

# Oil & Gas



## Mineral Rights

Control of mineral rights is required for drilling oil and gas wells, but is not required for conducting geophysical surveys.

In Florida, mineral property beneath land can be severed and sold to a separate owner other than the land owner. Mineral owners retain the right of access to their minerals.

All proposed and operating wells must have a drilling unit, which is a designated area surrounding the well in which all mineral owners share in the well's production royalties.

- Florida statutes define the lawful right to drill, develop or explore for oil and gas as having majority control (through ownership or lease) of the mineral acreage within a drilling unit.
- For wells deeper than 7,000 feet, drilling units must encompass an area of approximately 160 acres and generally correspond with quarter section boundaries. All of Florida's oil and gas production is deeper than 7,000 feet.
- Mineral owners who lease their mineral rights to an oil company are paid royalties as a fraction (typically 1/8th or 1/6th) of total well production, and they are paid in proportion to their share of mineral acreage in the drilling unit.



*Typical Northwest Florida Production Well*

- Mineral owners who lease their mineral rights to an oil company are paid for the lease regardless of whether the oil company drills, discovers oil and gas, or sets up production.

Several scenarios are possible when a mineral owner with severed mineral property intends to drill for oil and gas:

- The landowner and mineral owner (or an oil company leasing the minerals) agree to rent the drill site for the duration of the well.
- The well is drilled on other surface land that is not severed from the minerals within the drilling unit.
- The well is drilled directionally to the mineral property from another landowner's surface location.

*Mineral Rights, continued*

- If no agreement can be reached, the mineral owner can pursue an “Illegal Takings” case in civil court against the landowner for right of access to the mineral property.

*The oil and gas process is governed by Chapter 377, Florida Statutes, and Rules 62C-25 through 62C-30, Florida Administrative Code. The Department’s pollution control authority is also applicable to drilling.*

