

) **Effective to:** November 10, 2026

1. CHEVRON operates crude oil and gas production facilities within the Lost Hills Oil Field.
2. The subject equipment consists of tanks under vapor recovery system (VRS) at the Cahn 3 Oil Cleaning Plant (OCP).
3. The operation of the subject equipment is authorized by duly issued District permits.

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BACKGROUND

Chevron U.S.A. Inc. (CHEVRON) operates equipment associated with the production and storage of crude oil and gas at the CAHN3 Oil Cleaning Plant within the Lost Hills Oil Field. The facility utilizes a series of tanks to receive, process, and ship crude oil. The tanks are connected to a vapor recovery system that collects vapors and sends them to a disposal device. As required by District rules and permit conditions, the tanks are required to be controlled by a functional and operating vapor recovery system (VRS) and be maintained in a leak free condition at all times.

Chevron needs to replace a portion of vapor recovery unit piping and two Wemco oil skimming units. Therefore, CHEVRON is requesting a short variance to allow the tanks and Wemcos to continue to store crude oil that are not served by a VRS and to allow the tanks to vent while Chevron performs the work. The variance is necessary to safely conduct maintenance/repair work that requires a disconnect of a portion of the tank vapor recovery system (TVRS).

RULE REQUIREMENTS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 2070 – *Standards for Granting Applications*
 - B. 2201 – *New and Modified Stationary Source Review Rule*
 - C. 2520 – *Federally Mandated Operating Permits*
 - D. 4623 – *Storage of Organic Liquids*
2. District Rules 2070, and 2520 require that the subject equipment be operated in accordance with conditions specified in the applicable permits. District Rules 2201 and 4623 require that the subject equipment be equipped with an operating and functional VRS and be maintained leak free 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 the continued storage of VOC containing liquids in the subject tanks without an operational VRS and allowing wells with closed casing gas vents to produce into tanks that do not have a functional or operating VRS will result in a violation of applicable requirements of District Rules 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 it is beyond the reasonable control of CHEVRON to comply with applicable District rules and permit conditions while the VRS is down to conduct the proposed work. District rules and permit conditions do not allow the VRS to be offline while

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VOC containing liquids are being stored in the tanks. It would be a taking of property if CHEVRON were not allowed to manage their equipment in a way that they believe will lead to efficiencies, safety, the maximizing of production, and continued long term compliance.

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 storage tanks be drained, degassed and cleaned which could result in more emissions than what are proposed due to the equipment and procedures involved. CHEVRON would need to shut in production during the cleaning process and then continuing through the variance period until they bring the VRS back online. Based on crude oil prices of approximately \$70.40 per barrel, CHEVRON would lose approximately \$337,920.00 per day. This large economic loss would negate any benefit a 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 CHEVRON considered curtailing operations by shutting in all production to the subject tanks and following the tank cleaning procedures required to remove the tanks from service prior to performing the proposed work. However, it was not deemed practical based on the duration of the proposed activities, the amount of expected emissions, the potential for additional excess emissions during tank cleaning, and the economic loss associated with the curtailment of production activities. If CHEVRON stopped the wells from producing oil, but left the current oil in the tanks, then variance relief would still be necessary to operate the subject tanks without a functional and operating VRS as it is required by the rule and conditions of the permits when VOC containing liquids are being stored.

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 still have pressure/vacuum vents which will seal in the vapors as long as the pressure inside the tanks does not build up. Also, CHEVRON will conduct the proposed work at expeditiously as practicable.

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, CHEVRON will record the amount of time the tanks operate without a VRS, calculate emissions based on approved emission factors, and provide this information to the District upon conclusion of the variance.

GENERAL COMMENTS

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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. CHEVRON should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that a short variance be granted to CHEVRON subject to the following conditions:

1. The variance shall be effective for a non-consecutive 14-day period to occur sometime between August 12, 2026, and November 10, 2026, inclusive, or until the proposed work is completed and the VRS is returned to compliant operation, whichever occurs first.
2. Variance relief shall be granted from the applicable requirements of District Rules 2070, 2201, 2520, 4401, and 4623, in addition to the listed conditions of the following permits:

S-2010-0-4	Condition	6
S-2010-23-33	Conditions	1, 3, 7, 8 & 10
S-2010-25-9	Conditions	1, 2 & 4
S-2010-201-4	Conditions	1, 2, 4 & 16
S-2010-203-4	Conditions	1, 2 & 4
S-2010-204-4	Conditions	1, 2 & 4
S-2010-209-4	Conditions	1, 2 & 4
S-2010-211-4	Conditions	1, 2 & 4
S-2010-212-4	Conditions	1, 2 & 4
S-2010-213-4	Conditions	1, 2 & 4
S-2010-214-4	Conditions	1, 2 & 4
S-2010-217-4	Conditions	2, 3 & 5
S-2010-220-9	Conditions	1, 2 4 & 5
S-2010-226-5	Conditions	1, 3 & 15
S-2010-228-5	Conditions	1, 3 & 15
S-2010-229-5	Conditions	1 & 2
S-2010-319-1	Conditions	1, 2 & 3

3. The variance shall allow the continued storage of VOC containing liquids in the subject tanks without a functional or operating VRS while the proposed work is conducted. In addition, it will allow wells with closed casing vents to produce into tanks that do not have a functional or operating VRS.
4. CHEVRON shall notify the District least 24 hours, but no earlier than 96, prior to shutting down the VRS. Notification shall be sent by email to Dave Born at dave.born@valleyair.org.

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5. Excess VOC emissions shall not exceed **635.5 pounds** over the duration of the variance period.
6. 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), CHEVRON 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.
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; within 10 days of discovery. The deviation report must be sent to the facility inspector.
8. Should the facility experience operational conditions likely to cause a public nuisance, CHEVRON shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
9. At the conclusion of this variance CHEVRON must be in compliance with all their permit conditions and applicable District Rules. If CHEVRON 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 25, 2026, or no later than 15 calendar days after power has been restored and the VRS is returned to compliant operation, CHEVRON 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 next business day. The report shall include the following:
 - A. A detailed summary of all activities 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 excess emissions, and
 - D. The required certification of truth, accuracy, and completeness, signed by the designated 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:

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

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MOTION: Weber

SECOND: Penner

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

THE FOREGOING DECISION IS APPROVED:

Signed by:

D22714CED8064DA...

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

8/14/2026

Date

ATTEST:

Signed by:

5A5039220E1D454...

Katrina Rojas, Deputy Clerk to the Boards

8/17/2026

Date



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

PROOF OF SERVICE

I, Bailey Chavez, 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 August 18, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – DOCKET No. S-26-15S

☒ 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.

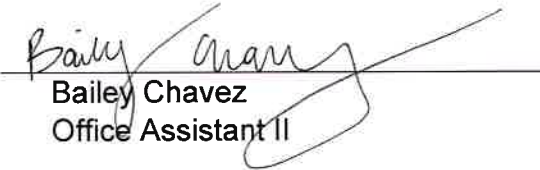
☐ by personally delivering the document(s) listed above to the person(s) at the address(s) set forth below:

Curt Eknoian
Chevron U.S.A. Inc.
PO Box 1392
Bakersfield, CA 93302

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.go

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 18, 2026, at Fresno, California.


Bailey Chavez
Office Assistant II

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4800 Enterprise Way
Modesto, CA 95356-8718
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