

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. 831-400

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

Hearing Date: April 10, 2024

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

11 This petition for a short variance was heard on the consent calendar on April 10, 2024,  
12 pursuant to notice and in accordance with the provisions of California Health and Safety Code  
13 Section 40823 and District Rule 510. The matter was placed on the Consent Calendar pursuant to  
14 the Joint Stipulation to Place Matter on Consent Calendar. The following members of the Hearing  
15 Board were present: Cynthia Verdugo-Peralta, Chair; Robert Pearman, Vice Chair; Jerry P.  
16 Abraham, MD, MPH, CMQ; Micah Ali, and Mohan Balagopalan. Petitioner Chevron Products  
17 Company (hereinafter "Petitioner" or "Chevron") was represented by Christopher H. Norton, of  
18 the law firm of Latham & Watkins. Respondent, Executive Officer, was represented by Daphne  
19 Hsu, Principal Deputy District Counsel. Counsel for Petitioner and respondent did not appear  
20 during the Consent Calendar hearing. The public was given the opportunity to testify. The  
21 Declaration of Andre West was received as evidence and the Proposed Findings and Decision of  
22 the Hearing Board was received as an exhibit, and the case submitted. The Hearing Board finds  
23 and decides as follows:  
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1 Nature of Business and Location of Facility

2 Petitioner, located at 324 W. El Segundo Boulevard, El Segundo, California, is a major  
3 producer of fuel, refining crude oil and intermediates for gasoline, diesel and jet fuel.

4 Equipment and Permit to Construct/Operate

5 The equipment that is the subject of this petition is the No. 4 Separator, a component of  
6 Petitioner’s wastewater treatment process at the Effluent Treatment Plant (ETP). The equipment is  
7 operated pursuant to Facility Permit to Operate (P/O) No. 800030, dated January 16, 2024.

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9 SUMMARY

10 Petitioner will be in violation of District Rules 203(b), 464(b)(1)(A), 464(b)(2), 464(b)(3),  
11 1176(e)(1), 1176(e)(2), 2004(f)(1) and 3002(c)(1) because Petitioner must remove permanent  
12 covers and open equipment for maintenance in order to ensure proper operation of the equipment  
13 and intends to achieve compliance by expeditiously performing the required maintenance within  
14 56 days to remove accumulated materials from the No. 4 Separator and then replacing the  
15 permanent covers.

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17 FINDINGS OF FACT

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

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

23 1. Petitioner will be in violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1),  
24 which require compliance with permit conditions, as petitioner will be out of compliance once the  
25 cells of the No. 4 Separator are open in violation of Section E, Condition No. 2 of its permit.

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1           2.       Petitioner will be in violation of District Rules 464(b)(1)(A), (b)(2), (b)(3) and  
2 Rule 1176(e)(2), which require that the wastewater separators be equipped with solid, fully sealed  
3 covers or lids and be closed at all times.

4           3.       Additionally, Petitioner will be in violation of District Rule 1176(e)(1) because,  
5 during the maintenance work, VOC emissions may exceed the 500 ppm allowable limit as stated in  
6 Rule 1176(e)(1). Petitioner is taking steps to minimize the emittance of VOC emissions and does  
7 not expect emissions from the No. 4 Separator in excess of 500 ppm during the variance period;  
8 however, Petitioner may not be able to completely control the VOC emissions while the material is  
9 being removed from the No. 4 Separator.

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

12           1.       Petitioner needs to open the No. 4 Separator to perform inspection, maintenance,  
13 and possible repairs. The District permit requires the No. 4 Separator cells to be closed. However,  
14 the equipment must be open for the work to be performed. Therefore, it is beyond Petitioner's  
15 reasonable control to comply with District rules and permit conditions.

16           2.       Petitioner must perform the needed maintenance on the No. 4 Separator as  
17 accumulated materials can cause the No. 4 Separator to malfunction. Oils, waters and solids have  
18 accumulated over time in the separator and need to be cleaned out. The No. 4 Separator is subject  
19 to a National Pollution Discharge Elimination System (NPDES) permit which allows for discharge  
20 of the wastewater following treatment directly to the Santa Monica Bay. Petitioner is responsible  
21 for maintaining compliance with effluent limits on the NPDES permit, and an upset condition  
22 could lead to a violation of the discharge limits on the Refinery NPDES permit. The Refinery is  
23 not able to operate without the No. 4 Separator in operation.

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

26           1.       Denial of the variance would cause significant harm to Petitioner in that Petitioner  
27 may be unable to operate the No. 4 Separator if it does not perform maintenance, which could  
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1 result in potential shut down of the Refinery. If the Refinery were to shut down due to its inability  
2 to maintain the No. 4 Separator, Petitioner would suffer significant financial penalties of  
3 approximately \$1,000,000 per day in lost production and sales.

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

6 1. The total estimated excess VOC emissions from the subject activity will be 2.6  
7 pounds during the entirety of the variance period. Petitioner will employ mitigation measures to  
8 reduce VOC emissions to the maximum extent feasible during the variance period. Petitioner will  
9 be using a HPC Vapor Control System with a 99% VOC control efficiency to minimize emissions.  
10 The HPC Vapor Control System will be operated under a current various locations permit to  
11 operate issued by SCAQMD, and twenty four (24) hours prior to removal of the concrete lids  
12 Petitioner shall ensure both that the vapor space of the No. 4 Separator is under vacuum and that  
13 vapors are routed to the HPC Vapor Control System. The HPC Vapor Control System will operate  
14 for the entirety of the time the concrete lids are removed until oil and emulsion have been removed  
15 and personnel are entering the workspace. In addition, Petitioner will prefabricate wooden lids  
16 with plastic sheeting to act as temporary covers for the separator once the concrete lids are  
17 removed, and these wooden lids would be placed on the separator during times when the cleaning  
18 work is not occurring. Petitioner will also use vacuum trucks and portable frac tanks for the  
19 transportation of solids and storage of solids until they can be processed. Petitioner will use  
20 carbon canisters for additional vapor control for the vacuum trucks and frac tanks.

21 2. The District determined that the need to maintain the No. 4 Separator to prevent  
22 discharge into the Santa Monica Bay and the resulting harm to petitioner from a shutdown  
23 outweighs excess emissions given that emissions will be mitigated to the maximum extent feasible.  
24 Further, Petitioner estimates that the additional inspections and repairs it is agreeing to conduct  
25 pursuant to this variance would achieve approximately 13.89 pounds of VOC emissions reductions  
26 during entirety of the variance period. VOC reductions are expected from the additional  
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1 inspections and repairs of the PRDs, ETP drains, and loop seals during the variance period. With  
2 mitigation, Petitioner estimates net zero excess emissions of VOCs in this matter.

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

5 1. Petitioner considered curtailment. However, curtailment would not obviate the  
6 need for a variance because when the No. 4 Separator is cleaned out, inspected, and repaired, it  
7 must be open; whereas, District Rules and permit conditions require that the No. 4 Separator cells  
8 must be closed. Achieving compliance through curtailment is not an option in this matter due to  
9 the need to clean out the No. 4. Separator.

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

12 1. During the period that the variance is in effect, Petitioner has agreed to reduce  
13 excess emissions to the maximum extent feasible by complying with the conditions of the Order  
14 and by using the mitigation measures described above.

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

18 1. Petitioner will monitor emissions during the variance period. Records of these  
19 inspections shall be made available to the District upon request.

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21 **CONCLUSION AND ORDER**

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

23 A. Petitioner is granted a short variance from District Rules 203(b), 2004(f)(1) and  
24 3002(c)(1) {from section E, Condition No. 2 of Title V Facility P/0 No. 800030} and from District  
25 Rules 464(b)(1(A), 464(b)(2), 464(b)(3), 1176(e)(1) and 1176(e)(2) for oil Water Separator No. 4  
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1 (Device D1235) for the period commencing April 10, 2024 and continuing through final  
2 compliance, but no later than June 4, 2024.

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

4 1. Petitioner shall remove the covers of the No. 4 Separator at the Refinery only as  
5 necessary to maintain, inspect, and repair the subject equipment. No more than five (5) covers  
6 shall be removed at any one time except in case of emergency.

7 2. Petitioner shall use temporary covers on the No. 4 Separator as much as possible  
8 during maintenance to reduce VOC emissions from the equipment.

9 3. Petitioner shall use its best efforts to remove water, oil, and solids from the No. 4  
10 Separator prior to removing the concrete covers.

11 4. Twenty-four (24) hours prior to removal of the concrete covers, Petitioner shall  
12 ensure that the vapor space of the No. 4 Separator is under vacuum and vapors shall be routed to  
13 the HPC Vapor Control System with a 99% VOC control efficiency, operating under a current  
14 Permit to Operate issued by South Coast AQMD. The HPC Vapor Control System shall be in use  
15 until the point where oil and emulsion have been removed and personnel are entering the  
16 workspace.

17 5. Petitioner shall employ vacuum trucks to remove the oil, water, and sludge  
18 remaining in the No. 4 Separator. Vacuum trucks and portable Frac tanks shall be used for the  
19 transportation and storage of the solids. Carbon canisters shall be used for additional vapor control  
20 for the vacuum trucks and Frac tanks.

21 6. Petitioner shall employ personnel 24 hours per day and 7 days per week at the  
22 job site to remove oil and emulsion during the maintenance phase.

23 7. Petitioner shall inject potassium permanganate (KMnO<sub>4</sub>) into the No. 4 Separator  
24 as needed for odor control when the solids are being removed. Petitioner shall use Chemco odor  
25 control in the area as needed for odor control.

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1           8.       Petitioner shall provide the South Coast AQMD the height of the sludge and oil-  
2 water layer observed at the beginning of the maintenance period and after the initial 72 hours at  
3 each of the open work locations.

4           9.       Petitioner shall monitor for VOC emissions according to EPA Reference Method 21  
5 at the No. 4 Separator twice per shift (i.e., four times per day), at least four (4) hours after the  
6 previous inspection, during the entire variance period. Records of these inspections shall be made  
7 available to the South Coast AQMD staff upon request.

8           10.      Petitioner shall be present at all times and shall conduct odor surveillance twice per  
9 shift, at least four (4) hours after the previous odor surveillance, at the No. 4 Separator during the  
10 entire variance period.

11          11.      Petitioner shall notify South Coast AQMD by calling 1-800-CUT-SMOG within  
12 one hour of receiving any odor complaint during the variance period. Should three (3) complaints  
13 within a 4-hour period be determined by South Coast AQMD or Petitioner to be caused by the  
14 work activities at the No. 4 Separator, Petitioner shall within one hour cease work and replace the  
15 temporary covers on the No. 4 Separator until VOC emissions are stable and measured at less than  
16 500 ppm.

17          12.      Petitioner shall, starting at the beginning of the variance period, inspect for leaks  
18 and make repairs immediately if leaks are found in the refinery atmospheric pressure relief  
19 devices, Effluent Treatment Plant (ETP) drains, and loop seals. This inspection shall be conducted  
20 weekly in addition to those required by South Coast AQMD rules.

21          13.      Petitioner shall notify the South Coast AQMD by calling 1-800-CUT-SMOG, Attn:  
22 Inspector Jentry Kear at least 2 hours before the following events: (1) when the caulking of the  
23 covers of the No. 4 Separator is first removed, and (2) when the covers of the No. 4 Separator are  
24 first removed;

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1           14.     Petitioner shall notify the South Coast AQMD by calling 1-800-CUT-SMOG, Attn:  
2 Inspector Jentry Kear within 6 hours after the following events (1) when removal of oil and  
3 emulsion is complete and (2) when the covers on the No. 4 Separator are replaced and sealed.

4           15.     Final compliance shall be achieved when the covers are replaced and sealed at the  
5 No. 4 Separator, and shall occur no later than June 4, 2024.

6           16.     Petitioner shall notify Air Quality Inspector Jentry Kear ([jkear@aqmd.gov](mailto:jkear@aqmd.gov)) via  
7 electronic mail and by calling 1-800-CUT-SMOG (Attn: Inspector Jentry Kear) within two (2)  
8 hours after achieving final compliance.

9           17.     Petitioner shall notify South Coast AQMD’s Clerk of the Board  
10 ([ClerkofBoard@aqmd.gov](mailto:ClerkofBoard@aqmd.gov)) in writing within five (5) days of achieving final compliance.

11           18.     Petitioner shall submit to Air Quality Inspector Jentry Kear ([jkear@aqmd.gov](mailto:jkear@aqmd.gov)) and  
12 Air Quality Engineer Kevin Katz ([kkatz@aqmd.gov](mailto:kkatz@aqmd.gov)) via email the calculations of estimated total  
13 VOC excess emissions and reductions within one week of replacing and sealing the covers of No.  
14 4 Separator.

15           19.     Petitioner shall pay all applicable fees, including excess emissions fees, if  
16 applicable to the Clerk of the Hearing Board within fifteen days upon notification in writing that  
17 the fees are due or the variance shall be invalidated pursuant to Rule 303 – Hearing Board Fees,  
18 subsection (k).

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

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