the Bureau of Geology; and the making of reports with respect to drilling, and production, and high pressure well stimulations; and the disclosure of chemicals and other materials added during high pressure well stimulations to the chemical disclosure registry, known as FracFocus records. However, such information, or any part thereof, at the request of the operator:

1. Shall be exempt from ~~the provisions of~~ s. 119.07(1) and held confidential by the division for a period of 1 year after the completion of a well; or

2. May be considered proprietary business information, as defined in s. 377.24075(1)(a)-(e).

(i) To prevent wells from being drilled, operated, or

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117 produced in such a manner as to cause injury to neighboring
118 leases, property, or natural gas storage reservoirs.

119 (j) To prevent the drowning by water of any stratum, or
120 part thereof, capable of producing oil or gas in paying
121 quantities and to prevent the premature and irregular
122 encroachment of water which reduces, or tends to reduce, the
123 total ultimate recovery of oil or gas from any pool.

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

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

129 (m) To prevent fires.

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

133 (o) To regulate the "shooting," perforating, and chemical
134 treatment, and high pressure well stimulations of wells.

135 (p) To regulate secondary recovery methods, including the
136 introduction of gas, air, water, or other substance into
137 producing formations.

138 (q) To regulate gas cycling operations.

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

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

144 (t) To require, either generally or in or from particular
145 areas, certificates of clearance or tenders in connection with

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146 the transportation or delivery of oil or gas, or any product.

147 (u) To regulate the spacing of wells and to establish
148 drilling units.

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

152 (w) To require that geophysical operations requiring a
153 permit be conducted in a manner which will minimize the impact
154 on hydrology and biota of the area, especially environmentally
155 sensitive lands and coastal areas.

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

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

161 (z) To evaluate the history of past adjudicated violations
162 of any substantive and material rule or statute pertaining to
163 the regulation of oil and gas of permit applicants and the
164 applicants' affiliated entities.

165 Section 3. Subsections (1), (2), and (4) of section 377.24,
166 Florida Statutes, are amended to read:

167 377.24 Notice of intention to drill well; permits;
168 abandoned wells and dry holes.—

169 (1) Before drilling a well in search of oil or gas, before
170 performing a high pressure well stimulation, or before storing
171 gas in or recovering gas from a natural gas storage reservoir,
172 the person who desires to drill for, store, or recover gas, or
173 drill for oil or gas, or perform a high pressure well
174 stimulation shall notify the division upon such form as it may

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175 prescribe and shall pay a reasonable fee set by rule of the
176 department not to exceed the actual cost of processing and
177 inspecting for each well or reservoir. The drilling of any well,
178 the performance of any high pressure well stimulation, and the
179 storing and recovering of gas are prohibited until such notice
180 is given, the fee is paid, and a the permit is granted. A permit
181 may authorize a single activity or multiple activities.

182 (2) An application for the drilling of a well in search of
183 oil or gas, for the performance of a high pressure well
184 stimulation, or for the storing of gas in and recovering of gas
185 from a natural gas storage reservoir, in this state must include
186 the address of the residence of the applicant, or applicants,
187 which must be the address of each person involved in accordance
188 with the records of the Division of Resource Management until
189 such address is changed on the records of the division after
190 written request.

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

194 Section 4. Subsections (5) and (6) are added to section
195 377.241, Florida Statutes, to read:

196 377.241 Criteria for issuance of permits.—The division, in
197 the exercise of its authority to issue permits as hereinafter
198 provided, shall give consideration to and be guided by the
199 following criteria:

200 (5) For high pressure well stimulations, whether the high
201 pressure well stimulation as proposed is designed to ensure
202 that:

203 (a) The groundwater through which the well will be or has

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204 been drilled is not contaminated by the high pressure well
205 stimulation; and

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

208 (6) As a basis for permit denial or imposition of specific
209 permit conditions, including increased bonding and monitoring,
210 the history of adjudicated violations of any substantive and
211 material rule or statute pertaining to the regulation of oil or
212 gas, including violations that occurred outside the state,
213 committed by the applicant or an affiliated entity of the
214 applicant.

215 Section 5. Section 377.242, Florida Statutes, is amended to
216 read:

217 377.242 Permits for drilling or exploring and extracting
218 through well holes or by other means.—The department is vested
219 with the power and authority:

220 (1) (a) To issue permits for the drilling for, exploring
221 for, performing a high pressure well stimulation, or production
222 of, oil, gas, or other petroleum products that which are to be
223 extracted from below the surface of the land, including
224 submerged land, only through the well hole drilled for oil, gas,
225 and other petroleum products.

226 1. No structure intended for the drilling for, or
227 production of, oil, gas, or other petroleum products may be
228 permitted or constructed on any submerged land within any bay or
229 estuary.

230 2. No structure intended for the drilling for, or
231 production of, oil, gas, or other petroleum products may be
232 permitted or constructed within 1 mile seaward of the coastline

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233 of the state.

234 3. No structure intended for the drilling for, or
235 production of, oil, gas, or other petroleum products may be
236 permitted or constructed within 1 mile of the seaward boundary
237 of any state, local, or federal park or aquatic or wildlife
238 preserve or on the surface of a freshwater lake, river, or
239 stream.

240 4. No structure intended for the drilling for, or
241 production of, oil, gas, or other petroleum products may be
242 permitted or constructed within 1 mile inland from the shoreline
243 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
244 or within 1 mile of any freshwater lake, river, or stream unless
245 the department is satisfied that the natural resources of such
246 bodies of water and shore areas of the state will be adequately
247 protected in the event of accident or blowout.

248 5. Without exception, after July 1, 1989, no structure
249 intended for the drilling for, or production of, oil, gas, or
250 other petroleum products may be permitted or constructed south
251 of 26°00'00" north latitude off Florida's west coast and south
252 of 27°00'00" north latitude off Florida's east coast, within the
253 boundaries of Florida's territorial seas as defined in 43 U.S.C.
254 s. 1301. After July 31, 1990, no structure intended for the
255 drilling for, or production of, oil, gas, or other petroleum
256 products may be permitted or constructed north of 26°00'00"
257 north latitude off Florida's west coast to the western boundary
258 of the state bordering Alabama as set forth in s. 1, Art. II of
259 the State Constitution, or located north of 27°00'00" north
260 latitude off Florida's east coast to the northern boundary of
261 the state bordering Georgia as set forth in s. 1, Art. II of the

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262 State Constitution, within the boundaries of Florida's
263 territorial seas as defined in 43 U.S.C. s. 1301.

264 (b) Subparagraphs (a)1. and 4. do not apply to permitting
265 or construction of structures intended for the drilling for, or
266 production of, oil, gas, or other petroleum products pursuant to
267 an oil, gas, or mineral lease of such lands by the state under
268 which lease any valid drilling permits are in effect on the
269 effective date of this act. In the event that such permits
270 contain conditions or stipulations, such conditions and
271 stipulations shall govern and supersede subparagraphs (a)1. and
272 4.

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

277 (2) To issue permits to explore for and extract minerals
278 which are subject to extraction from the land by means other
279 than through a well hole.

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

283
284 Each permit shall contain an agreement by the permitholder that
285 the permitholder will not prevent inspection by division
286 personnel at any time, including during installation and
287 cementing of casing, testing of blowout preventers, pressure
288 testing of casing and casing shoe, and testing of cement plug
289 integrity during plugging and abandoning operations. The
290 provisions of this section prohibiting permits for drilling or

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291 exploring for oil in coastal waters do not apply to any leases
292 entered into before June 7, 1991.

293 Section 6. Subsection (1) of section 377.2425, Florida
294 Statutes, is amended to read:

295 377.2425 Manner of providing security for geophysical
296 exploration, drilling, and production.—

297 (1) Before Prior to granting a permit to conduct
298 geophysical operations; drilling of exploratory, injection, or
299 production wells; producing oil and gas from a wellhead;
300 performing a high pressure well stimulation; or transporting oil
301 and gas through a field-gathering system, the department shall
302 require the applicant or operator to provide surety that these
303 operations will be conducted in a safe and environmentally
304 compatible manner.

305 (a) The applicant for a drilling, production, high pressure
306 well stimulation, or injection well permit or a geophysical
307 permit may provide the following types of surety to the
308 department for this purpose:

309 1. A deposit of cash or other securities made payable to
310 the Minerals Trust Fund. Such cash or securities so deposited
311 shall be held at interest by the Chief Financial Officer to
312 satisfy safety and environmental performance provisions of this
313 chapter. The interest shall be credited to the Minerals Trust
314 Fund. Such cash or other securities shall be released by the
315 Chief Financial Officer upon request of the applicant and
316 certification by the department that all safety and
317 environmental performance provisions established by the
318 department for permitted activities have been fulfilled.

319 2. A bond of a surety company authorized to do business in

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320 the state in an amount as provided by rule.

321 3. A surety in the form of an irrevocable letter of credit
322 in an amount as provided by rule guaranteed by an acceptable
323 financial institution.

324 (b) An applicant for a drilling, production, or injection
325 well permit, or a permittee who intends to continue
326 participating in long-term production activities of such wells,
327 has the option to provide surety to the department by paying an
328 annual fee to the Minerals Trust Fund. For an applicant or
329 permittee choosing this option the following shall apply:

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

333 2. For each subsequent year, or part of a year, the fee is
334 \$1,500 per permitted well.

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

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

343 (c) An applicant for a drilling or operating permit for
344 operations planned in coastal waters that by their nature
345 warrant greater surety shall provide surety only in accordance
346 with paragraph (a), or similar proof of financial responsibility
347 other than as provided in paragraph (b). For all such
348 applications, including applications pending at the effective

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349 date of this act and notwithstanding the provisions of paragraph
350 (b), the Governor and Cabinet in their capacity as the
351 Administration Commission, at the recommendation of the
352 Department of Environmental Protection, shall set a reasonable
353 amount of surety required under this subsection. The surety
354 amount shall be based on the projected cleanup costs and natural
355 resources damages resulting from a maximum oil spill and adverse
356 hydrographic and atmospheric conditions that would tend to
357 transport the oil into environmentally sensitive areas, as
358 determined by the Department of Environmental Protection.

359 Section 7. Paragraph (a) of subsection (1) of section
360 377.37, Florida Statutes, is amended to read:

361 377.37 Penalties.—

362 (1) (a) Any person who violates any provision of this law or
363 any rule, regulation, or order of the division made under this
364 chapter or who violates the terms of any permit to drill for or
365 produce oil, gas, or other petroleum products referred to in s.
366 377.242(1) or to store gas in a natural gas storage facility, or
367 any lessee, permitholder, or operator of equipment or facilities
368 used in the exploration for, drilling for, or production of oil,
369 gas, or other petroleum products, or storage of gas in a natural
370 gas storage facility, who refuses inspection by the division as
371 provided in this chapter, is liable to the state for any damage
372 caused to the air, waters, or property, including animal, plant,
373 or aquatic life, of the state and for reasonable costs and
374 expenses of the state in tracing the source of the discharge, in
375 controlling and abating the source and the pollutants, and in
376 restoring the air, waters, and property, including animal,
377 plant, and aquatic life, of the state. Furthermore, such person,

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378 lessee, permitholder, or operator is subject to the judicial
379 imposition of a civil penalty in an amount of not more than
380 \$25,000 ~~\$10,000~~ for each offense. However, the court may receive
381 evidence in mitigation. Each day during any portion of which
382 such violation occurs constitutes a separate offense. Nothing
383 herein shall give the department the right to bring an action on
384 behalf of any private person.

385 Section 8. Section 377.45, Florida Statutes, is created to
386 read:

387 377.45 High pressure well stimulation chemical disclosure
388 registry.-

389 (1) (a) The department shall designate the national chemical
390 registry, known as FracFocus, developed by the Ground Water
391 Protection Council and the Interstate Oil and Gas Compact
392 Commission, as the state's registry for chemical disclosure for
393 all wells on which high pressure well stimulations are
394 performed. The department shall provide a link to FracFocus
395 through the department's website.

396 (b) In addition to providing such information to the
397 department as part of the permitting process, a service
398 provider, vendor, or well owner or operator shall report, by
399 department rule, to the chemical disclosure registry, at a
400 minimum, the following information:

- 401 1. The owner's or operator's name;
- 402 2. The date of completion of the high pressure well
stimulation;
- 404 3. The county in which the well is located;
- 405 4. The API number for the well;
- 406 5. The well name and number;

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407 6. The longitude and latitude of the wellhead;
408 7. The total vertical depth of the well;
409 8. The total volume of water used in the high pressure well
410 stimulation; and

411 9. Each chemical ingredient that is subject to 29 C.F.R. s.
412 1910.1200(g)(2) for each well on which a high pressure well
413 stimulation is performed.

414 (c) If the chemical disclosure registry cannot accept and
415 make publicly available any information specified in this
416 section, the service provider, vendor, or well owner or operator
417 shall submit the information required under paragraph (b) to the
418 department.

419 (2) A service provider, vendor, or well owner or operator
420 shall:

421 (a) Report the information required under subsection (1) to
422 the chemical disclosure registry within 60 days after the
423 initiation of the high pressure well stimulation for each well
424 on which such high pressure well stimulation is performed; and

425 (b) Update the chemical disclosure registry and notify the
426 department if any chemical ingredient not previously reported is
427 intentionally included and used for the purpose of performing a
428 high pressure well stimulation.

429 (3) This section does not apply to an ingredient that:

430 (a) Is not intentionally added to the high pressure well
431 stimulation;

432 (b) Occurs incidentally or is otherwise unintentionally
433 present in a high pressure well stimulation; or

434 (c) Is considered proprietary business information, as
435 defined in s. 377.24075(1)(a)-(e).

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Section 9. This act shall take effect July 1, 2015.