## \* \* \* \* \* PCB 2006-111 \* \* \* \* \*

## BEFORE THE ILLINOIS POLLUTION CONTROL BOARD OF THE STATE OF ILLINOIS

MARATHON ASHLAND PETROLEUM, LLC	)	
Reformulated Gasoline Blending Process	)	
	)	PCB 06-
	)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER	)	
51-34-1-21 or portion thereof	)	

### **NOTICE**

TO: Dorothy Gunn, Clerk
Hlinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

John S. Swearingen Marathon Ashland Petroleum Refinery Office Building Robinson, Illinois 62454

Steve Santarelli Illinois Department of Revenue 101 West Jefferson P.O. Box 19033 Springfield, Illinois 62794

PLEASE TAKE NOTICE that I have today electronically filed with the Office of the Pollution Control Board the <u>APPEARANCE</u> and <u>RECOMMENDATION</u> of the Illinois Environmental Protection Agency, a copy of which is herewith served upon the applicant and a representative of the Illinois Department of Revenue.

Respectfully submitted by,

/s/
Robb H. Layman
Assistant Counsel

Date: December 22, 2005

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY 1021 North Grand Avenue East P.O. Box 19276 Springfield, IL 62794-9276 Telephone: (217) 524-9137

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## BEFORE THE ILLINOIS POLLUTION CONTROL BOARD OF THE STATE OF ILLINOIS

APPEAR  I hereby file my Appearance in this p	
PROPERTY IDENTIFICATION NUMBER 51-34-1-21 or portion thereof	) (Tax Certification) ) )
Reformulated Gasoline Blending Process	) ) PCB 06-

I hereby file my Appearance in this proceeding on behalf of the Illinois Environmental Protection Agency.

Respectfully submitted by,

Robb H. Layman Assistant Counsel

Date: December 22, 2005

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY 1021 North Grand Avenue East P.O. Box 19276 Springfield, Illinois 62794-9276 Telephone: (217) 524-9137 ELECTRONIC FILING, RECEIVED, CLERK'S OFFICE, DECEMBER 22, 2005

\* \* \* \* \* PCB 2006-111 \* \* \* \* \*

# BEFORE THE ILLINOIS POLLUTION CONTROL BOARD OF THE STATE OF ILLINOIS

MARATHON ASHLAND PETROLEUM, LLC	)	
Reformulated Gasoline - Blending Process	)	
_	)	PCB 06-
	)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER	)	
51-34-1-21 or portion thereof	)	

### **RECOMMENDATION**

NOW COMES the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY ("Illinois EPA"), through its attorneys, and pursuant to 35 Ill. Adm. Code 125.204 of the ILLINOIS POLUTION CONTROL BOARD'S ("Board") procedural regulations, files the Illinois EPA's Recommendation in the above-referenced request for tax certification of pollution control facilities. In support thereof, the Illinois EPA states as follows:

- 1. On December 30, 2004, the Illinois EPA received a request and supporting information from MARATHON ASHLAND PETROLEUM, LLC, ("Marathon") concerning the proposed tax certification of certain air emission sources and/or equipment located at its Robinson refinery in Crawford County, Illinois. A copy of the relevant portions of the application is attached hereto. [Exhibit A].
  - 2. The applicant's address is as follows:

Marathon Ashland Petroleum, LLC Refinery Office Building Robinson, Illinois 62454

3. The pollution control facilities involved in this request are located at the aforementioned address and consist of the installation of equipment that involves the manufacture reformulated gasoline. The project is described as a Blending Process, which mainly consists of a computerized blending system and equipment for achieving

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segregation of product and related analyses. Notwithstanding the limited information contained within the application for tax certification, it does not appear that the overall project, or even portions thereof, is primarily meant to reduce or eliminate air pollution. Indeed, it is not apparent that any contaminants are removed or reduced from the refinery's operations. The description of the project instead suggests that it was intended solely as a process-related improvement.

- 4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2002), defines "pollution control facilities" as:
  - "any system, method, construction, device or appliance appurtenant thereto, or any portion of any building or equipment, that is designed, constructed, installed or operated for the primary purpose of: (a) eliminating, preventing, or reducing air or water pollution... or (b) treating, pretreating, modifying or disposing of any potential solid, liquid, gaseous pollutant which if released without treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property."
- 5. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).
- 6. Based on information in the application, it is the Illinois EPA's engineering judgment that the described project and/or equipment may not be considered as "pollution control facilities" in accordance with the statutory definition and consistent with the Board's regulations at 35 Ill. Adm. Code 125.200. [Exhibit B].
- 7. Because the Blending Process does not satisfy the aforementioned criteria, the Illinois EPA recommends that the Board **deny** the applicant's requested tax certification.

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Respectfully submitted by,
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
/s/

DATED: December 22, 2004

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY 1021 North Grand Avenue East P.O. Box 19276 Springfield, Illinois 62794-9276 Telephone: (217) 524-9137

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### CERTIFICATE OF SERVICE

I hereby certify that on the 22<sup>nd</sup> day of December, 2005, I electronically filed the following instruments entitled **NOTICE**, **APPEARANCE** and **RECOMMENDATION** with:

Dorothy Gunn, Clerk Illinois Pollution Control Board 100 West Randolph Street Suite 11-500 Chicago, Illinois 60601

and, further, that I did send a true and correct copy of the same foregoing instruments, by First Class Mail with postage thereon fully paid and deposited into the possession of the United States Postal Service, to:

Steve Santarelli Illinois Department of Revenue 101 West Jefferson P.O. Box 19033 Springfield, Illinois 62794 John S. Swearingen Marathon Ashland Petroleum Refinery Office Building Robinson, Illinois 62454

/s/ Robb H. Layman Assistant Counsel

## \* \* \* \* \* PCB 2006-111 \* \* \* \* \*

# APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT) POLLUTION CONTROL FACILITY AIR WATER

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY P. O. Box 19276, Springfield, IL 62794-9276

This Agency is authorized to request this information under Illinois Revised Statues, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

<u>.                                    </u>	FOR AGENCY USE			<del></del>			
File No.		ertification No.	<del></del>	Date			
Sec. A	Company Name	ıc					
	Marathon Ashland Petroleum L Person Authorized to Receive Certification	<u>Ļ.</u> t.	Person to Contact fo	r Additional Details			
	John Swearingen Street Address		Dennis Baker				
APPLICANT			Street Address				
	Refinery Office Building Municipality, State & Zip Code		539 South Main Street  Municipality, State & Zip Code				
	Robinson, IL 62454		Findlay, OH 45840				
	Telephone Number		Telephone Number				
APP	618-544-2121		419-421-3759				
	Location of Facility Quarter Section Township R	ange	Municipality	Township			
	Quarter Section Township R	ange	Robinson	Robinson			
	Street Address		County	Book Number			
	Route 33		Crawford Parcel Number				
	Property Identification Number			1 1 21			
Sec. B	Nature of Operations Conducted at the Above L	ocation	Part of 51-34				
000.2	Petroleum Refining			AFE 169			
İ	•						
٠,	Reformulated Gäsoline = Blen	ding					
NS S	Water Pollution Control Construction Permit No		Date Issued				
CTU	Water Pollution Control Construction Pennic No	Date 133Ded					
MANUFACTURING	NPDES PERMIT No.		Date Issued	Expiration Date			
A O							
	Air Pollution Control Construction Permit No.		Date Issued				
Ì	Air Pollution Control Operating Permit No.		Date Issued				
	96010007 (Title V)						
Sec. C	Describe Unit Process	· · · · · · · · · · · · · · · · · · ·	<del>'''                                  </del>				
ى ن	See Attached						
N S	Jee Meddened		[ <del>]</del>	CITY of the control of the city of the cit			
MANUFACTURING PROCESS	Materials Used in Process		3 1	ECCIVED			
PRO							
MA	See Attached		DEC 3 0 2004				
			IEPA	- DAPC - SPELD			
Sec. D	Describe Pollution Abatement Control Facility						
, ₹							
E E	See Attached						
POLLUTION CONTROL FACILITY DESCRIPTION	See Accached						
100 E							
1 35							
P.C.							
t							

IL 532-0222 APC 151 (Rev. 8/00) Tax Certification for Pollution Control Facilities

Page 1 of 2 8/00

- Exhibit A

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Sec. E	(1) Nat	(1) Nature of Contaminants or Pollutants  Benzene and sulfur compounds								
	<del></del>		Benzer	Te dila 30	Material Reta	ined Cant	red or	Pecove	rad	
NTS.	Contan	ninant or Pollutant			RIPTION			red or Recovered ISPOSAL OR USE		
N N	Benz	W This		Benzene		<u> </u>	2101 00	JAL OIL	OOL	
TAM	Sulfur Compounds				Compounds	<u></u>				
) <u>N</u>								,		
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₩	(0) D=:				· · · · · · · · · · · · · · · · · · ·	<u> </u>		<del></del>		
2	(2) Pon	nt(s) of Waste Water Discharge	N/A							
X X	Plans and Specifications Attached Yes No xx								Νο χχ	
္မ	(3)	Are contaminants (or residues) col					Yes XX No			
ē		Date installation completed 0ct			installation o	n date of a	<u> </u>			
POLLUTION CONTROL FACILITY – ACCOUNTING DATA CONTAMINANTS	(5) a						\$ 2905000			
0 d	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:						2 1 2 3 000			
Ž		PRODUCTIVE GROSS ANNUAL	INCOME	OF CONTRO	OL FACILITY:	•	72,3 13			
ño							2470			
90₹	e					VALUE.	%	ZERO		
Sec. F	<u>i                                      </u>							. 313		
SIGNATURE 6	The following information is submitted in accordance with the Illinois Property Tax Code, as amended, and to the best of my knowledge, is true and correct. The facilities claimed herein are "pollution control facilities" as defined in Section 11-10 of the Illinois Property Tax Code.									
SIGN	Signature John Swearingen  Title Illinois Refining Division Manager'									
Sec. G	Signatt				ND FILING APF		11 17441	uger		
	General: Separate applications must be completed for each control facility claimed. Do not mix types (water and air). Where both air and water operations are related, file two applications. If attachments are needed, record them consecutively on an index sheet.									
	Sec. A	Sec. A Information refers to applicant as listed in the tax records and the person to be contacted for further details or for inspection of facilities. Define facility location by street address or legal description. A plat map location is required for facilities located outside of municipal boundaries. The property identification number is required.								
	Sec. B	Setf-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction Permit)						Permit)		
	Sec. C	Refers to manufacturing processes or materials on which pollution control facility is used.								
	Sec. D  Narrative description of the pollution control facility, indicating that its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility. State permit number, date, and agency issuing permit. A narrative description and a process flow diagram describing the pollution control facility. Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an average analysis of the influent and effluent of the control facility stating the collection efficiency.									
INSTRUCTIONS	Sec. E	Sec. E List air contaminants, or water pollution substances released as effluents to the manufacturing processes. List also the final disposal of any contaminants removed from the manufacturing processes. Item (1) – Refers to pollutants and contaminants removed from the process by the pollution control facility. Item (2) – Refers to water pollution but can apply to water-carried wastes from air pollution control facilities. Submit drawings, which clearly show (a) Point(s) of discharge to receiving stream, and (b) Sewers and process piping to aind from the control facility. Item (3) – If the collected contaminants are disposed of other than as wastes, state the disposition of the materials, and the value in dollars reclaimed by sale or reuse of the collected substances. State the cost of reclamation and related expense. Item (4) – State the date which the pollution control facility was first placed in service and operated. If not, explain, Item (5) – This information is essential to the certification and assessment actions. This accounting data must be completed to activate project review prior to certification by this Agency.								
	Sec. F	Sec. F Self-explanatory. Signature must be a corporate authorized signature.								
		Submit to:	Attention:		· <del></del>	Attention:				
		1	Thomas M	**		Donald E. Su	-			
			Permit Section Permit Section Permit Section 4-9276 Division of Water Pollution Control Division of A				tion Air Pollution Control			

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## Section C Describe Unit Process:

A new blend system consisting of a Honeywell distributed control system (DCS), a VAX computer, two gas chromatographs for benzene analysis, an Icotron software package (the blend algorithms), the knock engine hardware and software to interface between the existing engines and new TDC equipment and the electrical work to commission the system was installed in order to meet the 1995 reformulated per gallon gasoline specifications. The new blending system optimizes the blend on-line feedback measurements (octane, rvp, and benzene content). With this feedback, the blend is controlled via Honeywell equipment. Included in the installation were two GC analyzers that were required to provide the on-line benzene content of the blended product as well as some of the key components that are being fed to the blender.

To control the RVP of the low vapor pressure grades of gasoline, light gasoline must be segregated from ultraformate. To achieve this segregation, a new 25,000 barrel sphere was installed for C5 storage. The new sphere was engineered with a design pressure sufficient for isobutene storage allowing for inventory and maintenance flexibility.

An MTBE line was installed between the existing Robinson Waash pipeline station and the existing refinery MTBE storage tank.

Additional laboratory equipment was installed to analyze gasoline upon completion of the reformulated gasoline projects this included installation of an X-ray equipment capable of performing EPA mandated D2622 for sulfur analysis on RFG, balance for oxygenate analysis and a gas chromatograph for benzene analysis.

# Section C Materials used in process: Reformulated gasoline

#### Section D

### **Pollution Control Facility Description**

A new blend system consisting of a Honeywell distributed control system (DCS), a VAX computer, two gas chromatographs for benzene analysis, an Icotron software package (the blend algorithms), the knock engine hardware and software to interface between the existing engines and new TDC equipment and the electrical work to commission the system was installed in order to meet the 1995 reformulated per gallon gasoline specifications. The new blending system optimizes the blend on-line feedback measurements (octane, rvp, and benzene content). With this feedback, the blend is controlled via Honeywell equipment. Included in the installation were two GC analyzers that were required to provide the on-line benzene content of the blended product as well as some of the key components that are being fed to the blender.

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# ELECTRONIC FILING. RECEIVED. CLERK'S OFFICE, DECEMBER 22, 2005 \* \* \* \* \* PCB 2006-111 \* \* \* \* \*

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### ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19506, SPRINGFIELD, ILLINOIS 62794-9506 - (217) 782-2113

ROD R. BLAGOJEVICH, GOVERNOR DOUGLAS P. SCOTT, DIRECTOR

#### Memorandum

### Technical Recommendation for Tax Certification Denial

Date:

October 27, 2005

To:

Robb Layman

From:

Don Sutton DES

Subject:

Marathon Ashland Petroleum LLC TC-04-30-12V

This Agency received a request on December 30, 2004 from Marathon Ashland Petroleum LLC for an Illinois EPA recommendation regarding tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. I offer the following recommendation.

The air pollution control facilities in this request include the following:

Reformulated Gasoline-Blending system whose primary purpose is to meet reformulated gasoline requirements and isn't the reduction of Air Pollution and it does not meet the definition of a "Pollution Control Facility" it is therefore denied.

This facility is located at 100 Marathon Avenue, Robinson The property identification number is Part of 51-34-1-21

Based on the information included in this submittal, it is my engineering judgement that the proposed facility may not be considered "Pollution Control Facilities" under 35 IAC 125.00(a), with the primary purpose of eliminating, preventing, or reducing air pollution, or as otherwise provided in this section, and therefore not eligible for tax certification from the Illinois Pollution Control Board. Therefore, it is my recommendation that the Board deny the requested tax certification for this facility.



