

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 chapter 377, F.S.; revising the definition of the term  
6 "division"; conforming a cross-reference; defining the  
7 term "high-pressure well stimulation"; amending s.  
8 377.22, F.S.; revising the rulemaking authority of the  
9 Department of Environmental Protection; amending s.  
10 377.24, F.S.; requiring that a permit be obtained  
11 before the performance of a high-pressure well  
12 stimulation; specifying that a permit may authorize  
13 single or multiple activities; amending s. 377.241,  
14 F.S.; requiring the Division of Water Resource  
15 Management to give consideration to and be guided by  
16 certain additional criteria when issuing permits;  
17 amending s. 377.242, F.S.; authorizing the department  
18 to issue permits for the performance of a high-  
19 pressure well stimulation; revising permit  
20 requirements that permitholders agree not to prevent  
21 division inspections; prohibiting a county,  
22 municipality, or other political subdivision of the  
23 state from adopting or establishing permitting  
24 programs for certain oil and gas activities; amending  
25 s. 377.2425, F.S.; requiring an applicant or operator  
26 to provide surety that performance of a high-pressure

27 well stimulation will be conducted in a safe and  
 28 environmentally compatible manner; creating s.  
 29 377.2436, F.S.; directing the department to conduct a  
 30 study on high-pressure well stimulation; providing  
 31 study criteria; requiring the study to be submitted to  
 32 the Governor and Legislature; amending s. 377.37,  
 33 F.S.; increasing the maximum amount of a civil  
 34 penalty; creating s. 377.45, F.S.; requiring the  
 35 department to designate the national chemical registry  
 36 as the state's registry; requiring service providers,  
 37 vendors, and well owners or operators to report  
 38 certain information to the department; providing  
 39 applicability; requiring the department to adopt  
 40 rules; amending ss. 377.07, 377.10, 377.243, and  
 41 377.244, F.S.; conforming provisions; providing an  
 42 appropriation; providing an effective date.

43

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

45

46 Section 1. Section 377.19, Florida Statutes, is amended to  
 47 read:

48 377.19 Definitions.—As used in ss. 377.06, 377.07, and  
 49 377.10-377.45 ~~377.10-377.40~~, the term:

50 (1) "Completion date" means the day, month, and year that  
 51 a new productive well, a previously shut-in well, or a  
 52 temporarily abandoned well is completed, repaired, or

53 recompleted and the operator begins producing oil or gas in  
54 commercial quantities.

55 (2) "Department" means the Department of Environmental  
56 Protection.

57 (3) "Division" means the Division of Water Resource  
58 Management of the Department of Environmental Protection.

59 (4) "Field" means the general area that is underlaid, or  
60 appears to be underlaid, by at least one pool. The term includes  
61 the underground reservoir, or reservoirs, containing oil or gas,  
62 or both. The terms "field" and "pool" mean the same thing if  
63 only one underground reservoir is involved; however, the term  
64 "field," unlike the term "pool," may relate to two or more  
65 pools.

66 (5) "Gas" means all natural gas, including casinghead gas,  
67 and all other hydrocarbons not defined as oil in subsection (16)  
68 ~~(15)~~.

69 (6) "High-pressure well stimulation" means a well  
70 intervention performed by injecting more than 100,000 gallons of  
71 fluid into a rock formation at high pressure that exceeds the  
72 fracture gradient of the rock formation in order to propagate  
73 fractures in such formation to increase production at an oil or  
74 gas well by improving the flow of hydrocarbons from the  
75 formation into the wellbore.

76 (7)~~(6)~~ "Horizontal well" means a well completed with the  
77 wellbore in a horizontal or nearly horizontal orientation within  
78 10 degrees of horizontal within the producing formation.

79        (8)~~(7)~~ "Illegal gas" means gas that has been produced  
80 within the state from any well or wells in excess of the amount  
81 allowed by any rule, regulation, or order of the division, as  
82 distinguished from gas produced within the State of Florida from  
83 a well not producing in excess of the amount so allowed, which  
84 is "legal gas."

85        (9)~~(8)~~ "Illegal oil" means oil that has been produced  
86 within the state from any well or wells in excess of the amount  
87 allowed by rule, regulation, or order of the division, as  
88 distinguished from oil produced within the state from a well not  
89 producing in excess of the amount so allowed, which is "legal  
90 oil."

91        (10)~~(9)~~ "Illegal product" means a product of oil or gas,  
92 any part of which was processed or derived, in whole or in part,  
93 from illegal gas or illegal oil or from any product thereof, as  
94 distinguished from "legal product," which is a product processed  
95 or derived to no extent from illegal oil or illegal gas.

96        (11)~~(10)~~ "Lateral storage reservoir boundary" means the  
97 projection up to the land surface of the maximum horizontal  
98 extent of the gas volume contained in a natural gas storage  
99 reservoir.

100        (12)~~(11)~~ "Native gas" means gas that occurs naturally  
101 within this state and does not include gas produced outside the  
102 state, transported to this state, and injected into a permitted  
103 natural gas storage facility.

104        (13)~~(12)~~ "Natural gas storage facility" means an

105 | underground reservoir from which oil or gas has previously been  
106 | produced and which is used or to be used for the underground  
107 | storage of natural gas, and any surface or subsurface structure,  
108 | or infrastructure, except wells. The term also includes a right  
109 | or appurtenance necessary or useful in the operation of the  
110 | facility for the underground storage of natural gas, including  
111 | any necessary or reasonable reservoir protective area as  
112 | designated for the purpose of ensuring the safe operation of the  
113 | storage of natural gas or protecting the natural gas storage  
114 | facility from pollution, invasion, escape, or migration of gas,  
115 | or any subsequent extension thereof. The term does not mean a  
116 | transmission, distribution, or gathering pipeline or system that  
117 | is not used primarily as integral piping for a natural gas  
118 | storage facility.

119 |       (14)~~(13)~~ "Natural gas storage reservoir" means a pool or  
120 | field from which gas or oil has previously been produced and  
121 | which is suitable for or capable of being made suitable for the  
122 | injection, storage, and recovery of gas, as identified in a  
123 | permit application submitted to the department under s.  
124 | 377.2407.

125 |       (15)~~(14)~~ "New field well" means an oil or gas well  
126 | completed after July 1, 1997, in a new field as designated by  
127 | the Department of Environmental Protection.

128 |       (16)~~(15)~~ "Oil" means crude petroleum oil and other  
129 | hydrocarbons, regardless of gravity, which are produced at the  
130 | well in liquid form by ordinary production methods, and which

131 are not the result of condensation of gas after it leaves the  
 132 reservoir.

133 (17)~~(16)~~ "Oil and gas" has the same meaning as the term  
 134 "oil or gas."

135 (18)~~(17)~~ "Oil and gas administrator" means the State  
 136 Geologist.

137 (19)~~(18)~~ "Operator" means the entity who:

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

139 (b) As part of a natural gas storage facility, injects, or  
 140 is engaged in the work of preparing to inject, gas into a  
 141 natural gas storage reservoir; or stores gas in, or removes gas  
 142 from, a natural gas storage reservoir.

143 (20)~~(19)~~ "Owner" means the person who has the right to  
 144 drill into and to produce from any pool and to appropriate the  
 145 production for the person or for the person and another, or  
 146 others.

147 (21)~~(20)~~ "Person" means a natural person, corporation,  
 148 association, partnership, receiver, trustee, guardian, executor,  
 149 administrator, fiduciary, or representative of any kind.

150 (22)~~(21)~~ "Pool" means an underground reservoir containing  
 151 or appearing to contain a common accumulation of oil or gas or  
 152 both. Each zone of a general structure which is completely  
 153 separated from any other zone on the structure is considered a  
 154 separate pool as used herein.

155 (23)~~(22)~~ "Producer" means the owner or operator of a well  
 156 or wells capable of producing oil or gas, or both.

157        (24)~~(23)~~ "Product" means a commodity made from oil or gas  
158 and includes refined crude oil, crude tops, topped crude,  
159 processed crude petroleum, residue from crude petroleum,  
160 cracking stock, uncracked fuel oil, fuel oil, treated crude oil,  
161 residuum, gas oil, casinghead gasoline, natural gas gasoline,  
162 naphtha, distillate, condensate, gasoline, waste oil, kerosene,  
163 benzine, wash oil, blended gasoline, lubricating oil, blends or  
164 mixtures of oil with one or more liquid products or byproducts  
165 derived from oil or gas, and blends or mixtures of two or more  
166 liquid products or byproducts derived from oil or gas, whether  
167 hereinabove enumerated or not.

168        (25)~~(24)~~ "Reasonable market demand" means the amount of  
169 oil reasonably needed for current consumption, together with a  
170 reasonable amount of oil for storage and working stocks.

171        (26)~~(25)~~ "Reservoir protective area" means the area  
172 extending up to and including 2,000 feet surrounding a natural  
173 gas storage reservoir.

174        (27)~~(26)~~ "Shut-in bottom hole pressure" means the pressure  
175 at the bottom of a well when all valves are closed and no oil or  
176 gas has been allowed to escape for at least 24 hours.

177        (28)~~(27)~~ "Shut-in well" means an oil or gas well that has  
178 been taken out of service for economic reasons or mechanical  
179 repairs.

180        (29)~~(28)~~ "State" means the State of Florida.

181        (30)~~(29)~~ "Temporarily abandoned well" means a permitted  
182 well or wellbore that has been abandoned by plugging in a manner

183 that allows reentry and redevelopment in accordance with oil or  
184 gas rules of the Department of Environmental Protection.

185 (31)~~(30)~~ "Tender" means a permit or certificate of  
186 clearance for the transportation or the delivery of oil, gas, or  
187 products, approved and issued or registered under the authority  
188 of the division.

189 (32)~~(31)~~ "Waste," in addition to its ordinary meaning,  
190 means "physical waste" as that term is generally understood in  
191 the oil and gas industry. The term "waste" includes:

192 (a) The inefficient, excessive, or improper use or  
193 dissipation of reservoir energy; and the locating, spacing,  
194 drilling, equipping, operating, or producing of any oil or gas  
195 well or wells in a manner that results, or tends to result, in  
196 reducing the quantity of oil or gas ultimately to be stored or  
197 recovered from any pool in this state.

198 (b) The inefficient storing of oil; and the locating,  
199 spacing, drilling, equipping, operating, or producing of any oil  
200 or gas well or wells in a manner that causes, or tends to cause,  
201 unnecessary or excessive surface loss or destruction of oil or  
202 gas.

203 (c) The producing of oil or gas in a manner that causes  
204 unnecessary water channeling or coning.

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

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



209 (f) The underground waste, however caused and whether or  
 210 not defined.

211 (g) The creation of unnecessary fire hazards.

212 (h) The escape into the open air, from a well producing  
 213 both oil and gas, of gas in excess of the amount that is  
 214 necessary in the efficient drilling or operation of the well.

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

216 (j) Permitting gas produced from a gas well to escape into  
 217 the air.

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

222 (33)~~(32)~~ "Well site" means the general area around a well,  
 223 which area has been disturbed from its natural or existing  
 224 condition, as well as the drilling or production pad, mud and  
 225 water circulation pits, and other operation areas necessary to  
 226 drill for or produce oil or gas, or to inject gas into and  
 227 recover gas from a natural gas storage facility.

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

230 377.22 Rules and orders.—

231 (2) The department shall issue orders and adopt rules  
 232 pursuant to ss. 120.536 and 120.54 to implement and enforce ~~the~~  
 233 ~~provisions of~~ this chapter. Such rules and orders shall ensure  
 234 that all precautions are taken to prevent the spillage of oil or

235 any other pollutant in all phases of the drilling for, and  
236 extracting of, oil, gas, or other petroleum products, including  
237 high-pressure well stimulations, or during the injection of gas  
238 into and recovery of gas from a natural gas storage reservoir.

239 The department shall revise such rules from time to time as  
240 necessary for the proper administration and enforcement of this  
241 chapter. Rules adopted and orders issued in accordance with this  
242 section are for, but not limited to, the following purposes:

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

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

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

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

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

261 (f) To require a reasonable bond, or other form of  
262 security acceptable to the department, conditioned upon properly  
263 drilling, casing, producing, and operating each well, and  
264 properly plugging ~~the performance of the duty to plug properly~~  
265 each dry and abandoned well and the full and complete  
266 restoration by the applicant of the area over which geophysical  
267 exploration, drilling, or production is conducted to the similar  
268 contour and general condition in existence before ~~prior to~~ such  
269 operation.

270 (g) To require and carry out a reasonable program of  
271 monitoring and inspecting ~~or inspection of~~ all drilling  
272 operations, high-pressure well stimulations, producing wells, ~~or~~  
273 injecting wells, and well sites, including regular inspections  
274 by division personnel. Inspections will be required during the  
275 testing of blowout preventers, during the pressure testing of  
276 the casing and casing shoe, and during the integrity testing of  
277 the cement plugs in plugging and abandonment operations.

278 (h) To require the making of reports showing the location  
279 of all oil and gas wells; the making and filing of logs; the  
280 taking and filing of directional surveys; the filing of  
281 electrical, sonic, radioactive, and mechanical logs of oil and  
282 gas wells; if taken, the saving of cutting and cores, the cuts  
283 of which shall be given to the Bureau of Geology; and the making  
284 of reports with respect to drilling and production records.  
285 However, such information, or any part thereof, at the request  
286 of the operator, shall be exempt from ~~the provisions of~~ s.

287 119.07(1) and held confidential by the division for ~~a period of~~  
 288 1 year after the completion of a well.

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

292 (j) To prevent the drowning by water of any stratum, or  
 293 part thereof, capable of producing oil or gas in paying  
 294 quantities and to prevent the premature and irregular  
 295 encroachment of water which reduces, or tends to reduce, the  
 296 total ultimate recovery of oil or gas from any pool.

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

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

302 (m) To prevent fires.

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

306 (o) To regulate the "shooting," perforating, ~~and~~ and chemical  
 307 treatment, and high-pressure stimulations of wells.

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

311 (q) To regulate gas cycling operations.

312 (r) To regulate the storage and recovery of gas injected

313 into natural gas storage facilities.

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

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

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

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

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

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

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

334 (z) To evaluate the history of past adjudicated violations  
 335 committed by permit applicants or the applicants' affiliated  
 336 entities of any substantive and material rule or law pertaining  
 337 to the regulation of oil or gas.

338 Section 3. Subsections (1), (2), and (4) of section

339 377.24, Florida Statutes, are amended to read:

340 377.24 Notice of intention to drill well; permits;  
 341 abandoned wells and dry holes.—

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

355 (2) An application for the drilling of a well in search of  
 356 oil or gas, for the performance of a high-pressure well  
 357 stimulation, or for the storing of gas in and recovering of gas  
 358 from a natural gas storage reservoir~~7~~ in this state must include  
 359 the address of the residence of the applicant~~7~~ or applicants,  
 360 which must be the address of each person involved in accordance  
 361 with the records of the Division of Water Resource Management  
 362 until such address is changed on the records of the division  
 363 after written request.

364 (4) Application for permission to drill or abandon any

365 well or perform a high-pressure well stimulation may be denied  
366 by the division for only just and lawful cause.

367 Section 4. Subsections (5) and (6) are added to section  
368 377.241, Florida Statutes, to read:

369 377.241 Criteria for issuance of permits.—The division, in  
370 the exercise of its authority to issue permits as hereinafter  
371 provided, shall give consideration to and be guided by the  
372 following criteria:

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

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

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

381 (6) As a basis for permit denial or imposition of specific  
382 permit conditions, including increased bonding up to five times  
383 the applicable limits and increased monitoring, the history of  
384 past adjudicated violations committed by the applicant or an  
385 affiliated entity of the applicant of any substantive and  
386 material rule or law pertaining to the regulation of oil or gas,  
387 including violations that occurred outside the state.

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

390 377.242 Permits for drilling or exploring and extracting

391 through well holes or by other means.—The department is vested  
 392 with the power and authority:

393 (1) (a) To issue permits for the drilling for, exploring  
 394 for, performance of a high-pressure well stimulation, or  
 395 production of, oil, gas, or other petroleum products that ~~which~~  
 396 are to be extracted from below the surface of the land,  
 397 including submerged land, only through the well hole drilled for  
 398 oil, gas, and other petroleum products.

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

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

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

413 4. No structure intended for the drilling for, or  
 414 production of, oil, gas, or other petroleum products may be  
 415 permitted or constructed within 1 mile inland from the shoreline  
 416 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary



417 or within 1 mile of any freshwater lake, river, or stream unless  
418 the department is satisfied that the natural resources of such  
419 bodies of water and shore areas of the state will be adequately  
420 protected in the event of accident or blowout.

421 5. Without exception, after July 1, 1989, no structure  
422 intended for the drilling for, or production of, oil, gas, or  
423 other petroleum products may be permitted or constructed south  
424 of 26°00'00" north latitude off Florida's west coast and south  
425 of 27°00'00" north latitude off Florida's east coast, within the  
426 boundaries of Florida's territorial seas as defined in 43 U.S.C.  
427 s. 1301. After July 31, 1990, no structure intended for the  
428 drilling for, or production of, oil, gas, or other petroleum  
429 products may be permitted or constructed north of 26°00'00"  
430 north latitude off Florida's west coast to the western boundary  
431 of the state bordering Alabama as set forth in s. 1, Art. II of  
432 the State Constitution, or located north of 27°00'00" north  
433 latitude off Florida's east coast to the northern boundary of  
434 the state bordering Georgia as set forth in s. 1, Art. II of the  
435 State Constitution, within the boundaries of Florida's  
436 territorial seas as defined in 43 U.S.C. s. 1301.

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

443 contain conditions or stipulations, such conditions and  
444 stipulations shall govern and supersede subparagraphs (a)1. and  
445 4.

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

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

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

456  
457 Each permit shall contain an agreement by the permitholder that  
458 the permitholder will not prevent inspection by division  
459 personnel at any time, including during installation and  
460 cementing of casing, testing of blowout preventers, pressure  
461 testing of the casing and casing shoe, and integrity testing of  
462 the cement plugs in plugging and abandonment operations. The  
463 provisions of this section prohibiting permits for drilling or  
464 exploring for oil in coastal waters do not apply to any leases  
465 entered into before June 7, 1991.

466 (4) To avoid unnecessary duplication, a county,  
467 municipality, or other political subdivision of the state may  
468 not adopt or establish programs to accomplish the purposes of

469 this section.

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

472 377.2425 Manner of providing security for geophysical  
 473 exploration, drilling, and production.—

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

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

486 1. A deposit of cash or other securities made payable to  
 487 the Minerals Trust Fund. Such cash or securities so deposited  
 488 shall be held at interest by the Chief Financial Officer to  
 489 satisfy safety and environmental performance provisions of this  
 490 chapter. The interest shall be credited to the Minerals Trust  
 491 Fund. Such cash or other securities shall be released by the  
 492 Chief Financial Officer upon request of the applicant and  
 493 certification by the department that all safety and  
 494 environmental performance provisions established by the

495 department for permitted activities have been fulfilled.

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

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

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

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

511 2. For each subsequent year, or part of a year, the fee is  
512 \$1,500 per permitted well.

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

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

521 revisions.

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

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

540 377.2436 Study on high-pressure well stimulation.—

541 (1) The department shall conduct a study on high-pressure  
542 well stimulation. The study shall:

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

547 features.

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

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

561 (d) Review and evaluate the ultimate disposition of well  
562 stimulation fluids after use in well stimulation processes.

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

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

571 (4) The findings of the study shall be submitted to the  
572 Governor, the President of the Senate, and the Speaker of the

573 House of Representatives by June 30, 2016, and shall be  
 574 prominently posted on the department website.

575 Section 8. Paragraph (a) of subsection (1) of section  
 576 377.37, Florida Statutes, is amended to read:

577 377.37 Penalties.—

578 (1) (a) A ~~Any~~ person who violates any provision of this law  
 579 or any rule, regulation, or order of the division made under  
 580 this chapter or who violates the terms of any permit to drill  
 581 for or produce oil, gas, or other petroleum products referred to  
 582 in s. 377.242(1) or to store gas in a natural gas storage  
 583 facility, or any lessee, permitholder, or operator of equipment  
 584 or facilities used in the exploration for, drilling for, or  
 585 production of oil, gas, or other petroleum products, or storage  
 586 of gas in a natural gas storage facility, who refuses inspection  
 587 by the division as provided in this chapter, is liable to the  
 588 state for any damage caused to the air, waters, or property,  
 589 including animal, plant, or aquatic life, of the state and for  
 590 reasonable costs and expenses of the state in tracing the source  
 591 of the discharge, in controlling and abating the source and the  
 592 pollutants, and in restoring the air, waters, and property,  
 593 including animal, plant, and aquatic life, of the state.

594 Furthermore, such person, lessee, permitholder, or operator is  
 595 subject to the judicial imposition of a civil penalty ~~in an~~  
 596 ~~amount~~ of not more than \$25,000 ~~\$10,000~~ for each offense.  
 597 However, the court may receive evidence in mitigation. Each day  
 598 during any portion of which such violation occurs constitutes a

599 separate offense. Nothing herein shall give the department the  
 600 right to bring an action on behalf of any private person.

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

603 377.45 High-pressure well stimulation chemical disclosure  
 604 registry.—

605 (1) (a) The department shall designate the national  
 606 chemical registry, known as FracFocus, developed by the Ground  
 607 Water Protection Council and the Interstate Oil and Gas Compact  
 608 Commission, as the state's registry for chemical disclosure for  
 609 all wells on which high-pressure well stimulations are  
 610 performed. The department shall provide a link to FracFocus  
 611 through the department's website.

612 (b) In accordance with department rule, a service  
 613 provider, vendor, or well owner or operator shall report to the  
 614 department, at a minimum, the following information:

615 1. The name of the service provider, vendor, or owner or  
 616 operator;

617 2. The date of completion of the high-pressure well  
 618 stimulation;

619 3. The county in which the well is located;

620 4. The API number for the well;

621 5. The well name and number;

622 6. The longitude and latitude of the wellhead;

623 7. The total vertical depth of the well;

624 8. The total volume of water used in the high-pressure



625 well stimulation; and

626 9. Each chemical ingredient that is subject to 29 C.F.R.  
627 s. 1910.1200(g)(2) and the ingredient concentration in the high  
628 pressure well stimulation fluid by mass for each well on which a  
629 high-pressure well stimulation is performed.

630 (c) If the chemical disclosure registry cannot accept and  
631 make publicly available any information specified in this  
632 section, the department shall post the information on the  
633 department's website.

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

636 (a) Report the information required under subsection (1)  
637 to the department within 60 days after the initiation of the  
638 high-pressure well stimulation for each well on which such high-  
639 pressure well stimulation is performed; and

640 (b) Notify the department if any chemical ingredient not  
641 previously reported is intentionally included and used for the  
642 purpose of performing a high-pressure well stimulation.

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

644 (a) Is not intentionally added to the high-pressure well  
645 stimulation; or

646 (b) Occurs incidentally or is otherwise unintentionally  
647 present in a high-pressure well stimulation.

648 (4) The department shall adopt rules to administer this  
649 section.

650 Section 10. Section 377.07, Florida Statutes, is amended

651 to read:

652 377.07 Division of Water Resource Management; powers,  
 653 duties, and authority.—The Division of Water Resource Management  
 654 of the Department of Environmental Protection is ~~hereby~~ vested  
 655 with power, authority, and duty to administer, carry out, and  
 656 enforce ~~the provisions of this part law as directed in s.~~  
 657 ~~370.02(3)~~.

658 Section 11. Section 377.10, Florida Statutes, is amended  
 659 to read:

660 377.10 Certain persons not to be employed by division.—A  
 661 ~~No~~ person in the employ of, or holding any official connection  
 662 or position with any person, firm, partnership, corporation, or  
 663 association of any kind, engaged in the business of buying or  
 664 selling mineral leases, drilling wells in the search of oil or  
 665 gas, producing, transporting, refining, or distributing oil or  
 666 gas may not ~~shall~~ hold any position under, or be employed by,  
 667 the Division of Water Resource Management in the prosecution of  
 668 its duties under this part law.

669 Section 12. Subsection (1) of section 377.243, Florida  
 670 Statutes, is amended to read:

671 377.243 Conditions for granting permits for extraction  
 672 through well holes.—

673 (1) Before ~~Prior to~~ the application to the Division of  
 674 Water Resource Management for the permit to drill for oil, gas,  
 675 and related products referred to in s. 377.242(1), the applicant  
 676 must own a valid deed, or other muniment of title, or lease

677 granting the ~~said~~ applicant the privilege to explore for oil,  
678 gas, or related mineral products to be extracted only through  
679 the well hole on the land or lands included in the application.  
680 However, unallocated interests may be unitized according to s.  
681 377.27.

682 Section 13. Subsection (1) of section 377.244, Florida  
683 Statutes, is amended to read:

684 377.244 Conditions for granting permits for surface  
685 exploratory and extraction operations.-

686 (1) Exploration for and extraction of minerals under ~~and~~  
687 ~~by virtue of~~ the authority of a grant of oil, gas, or mineral  
688 rights, or which, subsequent to such grant, may ~~be interpreted~~  
689 ~~to~~ include the right to explore for and extract minerals which  
690 are subject to extraction from the land by means other than  
691 through a well hole, that is by means of surface exploratory and  
692 extraction operations such as sifting of the sands, dragline,  
693 open pit mining, or other type of surface operation, which would  
694 include movement of sands, dirt, rock, or minerals, shall be  
695 exercised only pursuant to a permit issued by the Division of  
696 Water Resource Management upon the applicant's compliance  
697 ~~applicant complying~~ with the following conditions:

698 (a) The applicant must own a valid deed, or other muniment  
699 of title, or lease granting the applicant the right to explore  
700 for and extract oil, gas, and other minerals from the ~~said~~  
701 lands.

702 (b) The applicant shall post a good and sufficient surety

703 bond with the division in such amount as the division determines  
704 ~~may determine~~ is adequate to afford full and complete protection  
705 for the owner of the surface rights of the lands described in  
706 the application, conditioned upon the full and complete  
707 restoration, by the applicant, of the area over which the  
708 exploratory and extraction operations are conducted to the same  
709 condition and contour in existence before ~~prior to~~ such  
710 operations.

711 Section 14. For the 2015-2016 fiscal year, the sum of \$1  
712 million in nonrecurring funds is appropriated from the General  
713 Revenue Fund to the Department of Environmental Protection to  
714 perform a high-pressure well stimulation study pursuant to s.  
715 377.2436, Florida Statutes.

716 Section 15. This act shall take effect July 1, 2015.