

In the matter of:	)	DOCKET No. S-26-05S
California Resources Production Corporation	)	
9600 Ming Avenue	)	
Bakersfield, CA 93311	)	
	)	
For a variance from:	)	ORDER GRANTING
	)	A SHORT VARIANCE
<i>2070 – Standards for Granting Applications</i>	)	
<i>2080 – Conditional Approval</i>	)	
<i>2201 – New and Modified Stationary</i>	)	
<i>Source Review Rule</i>	)	
<i>2520 – Federally Mandated Operating</i>	)	
<i>Permits</i>	)	
<i>4623 – Storage of Organic Liquids</i>	)	
	)	
District Permit Numbers:	)	Granted on: March 11, 2026
See recommendations	)	
	)	Effective from: March 11, 2026
EPA AIRS Number:	)	
06-029-S1737	)	Effective to: April 8, 2026

On March 11, 2026, a hearing on the petition for short variance was held. Esteban Solano represented CRPC, while Shannon Moore represented the District. All persons, including the public, were given the opportunity to give testimony or make comment.

LOCATION AND EQUIPMENT

1. CRPC operates the North Shafter Facility within the Light Oil Western Stationary Source in Kern County.
2. The subject equipment includes a series of petroleum storage tanks.
3. The operation of the subject equipment is authorized by duly issued District permits.

Petitioner: California Resources Production Corporation
 Docket No. S-26-05S
 Date: March 11, 2026
 Page: 2

BACKGROUND

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.

RULE REQUIREMENTS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 2070 – *Standards for Granting Applications*
 - B. 2080 – *Conditional Approval*
 - C. 2201 – *New and Modified Stationary Source Review Rule*
 - D. 2520 – *Federally Mandated Operating Permits*
 - E. 4623 – *Storage of Organic Liquids*
2. District Rules 2070, 2080 and 2520 require that the subject equipment not be operated contrary to the conditions of the applicable permits. District Rules 2201 and 4623 require that tanks be controlled by a VRS 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.***

The Hearing Board finds that 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.***

The Hearing Board finds that 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

Petitioner: California Resources Production Corporation
Docket No. S-26-05S
Date: March 11, 2026
Page: 3

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.*

The Hearing Board finds that the 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.*

The Hearing Board finds that 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 tank VRS.

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 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.*

The Hearing Board finds that 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.

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. Continued operations are not likely to 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.

Petitioner: California Resources Production Corporation
Docket No. S-26-05S
Date: March 11, 2026
Page: 4

CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that a short variance be granted to CRPC, subject to 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,

Petitioner: California Resources Production Corporation
Docket No. S-26-05S
Date: March 11, 2026
Page: 5

- 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.

MOTION:	Weber	SECOND:	Penner
Ayes:	Stovall, Weber, Penner		
Noes:	None		
Abstained:	None		
Recused:	None		
Absent:	Dr. Na		

THE FORGOING DECISION IS APPROVED:

DocuSigned by:


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

3/17/2026

Date

ATTEST:

Signed by:


Katrina Rojas, Deputy Clerk to the Boards

3/17/2026

Date



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

PROOF OF SERVICE

I, Lien Vong, 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 March 25, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – **DOCKET No. S-26-05S**

☒ 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:

Esteban Solano
California Resources Production Corporation
9600 Ming Ave
Bakersfield, CA 93311
esteban.solano@crc.com

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 March 25, 2026, at Fresno, California.

Lien Vong
Office Assistant II

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

Central Region Office
1990 East Gettysburg Avenue
Fresno, CA 93726-0244
(559) 230-6000 ♦ FAX (559) 230-6062
www.valleyair.org

Southern Region Office
34946 Flyover Court
Bakersfield, CA 93308-9725
(661) 392-5500 ♦ FAX (661) 392-5585