

**SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT
SOUTHERN REGION
34946 Flyover Court
Bakersfield, California 93308
(661) 392-5540**

STAFF REPORT

March 11, 2026

SHORT VARIANCE

DOCKET NO. S-26-05S

FACILITY: California Resources Production Corporation
9600 Ming Avenue
Bakersfield, CA 93311

LOCATION: North Shafter Facility
Madera Ave and Mannel Ave in Shafter

RULE VIOLATION(S): 2070 – *Standards for Granting Applications*
2080 – *Conditional Approval*
2201 – *New and Modified Stationary Source Review Rule*
2520 – *Federally Mandated Operating Permit*
4623 – *Storage of Organic Liquids*

PERMIT NUMBERS: See recommendations

EPA AIRS NUMBER: 06-029-S1737

NOV NUMBER: N/A

TYPE OF BUSINESS: Crude oil and natural gas production

NATURE OF THE PROBLEM:

California Resources Production Corporation (CRPC) operates the North Shafter Facility, Which consists of three tanks on a shared Vapor Recovery System (VRS). The tank vapors are either sold through a sales gas line or are incinerated in the permitted flare. The produced fluid is sold daily through a pipeline. As required by District Rules and conditions of the subject permits, the storage tanks must be controlled by a VRS and be maintained in a leak free condition at all times.

In preparation for installing a new tank at the facility, CRPC installed a valve to allow them to connect the tank without shutting down the VRS. Unfortunately, when the tank arrived, the piping connections were not compatible with the valve. Therefore, in order to install a new valve, CRPC needs to shut down the VRS. To minimize emissions, CRPC will curtail all production while the VRS is down.

PETITIONER'S REQUEST:

CRPC is requesting a short variance from the applicable requirements of District Rules 2070, 2080, 2201, 2520, and 4623 in addition to the applicable conditions of the subject permits. The requested short variance would be for 24 non-consecutive hours between March 11, 2026, and

April 8, 2026, inclusive. If granted, the variance would allow CRPC to store organic liquids in the subject tanks without a functional VRS.

EXCESS EMISSIONS:

CRPC has used the *Tank Emissions – Fixed Roof Crude Oil* spreadsheet developed by the District to calculate the excess fugitive emissions from the storage tanks. Using those guidelines, excess emissions are estimated to be no more than **4 pounds of VOC** over the duration of the variance period.

IMMEDIATE COMPLIANCE:

CRPC is currently in compliance.

COMMENTS ON REQUIRED FINDINGS:

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.***

Storage of VOC containing organic liquids in the tanks without a functional VRS will result in a violation of District Rules 2070, 2080, 2201, 2520, and 4623, in addition to the applicable conditions of the subject 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.***

CRPC should be allowed to conduct maintenance on their equipment to ensure compliance with regulatory requirements. District rules and permit conditions do not allow the tank VRS to be shut off for any reason. In lieu of obtaining a variance, CRPC could remain in compliance by draining, degassing, and cleaning the subject tanks, which would likely shut down production for an extended time. This would result in the unreasonable taking of property through the loss of oil production due to the added time to clean the tanks. CRPC estimates the process could take up to 30 days at a cost of approximately \$1,600,000.00.

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

Closing or taking would require that the tanks be drained, de-gassed and cleaned, which will likely result in greater emissions than would occur during the variance. Therefore, in addition to the large economic cost of cleaning the tanks, the emissions associated with the draining and degassing the tanks would negate any benefit closing or taking would have in reducing air contaminants.

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

CRPC will curtail oil production during the 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.***

The tanks are enclosed with a fixed roof and will have a pressure/vacuum vent that seals in the vapors as long as the pressure inside of the tank does not build up.

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 fugitive VOC emissions from the subject tanks. However, CRPC will record the amount of time the tanks operate without a tank VRS, calculate emissions based on approved emission factors, and provide this information to the District upon conclusion of the variance.

ADDITIONAL COMMENTS:

A nuisance as defined in District Rule 4102 is not expected to occur as a result of this variance. Nor would continuing 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, should it be granted. CRPC should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

RECOMMENDATIONS:

Should the Southern Region Hearing Board make the required findings and move to grant a short variance to CRPC, the District recommends the following conditions:

1. The variance shall be effective for 24 non-consecutive hours between March 11, 2026, and April 8, 2026, inclusive, or until CRPC returns the VRS to compliant operation, whichever occurs first.
2. Variance relief shall only be granted from the applicable requirements of District Rules 2070, 2080, 2201, 2520 and 4623, in addition to the listed conditions of the following permits:

S-1737-0-6	Condition 5
S-1737-157-12	Conditions 3, 4, 7
S-1737-158-04	Conditions 2, 3, 5
S-1737-159-04	Conditions 2, 3, 5

3. The variance shall allow the continued storage of VOC containing liquids in the subject tanks without a functional and operating VRS.
4. Excess VOC emissions shall not exceed **4 pounds** for the entire variance period.
5. Before shutting down the VRS, CRPC shall notify the District at least 24 hours, but no earlier than 96, prior to the shutdown of the VRS. Notification shall be sent by email to Jennifer Ledergerber at jennifer.ledergerber@valleyair.org.
6. 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. The deviation report must be sent to the facility inspector.
7. Should the facility experience operational conditions likely to cause a public nuisance, CRPC shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
8. At the conclusion of the variance, CRPC must be in compliance with all their permit conditions and applicable District Rules. If CRPC 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.
9. By April 23, 2026, or no later than 15 calendar days after returning the VRS to compliant operation, whichever occurs first, CRPC shall submit a summary report to the District. If the report due date should fall on a day the District is closed, it shall be due the following business day. The report shall include the following:
 - A. A detailed summary of all work performed during the variance period,
 - B. The date(s), time(s), and total duration that the subject tanks stored VOC containing liquids without an operational VRS,
 - C. A calculation of the total excess VOC 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*.
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.