

## **BILL ANALYSIS**

Senate Research Center

S.B. 1871  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Growing oil field fuel and equipment theft in Texas includes increasingly sophisticated hydrocarbon theft operations, pipe and scrap metal theft, solar panel and battery theft, and vandalism. Booms in the Eagle Ford Shale and the Permian Basin have made the oil and gas industry a prime target for criminals, and the increased oil and gas activity has led to increased crime rates. Yet, even with the recent downturn, crime rates have not decreased; layoffs and disgruntled workers reportedly account at least in part for this continued theft. The FBI-led Oilfield Theft Task Force in Midland estimates that the Permian Basin region alone averages between \$200,000 and \$300,000 in theft a month in tools, pipes, and valves that easily can be resold. What's more, that figure does not include the one to three percent of estimated stolen product stolen in the state according to the Energy Security Council (ESC). Based upon production of more than one billion barrels of oil and condensate in Texas in 2016, the ESC estimates that industry is realizing an annual loss of 10 to 30 million barrels, equivalent to a revenue loss of \$450 million to almost \$1.5 billion at today's prices.

While currently it is illegal to steal petroleum products and oil and gas equipment, stakeholders believe a more specific, targeted oil and gas theft statute with a steeper penalty ladder would provide prosecutors with a better tool to dismantle these criminal enterprises, allowing them to put heightened pressure on a defendant to implicate other persons "higher up the chain" in the criminal enterprise.

To address these concerns, S.B. 1871 would create a new offense in Chapter 31, Penal Code: theft of petroleum products or oil and gas equipment. A person would commit such an offense if the person unlawfully appropriates petroleum products with the intent to deprive the owner of the property by possessing, removing, delivering, receiving, purchasing, selling, moving, concealing, or transporting the petroleum product; or making or causing a connection to be made with, or drilling or tapping or causing a hole to be drilled or tapped in, a pipe, pipeline, or tank used to store or transport a petroleum product. A person also would commit an offense if the person unlawfully appropriates oil and gas equipment with the intent to deprive the owner of the oil and gas equipment. For purposes of this offense, appropriation is unlawful if it is without the owner's effective consent. An offense would be classified as a felony, with the degree based upon the total value of the stolen petroleum products or oil and gas equipment. By reducing the amount of oil that is sold illegally, S.B. 1871 would minimize economic damage to the oil and gas industry.

S.B. 1871 amends current law relating to the creation of the offense of theft of petroleum products.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 31, Penal Code, by adding Section 31.19, as follows:

Sec. 31.19. THEFT OF PETROLEUM PRODUCT. (a) Defines "petroleum product."

(b) Provides that a person commits an offense if the person unlawfully appropriates a petroleum product with intent to deprive the owner of the petroleum product by certain methods.

(c) Provides that appropriation of a petroleum product is unlawful if it is without the owner's effective consent.

(d) Provides that an offense under this section is one of certain felonies based on the total values of the appropriated petroleum product appropriated.

SECTION 2. Effective date: September 1, 2017.