

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

STAFF REPORT

July 8, 2026

SHORT VARIANCE

DOCKET No. S-26-14S

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

LOCATION: Yowlumne Tank Facility
Western Stationary Source
Kern County

RULE VIOLATION(S): 2010 – *Permits Required*
2070 – *Standards for Granting Applications*
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-S1738

NOV NUMBER: N/A

TYPE OF BUSINESS: Crude oil and natural gas production

NATURE OF THE PROBLEM:

California Resources Production Corporation (CRPC), operates a series of storage tanks to receive, store, and ship crude oil and natural gas at the Yowlumne Tank Facility at their Light Oil Western Stationary Source in Kern County. As required by District Rules and conditions of the subject permits, the petroleum storage tanks must be controlled by a Vapor Recovery System (VRS) and be maintained in a leak free condition at all times.

CRPC is planning to perform necessary maintenance, repairs and upgrades to the VRS and various tanks at the Yowlumne Tank facility. They have requested a short variance to allow them to shut down the VRS in order to complete the work.

PETITIONER'S REQUEST:

CRPC is requesting a short variance from the applicable requirements of District Rules 2010, 2070, 2080, 2201, 2520, and 4623 in addition to the applicable conditions of the subject permits. The requested short variance would be for a 24 non-consecutive hour period to occur sometime between August 1, 2026, and October 28, 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 **21 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 2010, 2070, 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 cost would be approximately \$195,000.00.

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

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.***

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 a 24 non-consecutive hour period to occur sometime between August 1, 2026, and October 28, 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 2010, 2070, 2080, 2201, 2520 and 4623, in addition to the listed conditions of the following permits:
 - A. Condition 5 of S-1738-0-5,
 - B. Conditions 4 and 10 of S-1738-354-10,
 - C. Condition 1 of S-1738-355-3, -357-3, and -358-3, and
 - D. Conditions 1 and 7 of S-1738-516-1 and -517-1.
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 **21 pounds** for the entire variance period.

5. Excess emissions fee will be assessed at the conclusion of the variance at \$3.25 per pound. Additionally, should the total excess emissions per pollutant exceed one ton (2,000 pounds), CRPC shall pay \$3.75 of mitigation fees for each pound of total excess emissions. Payment of the excess emissions fee shall occur within 30 days of being issued an invoice from the District. Payment shall be made to the District and shall be directed to the "Miscellaneous Incentive Grant – Hearing Board," account.
6. 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.
7. 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.
8. 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.
9. 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.
10. By November 12, 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*.
11. The end of variance summary report shall be submitted to the attention of:

Chris Kalashian
SJVAPCD, Compliance Department
1990 E. Gettysburg Avenue
Fresno, CA 93726
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.