

\* \* \* \* \* PCB 2006-112 \* \* \* \* \*

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

MARATHON ASHLAND PETROLEUM, LLC )  
Amine Expansion, Kerosene Treater, Crude Blending )  
and Merichem Treater Revamp )  
) PCB 06-  
) (Tax Certification)  
PROPERTY IDENTIFICATION NUMBER )  
51-34-1-21 or portion thereof )

**NOTICE**

TO: Dorothy Gunn, Clerk  
Illinois 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 APPEARANCE and RECOMMENDATION 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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OF THE STATE OF ILLINOIS

MARATHON ASHLAND PETROLEUM, LLC )  
Amine Expansion, Kerosene Treater, Crude Blending )  
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 ) (Tax Certification)  
PROPERTY IDENTIFICATION NUMBER )  
51-34-1-21 or portion thereof )

APPEARANCE

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

Respectfully submitted by,

\_\_\_\_\_/s/\_\_\_\_\_  
Robb H. Layman  
Assistant Counsel

Date: December 22, 2005

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 ) (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 POLLUTION 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 purportedly reduces sulfur in the crude charge. The equipment is described as relating to Amine

Expansion, Kerosene Treater, Crude Blending and Merichem Treater Revamp.

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 Amine Expansion, Kerosene Treater, Crude Blending and Merichem Treater Revamp project does not satisfy the aforementioned criteria, the Illinois EPA recommends that the Board **deny** the applicant's requested tax certification.

\* \* \* \* \* PCB 2006-112 \* \* \* \* \*

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION  
AGENCY

\_\_\_\_\_/s/\_\_\_\_\_  
Robb H. Layman  
Assistant Counsel

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

**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 2006-112\*\*\*\*\*

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

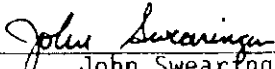
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
 P. O. Box 19276, Springfield, IL 62794-9276

This Agency is authorized to request this information under Illinois Revised Statutes, 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.

| FOR AGENCY USE                                       |  |   |   |             |  |
|--|--|---|---|-------------|--|
| File No.   | Date Received  | Certification No.   | Date  |             |  |
| Sec. A<br><br>APPLICANT                              | Company Name<br><b>Marathon Ashland Petroleum LLC</b>                    |   |   |             |  |
|  | Person Authorized to Receive Certification<br><b>John Swearingen</b>     |   | Person to Contact for Additional Details<br><b>Dennis Baker</b> |             |  |
|  | Street Address<br><b>Refinery Office Building</b>                        |   | Street Address<br><b>539 South Main Street</b>                  |             |  |
|  | Municipality, State & Zip Code<br><b>Robinson, IL 62454</b>              |   | Municipality, State & Zip Code<br><b>Findlay, OH 45840</b>      |             |  |
|  | Telephone Number<br><b>618-544-2121</b>                                  |   | Telephone Number<br><b>419-421-3759</b>                         |             |  |
|  | Location of Facility<br>Quarter Section      Township      Range         |   | Municipality  | Township    |  |
|  | Street Address<br><b>Route 33</b>  |   | County  | Book Number |  |
|  | Property Identification Number   |   | Parcel Number<br><b>Part of 51-34-1-21</b>                      |             |  |
|  | Sec. B<br><br>MANUFACTURING OPERATIONS                                   | Nature of Operations Conducted at the Above Location<br><b>Petroleum Refining</b> <span style="float: right;"><b>AFE 160</b></span> |   |             |  |
|  |  | <b>Amine Expansion, Kerosene Treater, Crude Blending &amp; Merichem Treater Revamp.</b>   |   |             |  |
| Water Pollution Control Construction Permit No.      |  | Date Issued   |   |             |  |
| NPDES PERMIT No.                                     |  | Date Issued   | Expiration Date   |             |  |
| Air Pollution Control Construction Permit No.        |  | Date Issued   |   |             |  |
| Sec. C<br><br>MANUFACTURING PROCESS                  | Describe Unit Process<br><b>See Attached</b>                             |   |   |             |  |
|  | Materials Used in Process<br><b>See Attached</b>                         |   |   |             |  |
|  | <b>RECEIVED</b><br><b>DEC 30 2004</b><br><b>IEPA - DAPC - SPFLD</b>      |   |   |             |  |
| Sec. D<br><br>POLLUTION CONTROL FACILITY DESCRIPTION | Describe Pollution Abatement Control Facility<br><br><b>See Attached</b> |   |   |             |  |

— Exhibit A —

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|   |  |  |   |
|---|--|--|---|
| POLLUTION CONTROL FACILITY - CONTAMINANTS | Sec. E (1) Nature of Contaminants or Pollutants  |  |   |
|   | Sulfur   |  |   |
|   | Material Retained, Captured or Recovered   |  |   |
|   | Contaminant or Pollutant   | DESCRIPTION  | DISPOSAL OR USE   |
|   | Sulfur   | Sulfur   |   |
|   |  |  |   |
|   |  |  |   |
|   |  |  |   |
|   |  |  |   |
|   |  | Sec. E (2) Point(s) of Waste Water Discharge   |   |
| ACCOUNTING DATA                           | Plans and Specifications Attached  |  | Yes   |
|   |  |  | No <input checked="" type="checkbox"/>                                  |
|   | (3)  | Are contaminants (or residues) collected by the control facility?  | Yes <input checked="" type="checkbox"/>                                 |
|   |  |  | No  |
|   | (4)  | Date installation completed <u>1997</u> status of installation on date of application <u>100%</u>  |   |
|   | (5)  | a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:  | \$ <u>189,229</u>   |
|   | b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:  | \$ <u>2,838</u>  |   |
|   | c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:   | \$ <u>2220</u>   |   |
|   | d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:   | \$ <u>2280</u>   |   |
|   | e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:  | % <u>.0204</u>   |   |
| SIGNATURE                                 | Sec. F 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. |  |   |
|   | <br>Signature <u>John Swearingen</u>  | <u>12/29/07</u><br>Title <u>Illinois Refining Division Manager</u>   |   |
| INSTRUCTIONS                              | Sec. G INSTRUCTIONS FOR COMPILING AND FILING APPLICATION   |  |   |
|   | 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   | 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   | Self-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction 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 <u>pollution control facility</u> . Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an <u>average</u> analysis of the influent and effluent of the control facility stating the collection efficiency.  |   |
|   | 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.<br>Item (1) - Refers to pollutants and contaminants removed from the process by the pollution control facility.<br>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 and from the control facility.<br>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.<br>Item (4) - State the date which the pollution control facility was first placed in service and operated. If not, explain.<br>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   | Self-explanatory. Signature must be a corporate authorized signature.  |   |
|   | Submit to:   | Attention:   | Attention:  |
|   | Illinois EPA<br>P.O. Box 19276<br>Springfield, IL 62794-9276   | Thomas McSwiggin<br>Permit Section<br>Division of Water Pollution Control  | Donald E. Sutton<br>Permit Section<br>Division of Air Pollution Control |



**Section C**

**Describe Unit Process:**

Facilities were installed to process up to .85 wt% sulfur in the crude charge. The Amine System was expanded. The Kerosene Treater, Crude Blending System and Merichem Gasoline Treater were revamped. The Desalter Water Stripper was installed.

**Section C**

**Materials used in process:**

Amine System, Kerosene Treater, Crude Blending, Merichem Gasoline Treater and Desalter Water Stripper.

**Section D**

**Pollution Control Facility Description**

Facilities were installed to process up to .85 wt% sulfur in the crude charge. The Amine System was expanded. The Kerosene Treater, Crude Blending System and Merichem Gasoline Treater were revamped. The Desalter Water Stripper was installed.

\* \* \* \* \* PCB 2006-112 \* \* \* \* \*

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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

ROD R. BLACCIEVICH, GOVERNOR

DOUGLAS P. SCOTT, DIRECTOR



Memorandum

Technical Recommendation for Tax Certification Denial

Date: October 27, 2005

To: Robb Layman

From: Don Sutton *DRS*

Subject: Marathon Ashland Petroleum LLC TC-04-30-12N

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:

Amine Expansion, Kerosene Treater, Crude Blending & Merichem Treater Revamp whose primary purpose is to allow the processing of crude oil with higher Sulfur in the crude charge. Because the primary purpose is to enable the processing of alternate feed stock and not to reduce or eliminate air pollution 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.

*Exhibit B*