

BILL ANALYSIS

Senate Research Center
89R14553 JAM/AJZ-F

S.B. 1806
By: Sparks
Criminal Justice
4/3/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Oilfield theft is a serious problem that not only costs businesses untold amounts but also threatens the economic backbone of Texas. Saltwater disposal companies are the primary channel for laundering stolen oil in the Permian Basin, a problem exacerbated by insufficient state regulations and weak penalties. Mexican cartels have been increasingly stealing oil and equipment as one of their sources of income in Texas. This creates a challenging environment for law enforcement to combat organized crime in the oil and gas industry.

This bill strengthens Texas' response to petroleum theft by requiring law enforcement to sell seized crude oil or condensate at market price, with proceeds handled like other seized assets. It grants specially trained officers authority to inspect cargo tanks transporting petroleum and collect samples for forensic analysis. The bill also increases penalties for theft of petroleum products and oil and gas equipment, making offenses felonies with escalating severity based on value. Additionally, it criminalizes operating an unauthorized oil and gas waste disposal well.

As proposed, S.B. 1806 amends current law relating to the inspection, purchase, sale, possession, storage, transportation, and disposal of petroleum products, oil and gas equipment, and oil and gas waste and creates criminal offenses and increases the punishment for an existing criminal offense.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Safety Commission in SECTION 3 (Section 411.0185, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 47.07, Code of Criminal Procedure, as follows:

Art. 47.07. OWNER MAY RECOVER. Authorizes the real owner of the property sold under Article 47.06 (Property Sold) or 47.13 to recover the proceeds from the sale of the property, rather than under the provisions of Article 47.06 to recover such property, under the same terms as prescribed in Subsection (e) (relating to requiring the real owner of any property disposed of to have the right to file a claim to the proceeds) of Article 18.17 (Disposition of Abandoned or Unclaimed Property). Makes a nonsubstantive change.

SECTION 2. Amends Chapter 47, Code of Criminal Procedure, by adding Article 47.13, as follows:

Art. 47.13. PETROLEUM PRODUCT. (a) Defines "petroleum product."

(b) Requires an officer who takes custody of a petroleum product alleged to have been stolen, notwithstanding any other provision of Chapter 47 (Disposition of Stolen Property) to immediately arrange for the total amount of the petroleum product to be sold at a price that is equal to certain amounts.

(c) Authorizes the proceeds of the sale to be deposited in the manner prescribed by Article 18.183 (Deposit of Money Pending Disposition) for seized money and disposed of in accordance with this chapter and Chapter 18 (Search Warrants).

(d) Authorizes a law enforcement agency to contract with a private entity to sell a petroleum product in accordance with this article.

SECTION 3. Amends Subchapter A, Chapter 411, Government Code, by adding Section 411.0185, as follows:

Sec. 411.0185. AUTHORIZED INSPECTION OF CARGO TANKS CONTAINING CERTAIN PETROLEUM PRODUCTS. (a) Defines "cargo tank," "crime laboratory," "forensic analysis," and "petroleum product."

(b) Authorizes a commissioned officer of the Department of Public Safety of the State of Texas (DPS) who receives training described by Subsection (c) to conduct a comprehensive inspection of any cargo tank used or suspected of being used to transport a petroleum product on a public road or railroad in this state. Authorizes an officer who conducts an inspection under this subsection to obtain a sample of the petroleum product or suspected petroleum product being transported in the cargo tank and submit the sample to a crime laboratory for forensic analysis.

(c) Requires the Public Safety Commission by rule to develop a training program for commissioned officers to perform comprehensive inspections described by Subsection (b). Requires that the training program include instruction regarding the proper method for an officer to safely obtain a sample of a petroleum product from a cargo tank.

(d) Authorizes DPS to accept gifts and grants from any source to fund forensic analyses of petroleum products under this section.

SECTION 4. Amends Section 31.19, Penal Code, as follows:

Sec. 31.19. New heading: THEFT OF PETROLEUM PRODUCT OR OIL AND GAS EQUIPMENT. (a) Defines "oil and gas equipment."

(b) Provides that a person commits an offense in certain circumstances, including if the person transports to a waste disposal location a petroleum product for which the person cannot identify the petroleum product's initial owner, purchases a petroleum product from a person that is not authorized by the Railroad Commission of Texas (RRC) to sell the petroleum product, or stores, purchases, or trades a petroleum product for financial benefit by means of a method that is not authorized by RRC.

(b-1) Provides that a person commits an offense if the person unlawfully appropriates oil and gas equipment with intent to deprive the owner of the oil and gas equipment by possessing, removing, delivering, receiving, purchasing, selling, moving, concealing, or transporting the oil and gas equipment.

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

(d) Provides that an offense under Subsection (b) is:

(1) a felony of the third degree, rather than state jail felony, if the total value of the petroleum product appropriated is less than \$10,000;

(2) a felony of the second, rather than third, degree if the total value of the petroleum product appropriated is \$10,000 or more but less than \$100,000; or

(3) a felony of the first, rather than second, degree if the total value of the petroleum product appropriated is \$100,000 or more, rather than \$100,000 or more but less than \$300,000.

Deletes existing text of Subdivision (4) providing that an offense under this section is a felony of the first degree if the total value of the petroleum product appropriated is \$300,000 or more.

(e) Provides that an offense under Subsection (b-1) is:

(1) a felony of the third degree if the total value of the oil and gas equipment appropriated is less than \$10,000;

(2) a felony of the second degree if the total value of the oil and gas equipment appropriated is \$10,000 or more but less than \$100,000; or

(3) a felony of the first degree if the total value of the oil and gas equipment appropriated is \$100,000 or more.

(f) Authorizes the actor, if conduct that constitutes an offense under this section also constitutes an offense under any other law, to be prosecuted under this section or the other law, but not both.

SECTION 5. Amends Section 27.031, Water Code, as follows:

Sec. 27.031. New heading: PERMIT FROM RAILROAD COMMISSION; CRIMINAL PENALTY. (a) Creates this subsection from existing text. Provides that a person commits an offense if the person continues using a disposal well or begins, rather than prohibits a person from continuing using a disposal well or begin, drilling a disposal well or converting an existing well into a disposal well to dispose of oil and gas waster without first obtaining a permit from RRC.

(b) Provides that an offense under this section is:

(1) a felony of the third degree if no oil and gas waste has been disposed of or the total value of the oil and gas waste disposed of is less than \$10,000;

(2) a felony of the second degree if the total value of the oil and gas waste disposed of is \$10,000 or more but less than \$100,000; or

(3) a felony of the first degree if the total value of the oil and gas waste disposed of is \$100,000 or more.

(c) Authorizes the actor, if conduct that constitutes an offense under this section also constitutes an offense under any other law, to be prosecuted under this section or the other law, but not both.

SECTION 6. Makes application of Article 47.07, Code of Criminal Procedure, as amended by this Act, and Article 47.13, Code of Criminal Procedure, as added by this Act, prospective.

SECTION 7. Requires the Public Safety Commission, not later than January 1, 2026, to adopt rules to implement Section 411.0185, Government Code, as added by this Act.

SECTION 8. Makes application of this Act, except as provided by Section 6 of this Act, prospective.

SECTION 9. Effective date: September 1, 2025.