SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT
SOUTHERN REGION
34946 Flyover Court
Bakersfield, California 93308
(661) 392-5500

STAFF REPORT

August 12, 2026

SHORT VARIANCE **DOCKET No. S-26-15S**

FACILITY:	Chevron U.S.A. Inc. 15255 Lost Hills Road Lost Hills, CA 93249
LOCATION:	PO Box 1392 Bakersfield, CA 93302
RULE VIOLATION:	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-S2010
NOV NUMBER:	N/A
TYPE OF BUSINESS:	Oil and Gas Production

NATURE OF THE PROBLEM:

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).

PETITIONER'S REQUEST:

CHEVRON has requested a short variance from the applicable requirements of District Rules 2070, 2201, 2520, and 4623, in addition to applicable conditions of the subject permits. The requested variance period would be for a non-consecutive 14-day period to occur sometime between August 12, 2026 and November 10, 2026, inclusive. If granted, the variance would allow CHEVRON to continue to store VOC containing liquids in the subject tanks without an operating or functional VRS while they conduct the proposed work.

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. 99% of those calculated emissions are then counted as excess emissions.

Using those guidelines, excess emissions are estimated not to exceed **635.5 pounds of VOC** over the duration of the variance period. The District has reviewed the aforementioned calculations and finds said calculations to be an adequate approximation for variance purposes.

IMMEDIATE COMPLIANCE:

CHEVRON 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.***

   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.***

   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 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 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 daily oil production of 4,800 barrels and 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.***

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 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.***

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.

ADDITIONAL 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. CHEVRON 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 CHEVRON, the District recommends 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, 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.

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) 230-5874
    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.