

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. 831-408

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

Hearing Date: December 2, 2025

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

11 This petition for regular variance was heard on the consent calendar on December 2, 2025  
12 pursuant to notice and in accordance with the provisions of California Health and Safety Code  
13 Section 40826 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: Micah Ali, Chair; Robert Pearman, Vice Chair; Jerry P. Abraham, MD, MPH,  
16 CMQ; Cynthia Verdugo-Peralta, and Mohan Balagopalan. Petitioner Chevron Products Company  
17 (hereinafter "Petitioner" or "Chevron") was represented by Christopher H. Norton, of the law firm  
18 of Latham & Watkins. Respondent, Executive Officer, was represented by Ryan P. Mansell,  
19 Principal Deputy District Counsel. Counsel for Petitioner and Respondent did not appear during  
20 the Consent Calendar hearing. The public was given the opportunity to testify. The Declaration of  
21 Andre West was received as evidence and the Proposed Findings and Decision of the Hearing  
22 Board was received as an exhibit, and the case submitted. The Hearing Board finds and decides as  
23 follows:  
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Nature of Business and Location of Facility

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

Equipment and Permit to Construct/Operate

The equipment that is the subject of this petition is the Isomax CEMS 13 (which provides continuous emissions monitoring of nitrogen oxide and oxygen at the Isomax F-720 (Device No. 641) and F-731 (Device No. 643) furnaces) and the F-720 and F-731 furnaces, which are major sources of NOx and SOx that share a common stack. The equipment is operated pursuant to Facility RECLAIM Permit No. 800030, dated October 9, 2025. The Isomax is a key unit of the Refinery and is used to produce jet fuel.

**SUMMARY**

Petitioner will be in violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1) because such District Rules require Petitioner to comply with all Facility Permit conditions. Petitioner requires a variance because although Isomax CEMS 13 is operational, Petitioner will be unable to perform the relative accuracy test audit (“RATA”) for CEMS 13 that is required before December 3, 2025, until the Isomax can be restarted after the completion of repairs. Petitioner will also be unable to timely conduct ammonia source testing as required before December 31, 2025, by Permit conditions. Accordingly, Petitioner will not be able to maintain compliance with all Facility Permit conditions in accordance with District Rules 203(b), 2004(f)(1) and 3002(c)(1), because it will be unable to perform the RATA for CEMS 13 or ammonia source testing at F-720 and F-731. In addition, Petitioner will be in violation of District Rule 2011(f)(6) and District Rule 2012(h)(6), which require that Petitioner install, operate, and maintain Isomax CEMS 13 no later than 12 months after the initial startup of the major SOx or NOx source, respectively. The District recently

1 informed Petitioner that the Refinery has a SOx RATA requirement for the subject equipment  
2 based on the accuracy of the SOx orifice plate and fuel flow. Isomax CEMS 13 is working,  
3 calibrating, and passing validation, but the RATA testing cannot be performed within the 12-  
4 month timeframe required by Rules 2011(f)(6) and 2012(h)(6).

5 **FINDINGS OF FACT**

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

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

11 1. Isomax CEMS 13 is operational, calibrating, and passing validation to ensure  
12 compliance with District emissions monitoring requirements. However, due to a fire at the Isomax  
13 on October 2, 2025, the Isomax has been shutdown while repairs are ongoing, including the F-720  
14 and F-731 furnaces that CEMS 13 is intended to monitor. Due to the non-operation of F-720 and  
15 F-731, Petitioner is unable to perform the RATA certification testing on CEMS 13 as it planned to  
16 do in October 2025 before the December 3, 2025, deadline. Therefore, Petitioner will be in  
17 violation of Permit Condition D82.18, which requires that the operator install and operate a CEMS  
18 no later than 12 months after initial startup of the Facility's selective catalytic reduction system  
19 ("SCR") and in be in compliance with District Rule 2012, which in turn requires in subsection  
20 (h)(6), that Petitioner install, operate, and maintain all required or elected monitoring, reporting  
21 and recordkeeping systems no later than 12 months after the initial startup of the new major NOx  
22 source. Petitioner will also be in violation of District Rule 2011(f)(6), which requires that  
23 Petitioner install, operate, and maintain all required monitoring, reporting, and recordkeeping  
24 systems no later than 12 months after the initial startup of new major SOx sources. Petitioner will  
25 also be in violation of Administrative Condition No. 2, requiring that Petitioner maintain all  
26 equipment and ensure proper operation of the equipment.

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1           2.       Petitioner will therefore be in violation of District Rules 203(b), 2004(f)(1) and  
2 3002(c)(1), which require compliance with permit conditions, and District Rules 2011(f)(6) and  
3 2012(h)(6), as it will be unable to perform the RATA for CEMS 13 within the required timeframe  
4 while repairs are ongoing at the Isomax and F-720 and F-731 are non-operational.

5           3.       Permit Condition D29.29 requires that the operator conduct quarterly source testing  
6 for ammonia (NH<sub>3</sub>), due on December 31, 2025. Because the Isomax furnaces F-720 and F-731  
7 are down and cannot be operated during the variance period, Petitioner will be unable to comply  
8 with Permit Condition D29.29 and perform timely ammonia source testing as required.

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

11           1.       In 2024, work at the Isomax, including F-720 and F-731, was performed to install a  
12 SCR as part of upgrades. These modifications were required under Rule 1109.1 to reduce NO<sub>x</sub>.  
13 Currently, Isomax CEMS 13 is working, calibrating, and passing validation to ensure compliance  
14 with District emissions monitoring requirements. Certification testing on Isomax CEMS 13 was  
15 scheduled to be performed in October of 2025 in advance of the deadline of December 3, 2025.

16           2.       On Thursday, October 2, 2025, there was a fire at the Isomax, which caused an  
17 unforeseen emergency shutdown of the unit. The incident was unexpected and unforeseeable.  
18 Petitioner launched an investigation to determine the root cause of the incident. The investigation  
19 remains ongoing.

20           3.       Petitioner was able to inspect the Isomax unit area after the incident. At that time,  
21 Petitioner discovered that both Isomax F-720 and F-731, both major sources of NO<sub>x</sub> and SO<sub>x</sub>,  
22 were damaged and required repairs. The Isomax has remained shutdown since the fire event. The  
23 furnaces will not be brought online until repairs are completed.

24           4.       Petitioner will be unable to perform certification testing on CEMS 13 or the  
25 quarterly source testing for ammonia at the furnaces due to the incident and non-operation of F-  
26 720 and F-731. Petitioner is working diligently on the repair of the subject equipment so that the  
27 RATA and ammonia source testing can be performed on CEMS 13 as soon as practicable.  
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1 Petitioner anticipates that the equipment will be brought back online and the RATA performed on  
2 CEMS 13 and ammonia source testing conducted no later than September 30, 2026.

3 5. Petitioner has launched an internal investigation to determine the root cause of the  
4 incident which remains ongoing. The incident was unexpected and unforeseeable. The subject  
5 equipment is inspected and maintained in accordance with industry practices. Petitioner conducts  
6 daily validation of Isomax CEMS 13. In particular, CEMS 13 undergoes daily and monthly  
7 preventative maintenance for the CEMS system in addition to NOx efficiency testing and ammonia  
8 testing. While maintenance was performed, the incident was unforeseen. Due to the incident,  
9 compliance with all applicable District rules and Facility Permit conditions is beyond Petitioner's  
10 reasonable control because although CEMS 13 remains operational, the Isomax will be down and  
11 cannot be operated such that Petitioner cannot perform the RATA for CEMS 13 as required by  
12 Permit Condition D82.18 and District Rules 2011(f)(6) and 2012(h)(6) until the furnaces are  
13 repaired and brought back online. For the same reasons, Petitioner cannot perform the quarterly  
14 ammonia source testing within the timeframe required under Permit Condition D29.29. Petitioner  
15 will also be in violation of Administrative Condition No. 2, requiring that Petitioner maintain all  
16 equipment and ensure proper operation of the equipment. As such, Petitioner will therefore be in  
17 violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with  
18 permit conditions.

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

21 1. Because of the incident, Petitioner cannot remain in compliance with all District  
22 rules and permit conditions during the variance period. Although CEMS 13 remains operational  
23 and is calibrating, the Isomax will be down and cannot be operated. Petitioner will be unable to  
24 perform the RATA for CEMS 13 until the Isomax and related furnaces (F-720 and F-731) can be  
25 restarted. As such, Petitioner will be unable to comply with all applicable District rules and permit  
26 conditions during that time. Without a variance, Petitioner may be subject to fines and penalties  
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1 due to noncompliance with District rules and permit conditions. Petitioner is working diligently to  
2 stabilize and startup units due to the Isomax incident.

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

5 1. The closing or taking would be without a corresponding benefit in reducing air  
6 contaminants because there will be no excess emissions if the variance is granted. While CEMS  
7 13 is operational, the furnaces are not. Petitioner is working diligently to repair damage at Isomax  
8 furnaces F-720 and F-731. The furnaces will not be brought back online until the repairs are  
9 complete. In addition, Petitioner is agreeing to continue to operate and calibrate CEMS 13 for the  
10 duration of the variance period, and report NOx and SOx emissions for Isomax furnaces F-720 and  
11 F-731 on a monthly basis pursuant to the requirements of District Rule 2011(f)(2) and (f)(3)  
12 District Rule 2012(h)(2) and (h)(3) until Provisional Approval is issued pursuant to Rule 2011,  
13 Appendix A, Chapter 2, paragraph B.14 and Rule 2012, Appendix A, Chapter 2, paragraph B.13.

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

16 1. Petitioner has considered the option of curtailing or terminating Furnace operations  
17 in lieu of obtaining a variance, but achieving compliance through curtailment is not an option here.  
18 To comply with applicable District rules and permit conditions, the RATA on CEMS 13 and  
19 quarterly source testing for ammonia needs to be performed to achieve compliance in this matter.  
20 The furnaces will not be brought back online until repairs are complete, and Petitioner cannot  
21 perform the RATA or ammonia source testing until the furnaces are back online. Curtailment or  
22 termination of operations will not achieve final compliance in this matter. The subject furnaces  
23 require repairs and will remain non-operational for nearly all the duration of this variance.  
24 Petitioner anticipates that the equipment will be brought back online and the RATA on CEMS 13  
25 and source testing performed no later than September 30, 2026. There are no excess emissions if  
26 the variance were granted.

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

3           1. As mentioned above, during the period that the variance is in effect, there will be no  
4 excess emissions because the subject equipment is non-operational. Nonetheless, Petitioner agrees  
5 to reduce excess emissions to the maximum extent feasible by complying with the conditions of  
6 the Order. Specifically, to mitigate excess emissions, Petitioner will continue to operate and  
7 calibrate CEMS 13 for the duration of the variance period, and report NOx and SOx emissions for  
8 Isomax furnaces F-720 and F-731 on a monthly basis pursuant to the requirements of District Rule  
9 2011(f)(2) and (f)(3) and District Rule 2012(h)(2) and (h)(3) until Provisional Approval is issued  
10 pursuant to Rule 2011, Appendix A, Chapter 2, paragraph B.14 and Rule 2012, Appendix A,  
11 Chapter 2, paragraph B.13.

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

15           1. Petitioner will monitor emissions during the variance period. The equipment in this  
16 matter will be monitored by CEMS 13. While under provisional certification, CEMS 13 is  
17 operational while Petitioner continues to investigate the incident. The Isomax furnaces F-720 and  
18 F-731 will not be operational. As such, Petitioner expects the CEMS to record zero emissions  
19 from the equipment during the variance period. Petitioner will monitor, record and report to the  
20 District air emissions from the Refinery to the District in accordance with the conditions of the  
21 Order.

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**CONCLUSION AND ORDER**

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

A. Petitioner is granted a regular variance from District Rules 203(b), 2004(f)(1), 2011(f)(6), 2012(h)(6), and 3002(c)(1), and from Permit Conditions D82.18, D29.29, and Administrative Condition No. 2 of Title V Facility P/0 No. 800030 for the period commencing December 2, 2025, and continuing through final compliance, but no later than September 30, 2026.

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

1. The variance period shall commence on December 2, 2025, and shall conclude upon completion of both the source test pursuant to Condition No. 4 and the NO<sub>x</sub> and SO<sub>x</sub> Continuous Emissions Monitoring System (CEMS) certification tests pursuant to Condition No. 5, but no later than September 30, 2026.

2. Petitioner shall complete the startup process for Isomax furnaces F-720 (D641) and F-731 (D643) at the Refinery as soon as practical following repairs but no later than June 30, 2026.

3. Within 24 hours after the SCR (C4523) serving F-720 and F-731 is brought back online, Petitioner shall inform South Coast AQMD Air Quality (AQ) Inspector Huy Dang (by email: hdang@aqmd.gov).

4. Within 30 days of bringing the SCR (C4523) online, Petitioner shall conduct a source test pursuant to the requirements of Condition D29.29 of Petitioner's facility permit.

5. Within 90 days of completing the startup process for F-720 and F-731 pursuant to Condition No. 2, Petitioner shall conduct the NO<sub>x</sub> and SO<sub>x</sub> CEMS certification tests for the Isomax CEMS serving F-720 and F-731.

6. At least 10 days before the scheduled CEMS certification test date, Petitioner shall notify the South Coast AQMD via 1-800-CUT-SMOG and AQ Inspector Huy Dang (by email: hdang@aqmd.gov).

7. Petitioner shall continue to operate and calibrate Isomax CEMS for the duration of the variance period.

1           8.       Petitioner shall report NOx and SOx emissions for Isomax furnaces F-720 (D641)  
2 and F-731 (D643) on a monthly basis pursuant to the requirements of Rule 2011, Paragraphs (f)(2)  
3 and (f)(3), and Rule 2012, Paragraphs (h)(2) and (h)(3) until Provisional Approval is issued  
4 pursuant to Rule 2011, Appendix A, Chapter 2, Paragraph B.14 and Rule 2012, Appendix A,  
5 Chapter 2, Paragraph B.13.

6           9.       Petitioner shall notify the Clerk of the Hearing Board and the South Coast AQMD  
7 by email (ClerkofBoard@aqmd.gov and hdang@aqmd.gov) within 5 days of achieving final  
8 compliance in this matter. For the purposes of this condition, final compliance will be defined as  
9 having completed the source test pursuant to Condition No. 4 and the NOx and SOx CEMS  
10 certification tests pursuant to Condition No. 5.

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