

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

3 In the Matter of

4 LUNDAY-THAGARD COMPANY DBA WORLD
5 OIL REFINING,

6 [Facility I.D. No. 800080]

7
8 Section 42350 of the California Health and Safety
9 Code

Case No. 2033-35

(PROPOSED)
ORDER GRANTING A SHORT
VARIANCE

Hearing Date: November 19, 2025

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

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12 This petition for short variance was heard on the consent calendar on November 19, 2025,
13 pursuant to notice and in accordance with the provisions of California Health and Safety Code
14 Section 40823 and District Rule 510. The matter was placed on the Consent Calendar pursuant to
15 the Joint Stipulation to Place Matter on Consent Calendar. The following members of the Hearing
16 Board were present: Micah Ali, Chair; Robert Pearman, Vice Chair; Jerry P. Abraham, MD, MPH,
17 CMQ; Cynthia Verdugo-Peralta, and Mohan Balagopalan. Petitioner World Oil Refining
18 (hereinafter "Petitioner" or "World Oil") was represented by Aron Potash, of the law firm of
19 Latham & Watkins. Respondent, Executive Officer, was represented by Mary Reichert, Senior
20 Deputy District Counsel. Counsel for Petitioner and Respondent did not appear during the Consent
21 Calendar hearing. The public was given the opportunity to testify. The Declaration of David
22 Chetkowski was received as evidence and the Proposed Findings and Decision of the Hearing
23 Board was received as an exhibit, and the case submitted. The Hearing Board finds and decides as
24 follows:
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Nature of Business and Location of Facility

Petitioner, located at 9302 Garfield Avenue, South Gate, California, operates a petroleum refinery that processes crude oil into asphalt. Non-asphalt byproducts (naphtha, light distillate oil, and vacuum gas oils) are purchased by other companies (including motor fuel refineries) for further processing.

Equipment and Permit to Construct/Operate

The equipment that is the subject of this petition is the C97 vapor incinerator and equipment associated with refinery operations and asphalt blowing operations, including the refinery crude unit, wastewater treatment plant, storage tanks, scrubbers, heaters and boilers. A complete list of equipment subject to this petition is included as **Exhibit A**. The equipment is operated pursuant to Facility RECLAIM Permit No. 800080, dated July 25, 2025.

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 short variance to shut down all refinery operations for several hours to complete the replacement of an uninterruptable power supply (“UPS”) to provide backup power to the vapor incinerator (C97), the distributed control system (“DCS”), control room, and critical safety equipment and instrumentation. Prior to undertaking this work to complete installation of the new UPS, as well as during the variance period, World Oil will cease all active refinery operations, including operation of incinerator C97, the refinery crude unit, asphalt blowing operations, wastewater treatment plant, storage tanks, asphalt loading operations, and all unloading operations. Petitioner’s permit requires that it vent storage tanks and wastewater components to C97 via the H2S scrubbers C239 and C240 (“Storage Tank Line H2S Scrubbers”), which are continuously monitored for H2S concentration. District Rules 2011(c)(2)(A), 2012(c)(2)(A), 1173(h), and

1 permit conditions also require the operator to install and maintain certain continuous monitoring
2 devices and continuously monitor gas flow. Since C97 will not be in operation and all power will
3 be out at the facility while the new UPS is connected to the facility power systems, Petitioner will
4 not be able to comply with these permit requirements. Accordingly, Petitioner will not be able to
5 maintain compliance with all Facility Permit conditions in accordance with District Rules 203(b),
6 2004(f)(1) and 3002(c)(1) as well as the monitoring requirements in Rules 2011(c)(2)(A),
7 2012(c)(2)(A), and 1173(h), while the facility is not in operation as the new UPS is connected to
8 the facility power systems.

9 The UPS providing backup power for the facility is beyond the end of its useful life and
10 must be replaced and cannot be fully installed without turning off power to the facility for a short
11 period. Petitioner requires a short variance to perform this necessary installation.

12 **FINDINGS OF FACT**

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

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

18 1. The subject equipment is currently in compliance, however, Petitioner must shut
19 down the facility for several hours to complete the replacement of a UPS to provide backup power
20 to the vapor incinerator (C97), the DCS, control room, and critical safety equipment and
21 instrumentation. Following two breakdown incidents linked to the existing UPS on April 15 and
22 May 5, 2025, resulting in a shutdown of the refinery, both of which were timely reported to the
23 District, it became clear that the existing UPS requires replacement due to its age and the
24 unavailability of spare parts, as the manufacturer no longer supports the existing UPS system.

25 2. Subsequently, Petitioner obtained and has partially installed a replacement UPS
26 system. The new UPS is physically in place; however, to finish installing the replacement UPS,
27 World Oil will need to deenergize the facility's main power supply so that the UPS can safely be
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1 integrated into the facility's power systems. During this work to complete installation of the new
2 UPS, the facility will be without main or backup power.

3 3. Prior to undertaking this work to complete installation of the new UPS, as well as
4 during the variance period, World Oil will cease all active refinery operations, including operation
5 of incinerator C97, the refinery crude unit, asphalt blowing operations, wastewater treatment plant,
6 storage tanks, asphalt loading operations, and all unloading operations.

7 4. Petitioner's permit requires that it vent certain facility storage tanks (D35, D38,
8 D39, D40, D47, D48, D49, D50, D71, D251, D252, D269, D270, D284, and D286, which are used
9 to store naphtha, crude oil, vacuum gas oils, light distillate oil, waste water, and slop oil (the
10 "Storage Tanks")) and wastewater system components D222 (an API separator) and D237 (a
11 dissolved air flotation unit) (together, the "Wastewater Components") to C97 via the Storage Tank
12 Line H2S Scrubbers. (See the "Connected To" column on pages 1-17 of Section D of the facility
13 permit). Even though all active refinery operations, including operation of incinerator C97, will be
14 stopped to complete the installation of the new UPS, solar radiation during the variance period
15 could result in emissions (breathing losses) from the Storage Tanks, and any such emissions cannot
16 be vented to incinerator C97 (as C97 will be without power). Accordingly, Petitioner will be in
17 violation of the permit condition requiring Petitioner to vent the Storage Tanks and Wastewater
18 components to incinerator C97 via the Storage Tank Line H2S Scrubbers, and therefore will also
19 be in violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with
20 permit conditions.

21 5. In addition, Petitioner will be unable to comply with District Rules and permit
22 conditions requiring continuous monitoring of gas flow (Condition D90.3, C1.47), fuel flow
23 (Conditions F.I(B), F.I(C), and C1.27) temperature (Condition C8.4), storage tank levels
24 (Conditions C1.19, C1.48 C1.20, C1.21, C1.31, C1.32, C1.34, C1.35, C1.38, C1.39, C1.41, C1.42,
25 C1.45, and C1.46), SOx emissions from RECLAIM major sources (Rule 2011(c)(2)(A) and
26 Condition F.D), and atmospheric pressure release device status (District Rule 1173(h), Conditions
27 D90.3, S4.1, and S4.2). All equipment, including monitoring equipment and the continuous
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1 emissions monitoring systems (SO₂, O₂, and flow in the I-301 main stack and bypass stack; H₂S
2 for the tank vent waste gas line, refinery gas waste gas line, and asphalt loading waste gas line),
3 will be without power during the installation of the UPS backup power supply, such that Petitioner
4 will not be able to comply with District Rules and permit conditions requiring such monitoring
5 during this limited time. In addition, because Petitioner will be in violation of Conditions C8.4,
6 D90.3, S4.1, S4.2, F.D, C1.19, C1.48 C1.20, C1.21, C1.31, C1.32, C1.34, C1.35, C1.38, C1.39,
7 C1.41, C1.42, C1.45, C1.46, C1.47, F.I(B), F.I(C), and C1.27, Petitioner will also be in violation
8 of District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with permit
9 conditions. District Rules 2011(c)(2)(A) and 2012(c)(2)(A) also require that the Petitioner
10 continuously monitor SO_x and NO_x emissions at each major source. This monitoring equipment
11 will also be without power during the installation of the UPS backup power supply, such that
12 Petitioner will be in violation of these Rules during this limited timeframe.

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

15 1. Petitioner is currently in compliance with applicable District Rules and permit
16 conditions. However, the UPS providing backup power for the facility is beyond the end of its
17 useful life and must be replaced. There are no available spare parts to fully repair the UPS because
18 the manufacturer no longer supports the existing UPS system. Petitioner has purchased and
19 installed a new UPS; however the UPS cannot be put into service until it is connected to the
20 facility's main power supply. This requires a power disconnect and complete shutdown of the
21 facility and incinerator for a short period to complete, so it is beyond Petitioner's reasonable
22 control to comply with all permit requirements while the facility is without power. The refinery
23 and incinerator cannot be operated while the UPS replacement is occurring because of the
24 electrical work required to complete the installation. The UPS cannot be installed to serve as
25 backup power to the facility unless the facility is powered off to complete installation.

26 2. Petitioner expects that the UPS installation can be completed in approximately 4
27 hours, but is requesting variance coverage for 24 hours. Petitioner has already purchased and
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1 installed a new UPS, but requires a power disconnect and complete shutdown of the facility and
2 incinerator to complete. During this shutdown, Petitioner cannot comply with permit conditions
3 requiring continuous monitoring of natural gas flow, refinery gas flow, temperature, storage tank
4 levels, and atmospheric pressure release devices. All equipment, including monitoring equipment,
5 will be without power during the installation of the UPS backup power supply, such that Petitioner
6 will not be able to comply with District Rules 2011(c)(2)(A), 2012(c)(2)(A), 1173(h) and permit
7 conditions requiring such monitoring. In turn, Petitioner will not be able to comply with District
8 Rules 203(b), 2004(f)(1), and 3002(c)(1) requiring compliance with permit conditions. The
9 facility's distributed control system ("DCS") will record parameters as the applicable units are shut
10 down, providing confirmation that operations have ceased. Data will cease recording during the
11 power outage, but will begin recording again within an anticipated approximately four hours when
12 power is restored and instrumentation and DCS resume operation. And, while permit conditions
13 require continuously monitoring Storage Tank levels, without operational pumps to move
14 materials in and out of the tanks, levels will remain unchanged.

15 3. Petitioner will also not be able to vent to C97 any emissions which may occur from
16 the Storage Tanks and Wastewater Components, in violation of permit conditions requiring that it
17 vent the Storage Tanks and Wastewater Components to C97 via the Storage Tank Line H2S
18 Scrubbers. As discussed above, C97 will not be in operation while the new UPS is connected to the
19 facility power systems, and therefore Petitioner will not be able to comply with Rules 203(b),
20 2004(f)(1), and 3002(c)(1) requiring compliance with permit conditions. The Storage Tanks need
21 to "breathe" during the C97 shutdown period, so unless the tanks are completely removed from
22 service, the potential breathing losses will need to be vented. To completely remove the tanks from
23 service, the tanks would have to be drained, degassed and cleaned pursuant to SCAQMD Rule
24 1149 and other regulatory requirements. This process would take several weeks to accomplish,
25 cost in excess of \$250,000 (project costs only), and would generate far greater emissions than
26 leaving the tanks in operation during the C97 shutdown period. In addition, extensive economic
27 and operational hardships would be realized by Petitioner, employees, contractors, and crude oil
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1 suppliers as a result of these tanks being taken out of service for an extended period of time. For
2 these reasons, completely removing the Storage Tanks from service would be beyond Petitioner's
3 reasonable control. Petitioner will install an alternative vapor control system for the shutdown
4 period and will ensure that the supplier of the alternative vapor control system has a various
5 locations permit for the system. Petitioner specifically proposes using a GEM Mobile Treatment
6 Services, Inc. ("GEM") 1.5 MMBtu/hr mobile thermal oxidizer as the alternative control device,
7 which has a VOC destruction efficiency equivalent to that of the permitted incinerator. Use of this
8 alternative control device should result in no excess emissions during the shutdown. In addition,
9 the Storage Tank Line H₂S Scrubbers will continue to control H₂S during the power outage
10 because the Scrubbers are large vessels filled with granulated SulfaTreat material (small iron oxide
11 rocks). H₂S naturally reacts with the iron oxide to form iron sulfide. Vapors from the storage tanks
12 and wastewater system will be drawn through the SulfaTreat vessels by the GEM thermal oxidizer,
13 thus H₂S control will continue during the variance period.

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

16 1. If the variance is not granted and Petitioner is unable to complete installation of the
17 UPS for backup power, the facility risks future breakdowns and/or unsafe shutdowns of the
18 Facility whenever there is a power supply issue (outage, momentary dip or loss in power, etc.) or
19 change in power quality. Petitioner is unable to repair the existing UPS due to the lack of available
20 spare parts, resulting in economic losses of well in excess of \$15 million per month while the
21 refinery is nonoperational.

22 2. If the variance is not granted, Petitioner would have to eliminate the VOC breathing
23 loss emissions from the Storage Tanks by removing them from active service. As discussed above,
24 in order to remove the tanks from active service, the tanks would have to be drained, degassed and
25 cleaned pursuant to SCAQMD Rule 1149 and other regulatory requirements. This process would
26 take several weeks to accomplish, cost in excess of \$250,000 (project costs only), and would
27 generate far greater emissions than leaving the tanks in operation (idle) during the temporary
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1 shutdown period (anticipated to last only 4 hours, although variance coverage is requested for 24
2 hours in the event of unanticipated circumstances).

3 3. Moreover, Petitioner would have no feasible option to install the UPS while
4 performing the monitoring required under its permit, as there would be no power source for the
5 monitors.

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

8 1. The closing or taking would be without a corresponding benefit in reducing air
9 contaminants because Petitioner would be required to remove the Storage Tanks from active
10 service to eliminate the VOC breathing loss emissions. This process would take several weeks to
11 accomplish and would generate far greater emissions than leaving the tanks idle during the
12 temporary shutdown period.

13 2. Alternatively, if the variance is granted, Petitioner does not anticipate any excess
14 emissions because Petitioner will, as an alternative to removing the tanks from service, vent the
15 breathing loss emissions to an alternative control device with a District various locations permit
16 and a VOC destruction control efficiency of 99% or greater, equivalent to that of Incinerator I-301
17 (C97). Petitioner specifically proposes using a GEM 1.5 MMBtu/hr mobile thermal oxidizer as the
18 alternative control device, which has a VOC destruction efficiency equivalent to that of the
19 permitted incinerator. Use of this alternative control device should result in no excess emissions
20 during the shutdown. In addition, the Storage Tank Line H₂S Scrubbers will continue to control
21 H₂S during the power outage because the Scrubbers are large vessels filled with granulated
22 SulfaTreat material (small iron oxide rocks). H₂S naturally reacts with the iron oxide to form iron
23 sulfide. Vapors from the storage tanks and wastewater system will be drawn through the
24 SulfaTreat vessels by the GEM thermal oxidizer, thus H₂S control will continue during the
25 variance period.

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

3 1. Petitioner will cease all operations during the variance period, but doing so will not
4 eliminate the need for a variance. Petitioner must cease all of its operations because the refinery
5 will be shut down and without power to allow for the installation of the UPS. Specifically,
6 Petitioner will have already ceased all refining operations, including its asphalt blowing
7 operations, wastewater treatment operations, asphalt loading operations, and truck unloading
8 operations. There will be no emissions from these activities As discussed above, VOC breathing
9 loss emissions may be generated from the Storage Tanks due to vapor expansion caused by the
10 heat of the day (breathing losses) and the only way to completely eliminate the VOC losses from
11 these tanks is to remove them from active service, which would result in additional VOC
12 emissions, excessive costs, and hardships to Petitioner, its employees, contractors, and suppliers.

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

15 1. During the period that the variance is in effect, Petitioner is agreeing to operate an
16 alternative control device, and accordingly there will be no excess emissions. Specifically, to
17 mitigate excess emissions, Petitioner will vent the breathing loss emissions to an alternative
18 control device with a District various locations permit and a VOC destruction control efficiency of
19 99% or greater, equivalent to that of Incinerator I-301 (C97). Petitioner specifically proposes using
20 a GEM 1.5 MMBtu/hr mobile thermal oxidizer as the alternative control device, which has a VOC
21 destruction efficiency equivalent to that of the permitted incinerator, use of this alternative control
22 device should result in no excess emissions during the shutdown. Further, the Storage Tank Line
23 H2S Scrubbers will continue to control H2S during the power outage because the Scrubbers are
24 large vessels filled with granulated SulfaTreat material (small iron oxide rocks). H2S naturally
25 reacts with the iron oxide to form iron sulfide. Vapors from the storage tanks and wastewater
26 system will be drawn through the SulfaTreat vessels by the GEM thermal oxidizer, thus H2S
27 control will continue during the variance period.

1 2. While the incinerator I-301 is out of service, Petitioner shall utilize a portable vapor
2 control system to control emissions from Storage Tanks (devices D35, D38, D39, D40, D47, D48,
3 D49, D50, D71, D251, D252, D269, D270, D284, and D286), and wastewater treating system
4 (devices D222 and D237). The portable vapor control system will be connected downstream of
5 the Sulfa Treat system (C329 and C240), which will continue to provide some H2S removal from
6 the collected vapors. Petitioner shall only use the portable vapor control systems with Permit to
7 Operate G5818 or an equivalent emission control system approved in writing by the Executive
8 Officer. The portable vapor control system shall have a minimum control efficiency of 95%.

9 3. Petitioner shall not operate the portable vapor control systems in a manner
10 inconsistent with the Permits to Operate for such equipment. All conditions set forth in the Permits
11 to Operate will be followed during the variance period.

12 4. Petitioner shall inform South Coast AQMD compliance personnel by calling 1-800-
13 CUT-SMOG and via email (Attention: Air Quality Inspector Morgan Kossak at
14 mkossak@aqmd.gov) to report a *Variance Notification* seventy-two (72) hours prior to the start of
15 the variance period. The variance period will last for twenty-hour (24) hours between the dates of
16 December 15, 2025 and January 31, 2026.

17 5. Petitioner shall inform South Coast AQMD compliance personnel by calling 1-800-
18 CUT-SMOG and via email (Attention: Air Quality Inspector Morgan Kossak at
19 mkossak@aqmd.gov) to report a *Variance Notification* at least four (4) hours prior to initially
20 shutting down the incinerator I-301 anytime during the variance period.

21 6. Petitioner shall inform the South Coast AQMD compliance personnel by calling 1-
22 800-CUT-SMOG and via email (Attention: Air Quality Inspector Morgan Kossak at
23 mkossak@aqmd.gov) within one (1) hour of receiving any complaint(s) from the public.

24 7. Petitioner shall monitor the duration of the shutdown, calculate breathing loss
25 emissions, and provide the calculations to the South Coast AQMD upon request.

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Exhibit A: List of Subject Equipment

Equipment/Activity	Application/ Permit No.	RECLAIM Device No.
Storage Tank 413, Fixed Roof, LVGO, 20,000 gals	556994	D38
Storage Tank 414, Fixed Roof, LVGO, 20,000 gals	564027	D39
Storage Tank 415, Fixed Roof, LVGO, 20,000 gals	556992	D40
Storage Tank 418, Fixed Roof, LVGO, Naphtha, Gas Oil, Light Distillate Oil, 20,305 gals	603730	D286
Storage Tank 419, Fixed Roof, Naphtha, Gas Oil, 20,106 gals	493999	D47
Storage Tank 420, Fixed Roof, Naphtha, Gas Oil, 20,106 gals	633905	D48
Storage Tank 421, Fixed Roof, Naphtha, Gas Oil, 20,106 gals	620870	D49
Storage Tank 422, Fixed Roof, Naphtha, Gas Oil, Kerosene, 20,106 gals	620871	D50
Storage Tank 2029, Fixed Roof, Steam Heated, Asphalt, 2000 bbl	578906	D58
Storage Tank 10027, Fixed Roof, Steam Heated, Asphalt, 10000 bbl	589462	D62
Storage Tank 2025, Fixed Roof, Steam Heated, Asphalt, 2000 bbl	613090	D64
Storage Tank 10028, Fixed Roof, Asphalt, 10000 bbl	5S9463	D66
Storage Tank 423, Fixed Roof, Naphtha, Gas Oil, Light Distillate Oil, 20,305 gals	597148	D284
Storage Tank 3503, Fixed Roof, Slop Oil, Waste Water, 3700 bbls	539681	D252
Storage Tank 3504, Fixed Roof, Slop Oil, Waste Water, 4029 bbls	588765	D270
Storage Tank 4208, Fixed Roof, LVGO, 4200 bbls	556995	D71
Storage Tank 4207, Fixed Roof, Steam Heated, Asphalt, 4200 bbl	635652	D73
Storage Tank 4210, Fixed Roof, Steam Heated, Asphalt, 4200 bbl	635653	D75
Storage Tank 8705, Fixed Roof, Crude, 8700 bbls	498827	D35
Storage Tank 10001, Fixed Roof, Crude, 10,307 bbls	540826	D251
Storage Tank 2709, Fixed Roof, Steam Heated, 2956 bbl	586970	D267
Storage Tank 10002, Fixed Roof, Crude, 10,307 bbls	585587	D269
Storage Tank 5540, Fixed Roof, Steam Heated, Asphalt, 232657 gals	634118	D292
Storage Tank 2036, Fixed Roof, Asphalt, 2000 bbl	578905	D123
Storage Tank 2026, Fixed Roof, Asphalt, 2000 bbl	578904	D152
Storage Tank 1233, Fixed Roof, Steam Heated, Asphalt, 1200 bbl	645903	D129
Storage Tank 1231, Fixed Roof, Steam Heated, Asphalt	575578	D125
Oil Water Separator, Fixed Roof, 72,000 gpd	622795	D222
Air Flotation Unit, DAF, Circular	622795	D237
Scrubber, Packed Bed, V-510, 6000 lbs	622796	C239

Equipment/Activity	Application/ Permit No.	RECLAIM Device No.
Scrubber, Packed Bed, V-511, 6000 lbs	622796	C240
Incinerator, I-301, Natural Gas, Process Gas, 14 MMBTU/HR	612433	C97
Crude Tower C-101	607637	D6
Vacuum Tower C-104	563995	D7
Vacuum Tower C-105	563995	D8
Asphalt Blowing Still V-1	CI4209	D80
Asphalt Blowing Still V-2	CI4210	D81
Asphalt Blowing Still V-3	CI4211	D82
Asphalt Blowing Still V-4	636839	D83
Asphalt Blowing Vapor Line	N/A	N/A
SulfaTreat Vessel V-401	438515	C217
SulfaTreat Vessel V-402	438515	C218
SulfaTreat Vessel V-403	438515	C219
Heater, H-501, Road Oil, Natural Gas	474534	D19
Heater, Huertey Petrochem, Atmospheric Distillation	641012	D20
Heater, Joy, Vacuum Charge, Natural Gas	339698	D84
Boiler (North), Natural Gas, Cleaver-Brooks	461247	D214
Boiler, Natural Gas, English	459810	D231

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