A bill to be entitled
An act relating to the regulation of oil and gas resources; amending s. 377.19, F.S.; applying the definitions of certain terms to additional sections of ch. 377, F.S.; conforming a cross-reference; defining the term “high pressure well stimulation”; amending s. 377.22, F.S.; revising the rulemaking authority of the Department of Environmental Protection; providing that certain information may be considered proprietary business information; amending s. 377.24, F.S.; requiring that a permit be obtained before the performance of any high pressure well stimulation; specifying that a permit may authorize single or multiple activities; prohibiting the department from approving any permit for a high pressure well stimulation until rulemaking is complete; amending s. 377.241, F.S.; requiring the Division of Resource Management to give consideration to and be guided by certain additional criteria when issuing permits; amending s. 377.242, F.S.; authorizing the department to issue permits for the performance of high pressure well stimulation; clarifying provisions relating to division inspection; prohibiting a county, municipality, or other political subdivision of the state from adopting or establishing permitting programs for certain oil and gas activities; amending s. 377.2425, F.S.; requiring an applicant or operator to provide surety that performance of a high pressure well stimulation will be conducted in a safe and
environmentally compatible manner; creating s. 377.2436, F.S.; directing the department to conduct a study on high pressure well stimulations; providing study criteria; requiring the study to be submitted to the Governor and the Legislature by a specified date; requiring the study to be posted on the department website; amending s. 377.37, F.S.; increasing the maximum amount for civil penalties; creating s. 377.45, F.S.; requiring the department to designate the national chemical registry as the state’s registry; requiring service providers, vendors, or well owners or operators to report certain information to the registry; providing applicability; providing an appropriation; providing an effective date.

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

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

377.19 Definitions.—As used in ss. 377.06, 377.07, and 377.10–377.45, the term:

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

(6) “High pressure well stimulation” means all stages of a well intervention performed by injecting more than 100,000
gallons total of fluids into a rock formation at high pressure
that exceeds the fracture gradient of the rock formation in
order to propagate fractures in such formation to increase
production at an oil or gas well by improving flow of
hydrocarbons from the formation into the wellbore.

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

377.22 Rules and orders.—

(2) The department shall issue orders and adopt rules
pursuant to ss. 120.536 and 120.54 to implement and enforce the
provisions of this chapter. Such rules and orders shall ensure
that all precautions are taken to prevent the spillage of oil or
any other pollutant in all phases of the drilling for, and
extracting of, oil, gas, or other petroleum products, including
high pressure well stimulations, or during the injection of gas
into and recovery of gas from a natural gas storage reservoir.
The department shall revise such rules from time to time as
necessary for the proper administration and enforcement of this
chapter. Rules adopted and orders issued in accordance with this
section are for, but not limited to, the following purposes:

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

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

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

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

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

(f) To require a reasonable bond, or other form of security acceptable to the department, conditioned upon properly drilling, casing, producing, and operating each well, and 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, 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 produced in such a manner as to cause injury to neighboring leases, property, or natural gas storage reservoirs.
   (j) To prevent the drowning by water of any stratum, or part thereof, capable of producing oil or gas in paying quantities and to prevent the premature and irregular encroachment of water which reduces, or tends to reduce, the total ultimate recovery of oil or gas from any pool.
   (k) To require the operation of wells with efficient gas-oil ratio, and to fix such ratios.
   (l) To prevent “blowouts,” “caving,” and “seepage,” in the sense that conditions indicated by such terms are generally understood in the oil and gas business.
   (m) To prevent fires.
   (n) To identify the ownership of all oil or gas wells, producing leases, refineries, tanks, plants, structures, and storage and transportation equipment and facilities.
   (o) To regulate the “shooting,” perforating, and chemical
treatment, and high pressure well stimulations of wells.

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

(q) To regulate gas cycling operations.

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

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

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

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

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

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

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

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

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

Section 3. Subsections (1), (2), and (4) of section 377.24,
Florida Statutes, are amended, and subsection (5) is added to
that section, to read:

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

(1) Before drilling a well in search of oil or gas, before
performing a high pressure well stimulation, or before storing
gas in or recovering gas from a natural gas storage reservoir,
the person who desires to drill for, store, or recover gas, or
drill for oil or gas, or perform a high pressure well
stimulation shall notify the division upon such form as it may
prescribe and shall pay a reasonable fee set by rule of the
department not to exceed the actual cost of processing and
inspecting for each well or reservoir. The drilling of any well,
the performance of any high pressure well stimulation, and the
storing and recovering of gas are prohibited until such notice
is given, the fee is paid, and a the permit is granted. A permit
may authorize a single activity or multiple activities.

(2) An application for the drilling of a well in search of
oil or gas, for the performance of a high pressure well
stimulation, or for the storing of gas in and recovering of gas
from a natural gas storage reservoir in this state must include
the address of the residence of the applicant, or applicants,
which must be the address of each person involved in accordance
with the records of the Division of Resource Management until
such address is changed on the records of the division after
written request.
(4) Application for permission to drill or abandon any well or perform a high pressure well stimulation may be denied by the division for only just and lawful cause.

(5) The department may not approve any permit to authorize a high pressure well stimulation until rulemaking is complete.

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

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

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

(a) The groundwater through which the well will be or has been drilled is not contaminated by the high pressure well stimulation; and

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

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

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

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

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

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

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

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

4. No structure intended for the drilling for, or production of, oil, gas, or other petroleum products may be permitted or constructed within 1 mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary or within 1 mile of any freshwater lake, river, or stream unless the department 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.

5. Without exception, after July 1, 1989, no structure intended for the drilling for, or production of, oil, gas, or other petroleum products may be permitted or constructed south of 26°00’00″ north latitude off Florida’s west coast and south of 27°00’00″ north latitude off Florida’s east coast, within the boundaries of Florida’s territorial seas as defined in 43 U.S.C. s. 1301. After July 31, 1990, no structure intended for the drilling for, or production of, oil, gas, or other petroleum products may be permitted or constructed north of 26°00’00″ north latitude off Florida’s west coast to the western boundary of the state bordering Alabama as set forth in s. 1, Art. II of the State Constitution, or located north of 27°00’00″ north latitude off Florida’s east coast to the northern boundary of the state bordering Georgia as set forth in s. 1, Art. II of the State Constitution, within the boundaries of Florida’s territorial seas as defined in 43 U.S.C. s. 1301.

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

(c) The prohibitions of subparagraphs (a)1.–4. in this subsection do not include “infield gathering lines,” provided no other placement is reasonably available and all other required
permits have been obtained.

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

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

Each permit shall contain an agreement by the permitholder that the permitholder will not prevent inspection by division personnel at any time, including during installation and cementing of casing, testing of blowout preventers, pressure testing of casing and casing shoe, and testing of cement plug integrity during plugging and abandoning operations. The provisions of this section prohibiting permits for drilling or exploring for oil in coastal waters do not apply to any leases entered into before June 7, 1991. A county, municipality, or other political subdivision of the state may not adopt or establish permitting programs to accomplish the purposes of this section.

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

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

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

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

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

2. A bond of a surety company authorized to do business in
the state in an amount as provided by rule.

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

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

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

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

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

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

(c) An applicant for a drilling or operating permit for operations planned in coastal waters that by their nature warrant greater surety shall provide surety only in accordance with paragraph (a), or similar proof of financial responsibility other than as provided in paragraph (b). For all such applications, including applications pending at the effective date of this act and notwithstanding the provisions of paragraph (b), the Governor and Cabinet in their capacity as the Administration Commission, at the recommendation of the Department of Environmental Protection, shall set a reasonable amount of surety required under this subsection. The surety amount shall be based on the projected cleanup costs and natural resources damages resulting from a maximum oil spill and adverse hydrographic and atmospheric conditions that would tend to transport the oil into environmentally sensitive areas, as determined by the Department of Environmental Protection.

Section 7. Section 377.2436, Florida Statutes, is created
to read:

377.2436 Study on high pressure well stimulations.—

(1) The department shall conduct a study on high pressure well stimulations. The study shall:

(a) Evaluate the underlying geologic features present in the counties where oil wells have been permitted and analyze the potential impact that high pressure well stimulation and wellbore construction may have on the underlying geologic features.

(b) Evaluate the potential hazards and risks that high pressure well stimulation poses to surface water and groundwater resources. The study shall assess the potential impacts of high pressure well stimulation on drinking water resources and identify the main factors affecting the severity and frequency of impacts and shall analyze the potential for the use or reuse of recycled water in high pressure well stimulation fluids while meeting appropriate water quality standards.

(c) Review and evaluate the potential for groundwater contamination from conducting high pressure well stimulation under or near wells that have been previously abandoned and plugged and identify a setback radius from previously plugged and abandoned wells that could be impacted by high pressure well stimulation.

(d) Review and evaluate the ultimate disposition of high pressure well stimulation after use in high pressure well stimulation processes.

(2) The department shall continue conventional oil and gas business operations during the performance of the study. There shall not be a moratorium on the evaluation and issuance of
permitted for conventional drilling, exploration, conventional completions, or conventional workovers during the performance of the study.

(3) The study is subject to independent scientific peer review.

(4) The findings of the study shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by June 30, 2016, and shall be prominently posted on the department website.

Section 8. Paragraph (a) of subsection (1) of section 377.37, Florida Statutes, is amended to read:

377.37 Penalties.—

(1)(a) Any person who violates any provision of this law or any rule, regulation, or order of the division made under this chapter or who violates the terms of any permit to drill for or produce oil, gas, or other petroleum products referred to in s. 377.242(1) or to store gas in a natural gas storage facility, or any lessee, permitholder, or operator of equipment or facilities used in the exploration for, drilling for, or production of oil, gas, or other petroleum products, or storage of gas in a natural gas storage facility, who refuses inspection by the division as provided in this chapter, is liable to the state for any damage caused to the air, waters, or property, including animal, plant, or aquatic life, of the state and for reasonable costs and expenses of the state in tracing the source of the discharge, in controlling and abating the source and the pollutants, and in restoring the air, waters, and property, including animal, plant, and aquatic life, of the state. Furthermore, such person, lessee, permitholder, or operator is subject to the judicial
imposition of a civil penalty in an amount of not more than $25,000 $10,000 for each offense. However, the court may receive evidence in mitigation. Each day during any portion of which such violation occurs constitutes a separate offense. Nothing herein shall give the department the right to bring an action on behalf of any private person.

Section 9. Section 377.45, Florida Statutes, is created to read:

377.45 High pressure well stimulation chemical disclosure registry.—

(1)(a) The department shall designate the national chemical disclosure registry, known as FracFocus, developed by the Groundwater Protection Council and the Interstate Oil and Gas Compact Commission, as the state’s registry for chemical disclosure for all wells on which high pressure well stimulations are performed. The department shall provide a link to FracFocus through the department’s website.

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

1. The owner’s or operator’s name;
2. The date of completion of the high pressure well stimulation;
3. The county in which the well is located;
4. The API number for the well;
5. The well name and number;
6. The longitude and latitude of the wellhead;
7. The total vertical depth of the well;
8. The total volume of water used in the high pressure well stimulation; and
9. Each chemical ingredient that is subject to 29 C.F.R. s. 1910.1200(g)(2) for each well on which a high pressure well stimulation is performed.

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

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

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

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

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

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

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

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

Section 10. For the 2015-2016 fiscal year, the sum of $1
million in nonrecurring funds from the General Revenue Fund is appropriated to the Department of Environmental Protection to conduct a study on high pressure well stimulations pursuant to s. 377.2436, Florida Statutes.

Section 11. This act shall take effect July 1, 2015.