

1 **BEFORE THE HEARING BOARD OF THE**  
2 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

3 In the Matter of

4 CHEVRON PRODUCTS COMPANY,

5 [Facility I.D. No. 800030]

6 Section 42350 of the California Health and Safety  
7 Code

Case No. 831-402

**(PROPOSED)**  
**ORDER GRANTING A SHORT**  
**VARIANCE**

Hearing Date: June 6, 2024

8  
9  
10 **FINDINGS AND DECISION OF THE HEARING BOARD**

11 This petition for a short variance was heard on the consent calendar on June 6, 2024. The  
12 matter was placed on the Consent Calendar pursuant to the Joint Stipulation to Place Matter on  
13 Consent Calendar. The following members of the Hearing Board were present: Cynthia Verdugo-  
14 Peralta, Chair; Adrienne Konigar-Macklin as Alternate for Robert Pearman, Vice Chair; Jerry P.  
15 Abraham, MD, MPH, CMQ; Micah Ali, and Mohan Balagopalan. Petitioner Chevron Products  
16 Company (hereinafter "Petitioner" or "Chevron") was represented by Christopher H. Norton, of  
17 the law firm of Latham & Watkins. Respondent, Executive Officer, was represented by Karin  
18 Manwaring, Senior Deputy District Counsel. Counsel for Petitioner and respondent did not appear  
19 during the Consent Calendar hearing. The public was given the opportunity to testify. The  
20 Declaration of Andre West was received as evidence and the Proposed Findings and Decision of  
21 the Hearing Board was received as an exhibit, and the case submitted. The Hearing Board finds  
22 and decides as follows:  
23  
24  
25  
26  
27  
28



**FINDINGS OF FACT**

Following are the facts and conclusions supporting the findings set forth in Health and Safety Code Section 42352 necessary to grant the variance. The Executive Officer did not oppose the granting of the variance.

**a. The petitioner for a variance is, or will be, in violation of Section 41701 or of any rule regulation or order of the District.**

1. The Caustic Scrubbers, V3 & V4, has experienced degradation due to corrosion and operational use. The maintenance and repairs cannot be performed while the Caustic Scrubbers are in service. Petitioner cannot complete the necessary repairs and remain in compliance with the Facility Permit.

2. As Petitioner needs to temporarily pause operation of the Caustic Scrubbers to perform the repairs, anticipated to take fourteen (14) days, and as Facility Permit Condition No. C8.8 and Administrative Condition Section E, No. 2 & 4 require Caustic Scrubber operation, Petitioner will be in violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with permit conditions.

**b(1). Non-compliance with District Rule(s) is due to conditions beyond the reasonable control of the petitioner.**

1. The Caustic Scrubbers have experienced degradation and need to be repaired. The subject equipment is at risk of failure at this time based on recent, routine inspections. If the work is not performed, then a sudden and unforeseen shutdown may occur due to corrosion and operational use, which would result in the subsequent curtailment or shutdown of other Refinery units. Petitioner has performed prior periodic repairs to the Caustic Scrubbers based on their condition—inspecting, maintaining, and repairing the Caustic Scrubbers in November 2014 pursuant to a Short Variance from the District (Case No. 831-373). Accordingly, the need for variance is not the product of operator error or neglect as the subject equipment has been properly inspected and maintained.

1           2.       Permit Condition C8.8 states, in part, that the operator shall use this equipment in  
2 such a manner that the flow rate being monitored, as indicated below, is not less than 10 gpm.  
3 Administrative Condition No. 2 requires the operator to ensure all proper operation of equipment.  
4 District Rules 203(b), 2004(f)(1) and 3002(c)(1) require compliance with all permit conditions.  
5 Petitioner will not be able to operate the Caustic Scrubbers in compliance with all applicable rules  
6 and permit conditions while the repair is being performed.

7           3.       To keep the equipment operating reliably, the work should be completed soon and  
8 before the end of the year. There is no period when Petitioner could perform the repairs to the  
9 Caustic Scrubbers without a variance. There is no time in which the Crude Units are taken out of  
10 service for major maintenance. The subject equipment is required to be in service for emission  
11 control even during major maintenance turnarounds at the Refinery.

12           4.       Compliance is beyond Petitioner's reasonable control. It is beyond Chevron's  
13 reasonable control to comply with all applicable District's rules and Facility Permit conditions  
14 when the Caustic Scrubbers are taken out of service for repairs. There is no way to complete the  
15 Caustic Scrubber repairs without the units being offline. A variance is needed to perform the  
16 necessary repairs at the Caustic Scrubbers.

17           **b(2).   Requiring compliance would result in either (1) an arbitrary or unreasonable**  
18 **taking of property, or (2) the practical closing and elimination of a lawful business.**

19           1.       Denial of the variance would cause significant harm to Petitioner in that denial  
20 could force Petitioner to shut down and then restart certain Refinery process units while the repairs  
21 are performed. The shutdown of the Refinery would result in a financial penalty to Petitioner of  
22 approximately \$1,00,000 per day in lost production and sales. In addition, the shut down and  
23 restart of the Refinery units would result in flaring and air emissions that would otherwise not  
24 occur if the variance is granted. As such, denial of the variance would result in an increase in air  
25 emissions and financial impacts to Petitioner that would be unreasonable and unavoidable.

26  
27  
28

1           **c.     The closing or taking would be without a corresponding benefit in reducing air**  
2 **contaminants.**

3           1.     The closing or taking would be without a corresponding benefit in reducing air  
4 contaminants. There will be no excess emissions in this matter. A District-permitted Envent  
5 Scrubber (Permits to Operate, G67228 and G67229) will be connected at all times during the  
6 outage to control emissions while the work is being performed. The Envent Scrubber is guaranteed  
7 to be at least as effective at controlling emissions as the Caustic Scrubbers.

8           2.     If the work is not performed, and the subject equipment were to suddenly fail, then  
9 Petitioner may be required to shut down and restart the Refinery units, resulting in flaring and air  
10 emissions. An upset condition could result in safety risks and potential environmental impacts.  
11 The shutdown of the Refinery if the variance were not granted could also result in increased flaring  
12 and air emissions due to shut down and subsequent startup of the Refinery. Alternatively, if the  
13 variance is granted, Petitioner does not anticipate any excess emissions. Moreover, Petitioner  
14 expects that the reliability and flexibility of Caustic Scrubber operations will be improved with the  
15 project. As part of the maintenance and repairs, Petitioner plans to add level transmitters to the  
16 Caustic Scrubbers. Accordingly, the maintenance work will give operations a better indication of  
17 the caustic level in the scrubbers and will allow for more reliable operation of the pumps.

18           **d.     The applicant for the variance has given consideration to curtailing operations**  
19 **of the source in lieu of obtaining a variance.**

20           1.     Petitioner has considered the option of curtailing or terminating operations in lieu of  
21 obtaining a variance. Petitioner cannot operate the subject equipment and remain in compliance  
22 with permit conditions while the Caustic Scrubbers are being repaired. Achieving compliance  
23 through curtailment is not an option in this matter.

24           **e.     During the period the variance is in effect, the applicant will reduce excess**  
25 **emissions to the maximum extent feasible.**

26           1.     As mentioned above, during the period that the variance is in effect, there will be no  
27 excess emissions. Nonetheless, Petitioner agrees to reduce excess emissions to the maximum  
28

1 extent feasible by complying with the conditions of the Order. In contrast, if the variance is not  
2 granted, the shut down and restart of the Refinery units due to an upset condition would result in  
3 flaring and air emissions that would otherwise not occur if the variance is granted.

4 **f. During the period the variance is in effect, the applicant will monitor or**  
5 **otherwise quantify emission levels from the source, if requested to do so by the district, and**  
6 **report these emission levels to the district pursuant to a schedule established by the district.**

7 1. Petitioner will monitor emissions during the variance period. The Refinery is  
8 equipped with Continuous Emissions Monitoring Systems (CEMS) to continuously monitor,  
9 record and report to the District air emissions from the Refinery. The emissions monitoring data  
10 will be provided to the District upon request.

11 2. During the duration of the repair, Petitioner shall have the emissions of hydrogen  
12 sulfide (H<sub>2</sub>S) from the permitted portable scrubber monitored once per day by the vendor using  
13 Colorimetric Detector Tubes.

14 3. In addition, Petitioner shall have the emissions of volatile organic compounds  
15 (VOCs) from the permitted portable scrubber monitored once per shift by the vendor during the  
16 variance period.

17 4. Petitioner shall make its monitoring records available to the District for inspection  
18 upon request.

19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**CONCLUSION AND ORDER**

THEREFORE, good cause appearing, the Hearing Board orders as follows:

A. Petitioner is granted an emergency variance from District Rules 203(b), 2004(f)(1) and 3002(c)(1) {from Condition No. C8.8 and Administrative Condition No. 2 & 4 (Section E) of Title V Facility P/0 No. 800030} for the period commencing June 6, 2024 and continuing through final compliance, but no later than June 19, 2024.

B. The variance granted herein is subject to the following conditions:

1. Petitioner shall inform South Coast Air Quality Management District (South Coast AQMD) Compliance personnel, Jentry Kear(jkear@aqmd.gov) at least twenty-four (24) hours and one (1) hour prior to the temporary shutdown of the Hot Tanks vapor disposal system by calling 1-800-CUT-SMOG (Attn: Inspector Jentry Kear) and sending the corresponding notifications emails to jkear@aqmd.gov.

2. Petitioner shall temporarily install a portable scrubber, that is owned by Envent Corporation and operated under South Coast AQMD permits to operate No. G67228 and No. G67229, to control the emissions from the three subject Hot Tanks listed in Process 16, System 1 of the facility permit (Device ID Nos. D1282, D1283, and D1313). Petitioner shall ensure that the portable scrubber is operated according to the terms and conditions of the permit to operate at all times when the Hot Tanks vapor disposal system is out of service.

3. If the portable scrubber operated by Envent Corporation should fail for any reason, Petitioner shall report a breakdown pursuant to Rule 430, and within 24 hours of failure, temporarily install and use an equivalent South Coast AQMD permitted portable scrubber to control the emissions from the three subject Hot Tanks. Petitioner shall send an e-mail to AQ inspector, Jentry Kear, [jkear@aqmd.gov](mailto:jkear@aqmd.gov) providing the breakdown report and also the alternate portable scrubber permit number.

4. Petitioner shall not exceed a flow rate of 1,000 scfm through the permitted portable scrubber during the variance period.

1           5.       Scrubber shall maintain a flow rate of caustic solution not less than 10 gallons per  
2 minute.

3           6.       Petitioner shall have the emissions of hydrogen sulfide (H<sub>2</sub>S) from the permitted  
4 portable scrubber monitored once per shift by the vendor using Colorimetric Detector Tubes.

5           7.       Petitioner shall monitor at least once every 90 minutes for H<sub>2</sub>S at the permitted  
6 portable scrubber stack using the four gas monitoring system during the variance period.

7           8.       Petitioner shall have the emissions of volatile organic compounds (VOCs) from the  
8 permitted portable scrubber monitored once per shift by the vendor during the variance period.

9           9.       Petitioner shall make its monitoring records available to South Coast AQMD  
10 Compliance personnel upon request.

11          10.       Petitioner shall notify South Coast AQMD's Clerk of the Board by email  
12 (ClerkofBoard@aqmd.gov) within five (5) days of achieving final compliance.

13          11.       Petitioner shall pay all applicable fees to the Clerk of the Board within fifteen (15)  
14 days upon notification in writing that the fees are due or this variance shall be invalidated pursuant  
15 to Rule 303 – Hearing Board Fees, subdivision (k).

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

FOR THE BOARD: \_\_\_\_\_

DATED SIGNED: \_\_\_\_\_