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

STAFF REPORT

February 11, 2026

SHORT VARIANCE **DOCKET No. S-26-03S**

FACILITY: California Resources Corporation
9600 Ming Avenue
Bakersfield, CA 93308

LOCATION: Mt. Poso Oil Field

RULE VIOLATION: 2010 – *Permits Required*
2070 – *Standards for Granting Applications*
2201 – *New and Modified Stationary Source Review Rule*
2520 – *Federally Mandated Operating Permits*
4623 – *Storage of Organic Liquids*

PERMIT NUMBERS: See recommendations

EPA AIRS NUMBER: 06-029-S8452

TYPE OF BUSINESS: Crude Oil & Gas Production

NATURE OF THE PROBLEM:

California Resources Corporation (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 Tank Vapor Recovery System (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. Due to holiday schedules, Operators and HSE were not aware of the notice until January 5, 2026. CRC requested and was granted a revised action date beginning February 12, 2026. 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.

PETITIONER'S REQUEST:

CRC has requested a short variance from the applicable requirements of District Rules 2010, 2070, 2201, 2520, and 4623, in addition to the applicable conditions of the subject permits. The requested variance would be for 72 non-consecutive hour period to occur sometime between February 12, 2026, and February 28, 2026, inclusive. If granted, the variance would allow the continued storage of VOC containing liquids in the subject tanks without a functional or operating VRS.

EXCESS EMISSIONS:

Because the API gravity of the oil is less than 26 degrees, uncontrolled tank VOC emissions have been calculated using the *Tank Emissions – Fixed Roof Crude Oil less than 26 API* spreadsheet developed by the District to calculate emissions from heavy oil tanks. 95% of those calculated emissions are then counted as excess emissions. Using those guidelines, excess VOC emissions are estimated to be no more than **110.46 pounds** over the duration of the variance period.

The District has reviewed the aforementioned calculations and finds them to be an adequate approximation for variance purposes.

IMMEDIATE COMPLIANCE:

CRC 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.***

   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.***

   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 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.*

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.*

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 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, 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:

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, should it be granted. CRC 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 CRC, the District recommends the following conditions:

1. The variance shall be effective for a 72 non-consecutive hour period to occur sometime 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.

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.

   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*.

9. 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

10. 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.