89R18736 JAM/AJZ-F

By:  Craddick H.B. No. 3707

Substitute the following for H.B. No. 3707:

By:  Darby C.S.H.B. No. 3707

A BILL TO BE ENTITLED

AN ACT

relating to the inspection, purchase, sale, possession, storage, transportation, and disposal of petroleum products, oil and gas equipment, and oil and gas waste; creating criminal offenses and increasing the punishment for an existing criminal offense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Article 47.07, Code of Criminal Procedure, is amended to read as follows:

Art. 47.07.  OWNER MAY RECOVER. The real owner of the property sold under [~~the provisions of~~] Article 47.06 or 47.13 may recover the proceeds from the sale of the [~~such~~] property under the same terms as prescribed in Subsection (e) of Article 18.17 [~~of this Code~~].

SECTION 2.  Chapter 47, Code of Criminal Procedure, is amended by adding Article 47.13 to read as follows:

Art. 47.13.  PETROLEUM PRODUCT. (a) In this article, "petroleum product" means crude oil or condensate.

(b)  Notwithstanding any other provision of this chapter, an officer who takes custody of a petroleum product alleged to have been stolen shall immediately arrange for the total amount of the petroleum product to be sold at a price that is equal to:

(1)  in the case of crude oil, the price of the same quantity of West Texas Intermediate crude oil, as calculated based on that crude oil's closing price recorded on the New York Mercantile Exchange (NYMEX) on the date preceding the date of sale; or

(2)  in the case of condensate, the price of the same quantity of natural gas liquids as calculated based on the U.S. natural gas liquid composite price recorded on the New York Mercantile Exchange (NYMEX) on the date preceding the date of sale.

(c)  The proceeds of the sale may be deposited in the manner prescribed by Article 18.183 for seized money and disposed of in accordance with this chapter and Chapter 18.

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

SECTION 3.  Subchapter A, Chapter 411, Government Code, is amended by adding Section 411.0185 to read as follows:

Sec. 411.0185.  AUTHORIZED INSPECTION OF CARGO TANKS CONTAINING CERTAIN PETROLEUM PRODUCTS. (a) In this section:

(1)  "Cargo tank" has the meaning assigned by Section 162.001, Tax Code.

(2)  "Crime laboratory" and "forensic analysis" have the meanings assigned by Article 38.35, Code of Criminal Procedure.

(3)  "Petroleum product" means crude oil or condensate.

(b)  A commissioned officer of the department who receives training described by Subsection (c) may 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. An officer who conducts an inspection under this subsection may 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)  The commission by rule shall develop a training program for commissioned officers to perform comprehensive inspections described by Subsection (b). The training program must include instruction regarding the proper method for an officer to safely obtain a sample of a petroleum product from a cargo tank.

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

SECTION 4.  Section 31.19, Penal Code, is amended to read as follows:

Sec. 31.19.  THEFT OF PETROLEUM PRODUCT OR OIL AND GAS EQUIPMENT. (a) In this section:

(1)  "Oil and gas equipment" means machinery, drilling equipment, welding equipment, pipeline equipment, fittings, pumps, vehicles, or other equipment and materials that are part of or incident to the exploration, development, maintenance, and operation of oil and gas properties, including oil and gas wells, oil and gas leases, gasoline plants, and refineries.

(2)  "Petroleum [~~, "petroleum~~] product" means crude oil, natural gas, or condensate.

(b)  A person commits an offense if the person:

(1)  unlawfully appropriates a petroleum product with intent to deprive the owner of the petroleum product by:

(A) [~~(1)~~]  possessing, removing, delivering, receiving, purchasing, selling, moving, concealing, or transporting the petroleum product; or

(B) [~~(2)~~]  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;

(2)  transports to a waste disposal location a petroleum product for which the person cannot identify the petroleum product's initial owner;

(3)  purchases a petroleum product from a person that is not authorized by the Railroad Commission of Texas to sell the petroleum product; or

(4)  stores, purchases, or trades a petroleum product for financial benefit by means of a method that is not authorized by the Railroad Commission of Texas.

(b-1)  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)  Appropriation of a petroleum product or oil and gas equipment is unlawful if it is without the owner's effective consent.

(d)  An offense under Subsection (b) [~~this section~~] is:

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

(2)  a felony of the second [~~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 [~~second~~] degree if the total value of the petroleum product appropriated is $100,000 or more [~~but less than $300,000; or~~

[~~(4)  a felony of the first degree if the total value of the petroleum product appropriated is $300,000 or more~~].

(e)  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)  If conduct that constitutes an offense under this section also constitutes an offense under any other law, the actor may be prosecuted under this section or the other law, but not both.

SECTION 5.  Section 27.031, Water Code, is amended to read as follows:

Sec. 27.031.  PERMIT FROM RAILROAD COMMISSION; CRIMINAL PENALTY. (a) A [~~No~~] person commits an offense if the person begins drilling or [~~may continue~~] 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 waste without first obtaining a permit from the railroad commission.

(b)  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)  If conduct that constitutes an offense under this section also constitutes an offense under any other law, the actor may be prosecuted under this section or the other law, but not both.

SECTION 6.  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, apply only to property seized on or after the effective date of this Act. Property seized before the effective date of this Act is governed by the law in effect on the date the property was seized, and the former law is continued in effect for that purpose. For purposes of this section, property was seized before the effective date of this Act if any portion of the property was seized before that date.

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

SECTION 8.  Except as provided by Section 6 of this Act, the changes in law made by this Act apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense was committed before that date.

SECTION 9.  This Act takes effect September 1, 2025.