

) Effective to: February 28, 2026

1. CRC operates heavy crude oil production equipment at the Mt. Poso Oil Field within Kern County.
2. The subject equipment consists of a series of tanks and the associated Vapor Recovery System (VRS).
3. The operation of the subject equipment is authorized by duly issued District permits.

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BACKGROUND

CRC operates heavy crude oil production equipment at the Mt. Poso Oil Field within Kern County. The facility consists of a series of wells that produce into a number of tanks that are set up to receive, process, and ship crude oil. As required by District rules and conditions of the subject permits, the fixed roof petroleum storage tanks must be controlled by a VRS and be maintained in a leak free condition at all times.

On December 15, 2025, CRC received notice from Pacific Gas & Electric (PG&E) that they will be conducting a power outage, which will affect CRC's Mt. Poso facilities. PG&E has informed CRC that they will shutoff power for a maximum of 72 hours in February to conduct maintenance activity on their equipment. When the power is off, the VRS will not be operational as required by CRC's permits.

RULE REQUIREMENTS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 2010 – *Permits Required*
 - B. 2070 – *Standards for Granting Applications*
 - C. 2201 – *New and Modified Stationary Source Review Rule*
 - D. 2520 – *Federally Mandated Operating Permits*
 - E. 4623 – *Storage of Organic Liquids*
2. District Rules 2010, 2070, 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 operating the subject tanks without a VRS will result in a violation of the applicable requirements of District Rules 2010, 2070, 2201, 2520, and 4623, in addition to 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 PG&E is a third party contractor and the sole source of electricity for the Mt. Poso Oil Field. CRC has no control over PG&E's need to shut down the power to conduct maintenance. District rules and permit conditions do not allow the tank VRS to be shut off for any reason. In lieu of obtaining a variance, CRC could remain in compliance by draining, degassing, and cleaning the subject tanks, which would likely shut down production for two to three weeks. Shutting down production would result in a

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loss of approximately 5,900 barrels per day. At a price of \$60.00 per barrel, this would be a loss of \$354,000.00 per day. This would result in the unreasonable taking of property through the loss of oil production due to the added time to clean the tanks for a project that is only expected to take one day.

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

The Hearing Board finds that a 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 CRC will curtail oil production during the variance since the wells will also be offline when the power is out. 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, CRC 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. 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. CRC 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 a short variance be granted to CRC subject to the following conditions:

1. The variance shall be effective for a 72 non-consecutive hour period to occur between February 12, 2026, and February 28, 2026, inclusive, or until CRC returns the VRS to compliant operation, whichever occurs first.
2. Variance relief shall only be granted from the applicable requirements of District Rules 2010, 2070, 2201, 2520, and 4623, in addition to the listed conditions of the following permits:
 - A. PTO S-8452-0-3: Condition 5
 - B. PTO S-8452-10-4: Condition 2
 - C. ATC S-8452-11-3: Condition 2, 3
 - D. ATC S-8452-14-12: Condition 3, 4
 - E. ATC S-8452-15-6: Condition 3, 4
 - F. PTO S-8452-76-2: Condition 1, 4 and 10
 - G. PTO S-8452-77-2: Conditions 1, 4 and 10
 - H. PTO S-8452-81-8: Conditions 1, 4 and 10
 - I. PTO S-8452-82-2: Conditions 1, 4 and 10
 - J. PTO S-8452-85-7: Condition 1, 12 and 16
 - K. PTO S-8452-86-2: Condition 4, 8 and 12
 - L. PTO S-8452-87-2: Condition 4, 8 and 12
 - M. PTO S-8452-88-2: Condition 4, 8 and 12
 - N. PTO S-8452-92-2: Condition 10 and 16
 - O. PTO S-8452-93-2: Condition 10 and 16
 - P. PTO S-8452-96-2: Condition 6 and 11
 - Q. PTO S-8452-97-2: Condition 6 and 11
 - R. PTO S-8452-98-0: Condition 1, 5 and 22
 - S. PTO S-8452-99-2: Condition 1 and 9
 - T. PTO S-8452-100-2: Condition 1, 5 and 9
 - U. ATC S-8452-104-0: Condition 3 and 4
 - V. PTO S-8452-107-1: Conditions 1 and 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 **110.46 pounds** for the entire variance period.
5. Before shutting down the VRS, CRC 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 Lawrence Torres at lawrence.torres@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.

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7. Should the facility experience operational conditions likely to cause a public nuisance, CRC shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
8. At the conclusion of the variance, CRC must be in compliance with all their permit conditions and applicable District Rules. If CRC 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 March 15, 2026, or no later than 15 calendar days after returning the VRS to compliant operation, whichever occurs first, CRC 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 released 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:

Will Coon
SJVAPCD, Compliance Department
1990 E. Gettysburg Avenue
Fresno, CA 93726
Telephone: (559) 230-5878
E-mail: will.coon@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.

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MOTION: Dunn

SECOND: Miller

Ayes: Dunn, Miller, Weber

Noes: None

Abstained: None

Recused: None

Absent: Na, Stovall, Penner

THE FOREGOING DECISION IS APPROVED:

Signed by:


Kory Weber

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Kory Weber, Vice Chair
Hearing Board – Southern Region
San Joaquin Valley APCD

2/13/2026

Date

ATTEST:

Signed by:


Katrina Rojas

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Katrina Rojas, Deputy Clerk to the Boards

2/13/2026

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 February 24, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – DOCKET No. S-26-03S

☒ 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:

William Shaffer
California Resources Corporation
9600 Ming Avenue
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 February 24, 2026, at Fresno, California.

Kamryn Anderson
Office Assistant II

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

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