

ELK HILLS operates a 550 megawatts commercial cogeneration power plant that supplies electricity to both the Elk Hills oil field and California's electrical grid on the wholesale market. The facility consists of two GE 7241FA natural gas-fired Combustion Turbine Generation units

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(CTG1 and CTG2) with a steam turbine, heat recovery steam generators, supplemental duct burners and a Selective Catalytic Reduction (SCR) system.

During recent scheduled maintenance, ELK HILLS replaced the fuel control valve on CTG1. After the valve was installed the original equipment manufacturer began a required tuning of the new control valve system. However, during the tuning process they discovered a problem. The system was not properly responding to tuning inputs, resulting in emissions exceeding the permitted limit. ELK HILLS intends to install the same fuel control valve on CTG2 with plans to bring it online beginning in June. In order to evaluate and correct the problem with the new valves, the CTGs will need to be operated at various loads during the tuning process. This is likely to result in additional excess emission. Therefore, ELK HILLS is requesting an emergency variance for relief from the permitted emissions limits while they diagnose and fix the problem with the new fuel control valves.

RULE REQUIREMENTS AND VIOLATIONS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 2070 – *Standards for Granting Applications*
 - B. 2201 – *New and Modified Stationary Source Review Rule*
 - C. 2520 – *Federally Mandated Operating Permits*
 - D. 4001 – *New Source Performance Standards*
 - E. 4703 – *Stationary Gas Turbines*
2. District Rules 2070, 2201 and 2520 require that the subject equipment be operated in accordance with conditions specified in the applicable permits. District Rules 4001 and 4703 establish requirements for monitoring emissions.

FINDINGS OF FACT

Pursuant to California Health & Safety Code § 42352, the following findings have been made:

1. ***That the petitioner for a variance is, or will be, in violation of Section 41701 or of any rule, regulation, or order of the District.***

The Hearing Board finds that the required tuning of the new fuel control valves on the combustion turbine units will result in excess emissions resulting in a violation of applicable sections in District Rules 2070, 2201, 2520, 4001, and 4703, in addition to applicable conditions of the permits.

2. ***That, due to conditions beyond the reasonable control of the petitioner, requiring compliance would result in either (1) an arbitrary or unreasonable taking of property, or (2) the practical closing and elimination of a lawful business.***

The Hearing Board finds that is beyond the reasonable control of ELK HILLS to comply with applicable District rules and permit conditions while the required tuning is performed. If the variance is not granted, ELK HILLS cannot operate in compliance and would have

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to shut down operations resulting in lost revenue of approximately \$490,000.00 per day in electrical power and natural gas sales.

3. *That the closing or taking would be without a corresponding benefit in reducing air contaminants.*

The Hearing Board finds that the closing or taking would not have a corresponding benefit in reducing air contaminants because ELK HILLS, if not allowed to perform the manufacturers required testing and tuning, would not be able to operate, which would lead to a closing of the power plant and a loss of \$490,000.00 per day in electrical and natural gas sales revenue. The loss in power production to the grid from this facility would have to be made up elsewhere by other power generation facilities.

4. *That the applicant for the variance has given consideration to curtailing operations of the source in lieu of obtaining a variance.*

The Hearing Board finds that in order to properly conduct the tuning, CTG1 and CTG2 must be operating. Curtailing operations would impede the ability to complete the necessary tuning.

5. *During the period the variance is in effect, that the applicant will reduce excess emissions to the maximum extent feasible.*

The Hearing Board finds that ELK HILLS will conduct the tuning as expeditiously as practicable.

6. *During the period the variance is in effect, that the applicant will monitor or otherwise quantify emission levels from the source, if requested to do so by the District, and report these emissions levels to the District pursuant to a schedule established by the District.*

The Hearing Board finds that ELK HILLS will monitor all emissions using their Continuous Emission Monitoring System (CEMS). Those records will be available to the District via the CEMS polling program whereby CEMS data is sent automatically and electronically to the District.

GENERAL COMMENTS

The Hearing Board also finds that a nuisance as defined in District Rule 4102 is not expected to occur as a result of this variance. Nor would continued operations likely create an immediate threat or hazard to public health or safety.

It should be noted that the US Environmental Protection Agency (EPA), which monitors major sources, might not recognize this variance. ELK HILLS should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

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CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that an emergency variance be granted to ELK HILLS, subject to the following conditions:

1. The variance shall be effective beginning May 18, 2026, through June 16, 2026, inclusive, or until ELK HILLS completes the tuning of CTG1 and CTG2 and returns to compliant operation, whichever occurs first.
2. Variance protection shall only be granted from the applicable sections of District Rules 2070, 2201, 2520, 4001, and 4703, in addition to the following conditions of the subject permits:
 - A. S-3523-0-4 Condition 5
 - B. S-3523-1-13 Conditions 26, 27, and 28
 - C. S-3523-2-13 Conditions 26, 27, and 28
3. The variance shall allow the operation of CTG1 and CTG2 with excess NOx, NH3 and CO emissions while ELK HILLS completes tuning of the new fuel control valves.
4. Excess emissions shall not exceed **2460 pounds NOx, 7230 pounds NH3, and 1104 pounds CO** over the duration of the variance period.
5. Excess emissions fee will be assessed at the conclusion of the variance at \$3.00 per pound. Additionally, should the total excess NOx and/or NH3 emissions exceed one ton (2,000 pounds), ELK HILLS shall pay \$3.75 for each pound of total excess NOx emissions and total excess NH3 emissions. Payment of the excess/mitigation emission fees shall occur within 30 days after the end of the variance. Payment shall be made to the District and shall be directed to the "*Miscellaneous Incentive Grant – Hearing Board*," account.
6. A Federal Title V Deviation Report shall be submitted to the District within 10 days of discovery each time a Federal Title V permit condition is violated. The deviation report shall be sent to the facility inspector.
7. At the conclusion of this variance ELK HILLS must be in compliance with all permit conditions and applicable District Rules. If ELK HILLS will not achieve compliance prior to conclusion of this variance they must contact the District as soon as possible and before the variance period ends.
8. Should the facility experience operational conditions likely to cause a public nuisance, ELK HILLS shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
9. By July 1, 2026, or no later than 15 calendar days after the completion of the testing and tuning, whichever occurs sooner, ELK HILLS shall submit to the District a summary report. If the report due date should fall on a date the District is closed, it shall be due the following business day. The report shall include the following:

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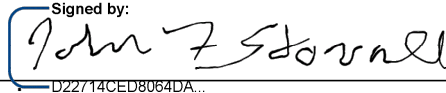
- A. The date and time tuning activities were conducted,
- B. A calculation of total excess emissions at the conclusion of the variance,
- C. The required certification of truth, accuracy, and completeness, signed by the designated responsible official of the Limited Liability Company, as required by sections 9.13.1 and 10.0 of District Rule 2520 – *Federally Mandated Operating Permits*.

10. The end of variance summary report shall be submitted to the attention of:

Shannon Moore
SJVAPCD, Compliance Department
1990 E. Gettysburg Avenue
Fresno, CA 93726
Telephone: (559) 230-5874
E-mail: shannon.moore@valleyair.org

11. Failure to comply with any condition of this variance may render the variance null and void with the possibility of enforcement action taken that may include monetary penalties.

THE FOREGOING DECISION IS APPROVED:

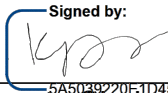
Signed by:

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John Stovall, Chair
Hearing Board – Southern Region
San Joaquin Valley APCD

6/2/2026

Date

ATTEST:

Signed by:

5A5048220E1D45A...

Katrina Rojas, Deputy Clerk to the Boards

6/2/2026

Date



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

PROOF OF SERVICE

I, Kamryn Anderson, declare:

I am a resident of the State of California and over the age of 18 years, and not a party to the within action; my business address is San Joaquin Valley Air Pollution Control District, 1990 E. Gettysburg, Fresno, California 93726.

On June 02, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – **DOCKET No. S-26-08E**

☒ by placing the document(s) listed above in a sealed envelope, and placing the same for mailing in the United States mail at Fresno, California, in accordance with the company's ordinary practices, and addressed as set forth below.

☒ based on an agreement of the parties with email addresses below, to accept service by transmitting via email the above listed document(s) to the email addresses set forth below on this date before 5 p.m.

☐ by personally delivering the document(s) listed above to the person(s) at the address(s) set forth below:

Brandon Meyers
Elk Hills Power LLC
9600 Ming Ave
Bakersfield, CA 93311

Roshni Brahmbhatt
USEPA Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901
AEO_R9@epa.gov
CARB – Enforcement Division
PO Box 2815
Sacramento, CA 95814
variance@arb.ca.gov

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 02, 2026, at Fresno, California.


Kamryn Anderson
Office Assistant II

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4800 Enterprise Way
Modesto, CA 95356-8718
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