

ILLINOIS POLLUTION CONTROL BOARD
March 19, 2009

CITATION OIL & GAS CORPORATION,)
Bio Desulfurization Unit, (Property ID No. 15-)
06-200-11),)
)
Petitioner,)
)
v.) PCB 09-68
) (Tax Certification - Air)
ILLINOIS ENVIRONMENTAL)
PROTECTION AGENCY,)
)
Respondent.)

ORDER OF THE BOARD (by G.T. Girard):

On March 12, 2009, the Illinois Environmental Protection Agency (Agency) recommended that the Board certify certain facilities of Citation Oil & Gas Corporation (Citation Oil) as “pollution control facilities” for preferential tax treatment under the Property Tax Code. *See* 35 ILCS 200/11-5 *et seq.* (2006); 35 Ill. Adm. Code 125. Citation Oil’s natural gas liquids (“NGL”) manufacturing plant is located near Odin in Marion County. In this order, the Board describes the legal framework for tax certifications, discusses the Agency’s recommendation, and certifies that Citation Oil’s air emissions sources at its site are pollution control facilities.

LEGAL FRAMEWORK

Under the Property Tax Code, “[i]t is the policy of this State that pollution control facilities should be valued, at 33 1/3% of the fair cash value of their economic productivity to their owners.” 35 ILCS 200/11-5 (2006); *see also* 35 Ill. Adm. Code 125.200(a)(2). “For tax purposes, pollution control facilities shall be certified as such by the Pollution Control Board and shall be assessed by the Department [of Revenue].” 35 ILCS 200/11-20 (2006); *see also* 35 Ill. Adm. Code 125.200(a).

Under Section 125.202 of the Board’s procedural rules, a person may submit an application for tax certification to the Agency. *See* 35 Ill. Adm. Code 125.202. If the Agency receives a tax certification application, the Agency must file with the Board a recommendation on the application, unless the applicant withdraws the application. *See* 35 Ill. Adm. Code 125.204(a). Among other things, the Agency’s filing must recommend that the Board issue or deny tax certification. *See* 35 Ill. Adm. Code 125.204(a)(4). If the Board finds “that the claimed facility or relevant portion thereof is a pollution control facility . . . , the Pollution Control Board . . . shall enter a finding and issue a certificate to that effect.” 35 ILCS 200/11-25 (2006); *see also* 35 Ill. Adm. Code 125.216(a).

AGENCY RECOMMENDATION

The Agency states that it received a tax certification application from Citation Oil on December 26, 2006.¹ Rec. at 1. On March 12, 2009, 2009, the Agency filed a recommendation on the application with the Board, attaching the application. The Agency's recommendation identifies the facilities at issue:

construction and installation of a Bio Desulfurization Unit. As a part of the NGL manufacturing plant, the Bio Desulfurization Unit employs an innovative control technology to control process emissions, using absorption techniques in combination with biological treatment (i.e., hydrogen sulfide-eating bugs). Rec. at 2.

The Agency's recommendation further describes the facilities:

The control technology removes and breaks down the highly-concentrated hydrogen sulfide that is found in the sour casing head gas that is processed in NGL manufacturing. The process produces both elemental sulfur, which will be sent to a landfill, and a sweet residue gas, which will be flared. As a result of the project's implementation, neither the acid gas from the NPL manufacturing plant nor the existing well sites will need to be flared. Moreover, the resulting reduction in hydrogen sulfide will reduce ambient sulfur dioxide emissions within a five square mile area by an estimated 1,200 tons per year. Rec. at 2.

The Agency recommends that the Board certify that the identified facilities are pollution control facilities as defined in Section 11-10 of the Property Tax Code (35 ILCS 200/11-10 (2006)) because the primary purpose of the facilities is "prevent, eliminate or reduce air pollution." Rec. at 3.

TAX CERTIFICATE

Based on the Agency's recommendation and Citation Oil's application, the Board finds and certifies that Citation Oil's facilities identified in this order are pollution control facilities under the Property Tax Code (35 ILCS 200/11-10 (2006)). Under Section 11-25 of the Property Tax Code, the effective date of this certificate is "the date of application for the certificate or the date of the construction of the facility, which ever is later." 35 ILCS 200/11-25 (2006); *see also* 35 Ill. Adm. Code 125.216(a). Section 125.216(d) of the Board's procedural rules states that the Clerk "will provide the applicant and the Agency with a copy of the Board's order setting forth *the Board's findings and certificate, if any.*" 35 Ill. Adm. Code 125.216(d) (quoting in italics 35 ILCS 200/11-30 (2006)). The Clerk therefore will provide Citation Oil and the Agency with a copy of this order.

IT IS SO ORDERED.

¹ The Agency's recommendation is cited as "Rec. at _."

Section 41(a) of the Environmental Protection Act provides that final Board orders may be appealed directly to the Illinois Appellate Court within 35 days after the Board serves the order. 415 ILCS 5/41(a) (2006); *see also* 35 Ill. Adm. Code 101.300(d)(2), 101.906, 102.706. Illinois Supreme Court Rule 335 establishes filing requirements that apply when the Illinois Appellate Court, by statute, directly reviews administrative orders. 172 Ill. 2d R. 335. The Board's procedural rules provide that motions for the Board to reconsider or modify its final orders may be filed with the Board within 35 days after the order is received. 35 Ill. Adm. Code 101.520; *see also* 35 Ill. Adm. Code 101.902, 102.700, 102.702.

I, John Therriault, Assistant Clerk of the Illinois Pollution Control Board, certify that the Board adopted the above order on March 19, 2009, by a vote of 5-0.

A handwritten signature in cursive script that reads "John T. Therriault". The signature is written in black ink and is positioned above a horizontal line.

John Therriault, Assistant Clerk
Illinois Pollution Control Board