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Effective to: July 17, 2026

ALON operates a renewable diesel production facility. The collected vapors are routed to a fuel gas system or to one of two flares for combustion. As required by District Rules and conditions of the subject permits, two sour water storage tanks must be controlled by a VRS and be maintained in a leak free condition at all times.

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ALON recently discovered the VRS compressor must be shut down and partially disassembled to clean and service the compressor internals. In order to conduct the repairs, the VRS must be shut down so that the lines are not in active use while the repairs are being conducted.

RULE REQUIREMENTS

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. 4623 – *Storage of Organic Liquids*
2. District Rules 2070 and 2520 require that the subject equipment be operated in accordance with conditions specified in the applicable permits. District Rules 2201 and 4623 require that the subject equipment be equipped with an operating and functional VRS and be maintained leak free at all times.

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.***

ALON will be in violation of applicable requirements of District Rules 2070, 2201, 2520, and 4623, in addition to the applicable conditions of the subject permits when the VRS is shut down.

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.***

ALON's two sour water tanks are the only sour water tanks on-site. ALON cannot transfer the sour water to other tanks. Sour water is generated by the renewable fuels production process, so it would be necessary to shut down the facility to stop sour water generation. If the variance is not granted, the storage tanks would have to be drained, degassed and cleaned which could result in more emissions than what are proposed due to the equipment and procedures involved.

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

District rules and permit conditions do not allow the VRS to be shut off for any reason. In lieu of obtaining a variance, ALON could remain in compliance by shutting down production for an extended time. This would result in the unreasonable taking of property through the loss of production at a projected cost of approximately \$500,000.00 per day.

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

Since VOC containing liquids are being stored in the tanks, variance relief is still necessary to operate without a functional and operating VRS.

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

ALON will take all practicable measures to limit the duration of the VRS downtime and minimize the possibility of excess emissions.

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.*

There are no reasonable means to directly monitor emission levels from the subject tanks or emissions from associated VRS equipment. ALON will record the amount of time that the tanks operate without a VRS and will calculate the emissions based on approved emission factors. This information will be provided to the District at the conclusion of the variance period.

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. ALON should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that a short variance be granted to ALON, subject to the following conditions:

1. The variance shall be effective for a non-consecutive 48-hour period to occur sometime between June 17, 2026, and July 17, 2026, inclusive, or until ALON completes the proposed repairs.
2. Variance relief shall be granted from the applicable requirements of District Rules 2070, 2201, 2520 and 4623 in addition to the following conditions of the listed permits to operate:
 - A. Condition 5 of S-33-0-3 and
 - B. Conditions 3, 4, 6, 9, 11, and 12 of S-33-100-9 and S-33-101-9

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3. The variance shall allow ALON to continue to store VOC containing liquids without a functional or operating VRS while they conduct the proposed repairs.
4. ALON shall notify the District at least 24 hours, but no earlier than 96, prior to shutting down the VRS. Notification shall be sent by email to Renee Chavez at Renne.Chavez@valleyair.org.
5. Excess emissions shall not exceed **730 pounds** of VOC during this variance period.
6. Excess emissions fee will be assessed at the conclusion of the variance at \$3.00 per pound. Additionally, should the total excess emissions per pollutant exceed one ton (2,000 pounds), ALON shall pay \$3.75 of mitigation fees for each pound of total excess 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.
7. Should the facility experience operational conditions likely to cause a public nuisance, ALON shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
8. A Federal Title V deviation report shall be submitted to the District within 10 days each time a Federal Title V permit condition is violated. It should be noted that multiple deviation reports may need to be submitted during this variance period. The deviation reports must be sent to the facility inspector.
9. At the conclusion of this variance ALON must be in compliance with all their permit conditions and applicable District Rules. If ALON will not achieve compliance prior to conclusion of this variance they must contact the District as soon as practicable and before the variance period ends.
10. By August 1, 2026, or no later than 15 calendar days after ALON has conducted the repairs and the VRS is returned to compliant operation, whichever occurs first, ALON 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 next day the District is open. The report shall include the following:
 - A. A summary of the activities conducted during the variance period,
 - B. The date(s), time(s), and total duration the VRS was offline,
 - C. The total amount of excess emissions during the variance period, and
 - D. The required certification of truth, accuracy, and completeness, signed by the designated responsible official of the Corporation, as required by Sections 9.13.1 and 10.0 of District Rule 2520 – *Federally Mandated Operating Permits*.

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11. All reports and notifications shall be submitted to the attention of:

Chris Kalashian
SJVAPCD, Compliance Department
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Telephone: (559) 230-5963
E-mail: chris.kalashian@valleyair.org

12. 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.

MOTION: Penner

SECOND: Weber

Ayes: Stovall, Weber, Penner

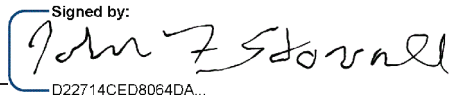
Noes: None

Abstained: None

Recused: None

Absent: Dr. Na

THE FOREGOING DECISION IS APPROVED:

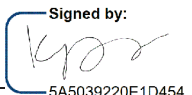
Signed by:

D22714CED8064DA...

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

6/22/2026

Date

ATTEST:

Signed by:

5A5039220E1D454...

Katrina Rojas, Deputy Clerk to the Boards

6/23/2026

Date



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

PROOF OF SERVICE

I, Bailey Chavez, 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 July 13, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – **DOCKET No. S-26-10S**

☒ 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.

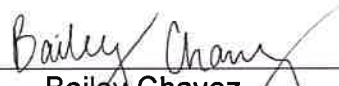
☐ by personally delivering the document(s) listed above to the person(s) at the address(s) set forth below:

Matthew Jalali
Alon Bakersfield Refining
6451 Rosedale Highway
Bakersfield, CA 93308

Roshni Brahmhatt
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 July 13, 2026, at Fresno, California.


Bailey Chavez
Office Assistant II

Northern Region Office
4800 Enterprise Way
Modesto, CA 95356-8718
(209) 557-6400 ♦ FAX (209) 557-6475

Central Region Office
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