NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

To: Governor's Office of Land Use and Climate Innovation – State Clearinghouse 1400 Tenth St, Suite 222 Sacramento, CA 95814-5502	**From:** South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Project Title: Proposed Amended Rule 463 – Organic Liquid Storage

Project Location: The proposed project is located within the South Coast Air Quality Management District's (South Coast AQMD) jurisdiction, which includes the four-county South Coast Air Basin (all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties), and the Riverside County portion of the Salton Sea Air Basin and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project: Rule 463 applies to above-ground stationary tanks with capacity of 75,000 liters (19,815 gallons) or more used to store organic liquids, above-ground tanks with a capacity between 950 liters (251 gallons) and 75,000 liters (19,815 gallons) that are used to store gasoline, and any stationary tank used in crude oil and natural gas production operations with potential to emit six tons per year or more of volatile organic compounds (VOC). Rule 463 was most recently amended in 2024 to further limit VOC emissions from organic liquid tanks by establishing periodic optical gas imaging (OGI) inspections and more stringent control requirements. Proposed Amended Rule 463 (PAR 463) clarifies the applicability for the types of storage tanks that would be subject to periodic OGI inspections and provides an additional compliance pathway to demonstrate vapor control performance for smaller gasoline tanks. PAR 463 clarifies that smaller gasoline tanks will be excluded from the requirement to conduct OGI inspections. While conducting OGI inspections on smaller gasoline tanks could potentially reduce 5.6 pounds per day of VOC emissions from these sources, it is not cost-effective to do so. Nonetheless, the potentially unachieved emission reductions do not exceed the South Coast AQMD air quality significance threshold for VOC emissions during operation and therefore, are not a significant impact on the environment. PAR 463 will benefit stakeholders by providing improved clarity when implementing the applicable requirements.

Public Agency Approving Project: South Coast Air Quality Management District	**Agency Carrying Out Project:** South Coast Air Quality Management District

Exempt Status:
CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption

Reasons why project is exempt: South Coast AQMD, as Lead Agency, has reviewed the proposed project pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. It can be seen with certainty that there is no possibility that the proposed project (PAR 463) may have a significant adverse effect on the environment because: 1) no physical modifications are expected from making administrative clarifications; and 2) excluding smaller gasoline tanks from OGI inspection requirements will not exceed the South Coast AQMD air quality significance threshold for VOC emissions during operation. Therefore, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption.

Date of Project Approval: South Coast AQMD Governing Board Public Hearing: January 9, 2026		
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Date Received for Filing: _____ **Signature:** *January 9, 2026*

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