

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

FLINT HILLS RESOURCES, LP)
Carbon Adsorber (NH-804))
) PCB 09-
) (Tax Certification)
PROPERTY IDENTIFICATION NUMBER)
10-10-200-002-0000 or portion thereof)

NOTICE

TO: [*Electronic filing*]
John Therriault, Assistant Clerk
Illinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

[*Service by mail*]
Tim Nicol
Flint Hills Resources, LP
23425 Amoco Road
Channahon, Illinois 60410

[*Service by mail*]
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

Robb H. Layman
Assistant Counsel

Date: April 8, 2009

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**

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Carbon Adsorber (NH-804))
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10-10-200-002-0000 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

Robb H. Layman
Assistant Counsel

Date: April 8, 2009

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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. The Illinois EPA recommends a **grant** of the applicant’s request. In support thereof, the Illinois EPA states as follows:

1. On December 22, 2006, the Illinois EPA received a request and supporting information from FLINT HILLS RESOURCES, LP (“Flint Hills”) concerning the proposed tax certification of certain air emission sources and/or equipment associated with the company’s chemical manufacturing plant. The plant is located near Joliet in Will County, Illinois. A copy of the relevant portions of the application is attached hereto. **[Exhibit A]**.

2. The address of the chemical manufacturing facility is:

Flint Hills Resources, LP
23425 Amoco Road
Channahon, Illinois 60410

3. The pollution control equipment or facilities involved in this request consist of a Carbon Adsorber system. As part of chemical manufacturing operations, the company operates various processes and emission units that are involved in the

production of maleic anhydride, including a dehydrator overhead decanter, xylene surge and vacuum pump knockout drums, a vent header system, vent condensers and storage tanks. The Carbon Adsorber system, designated by the company as NH-804, is designed to control volatile organic material (“VOM”) and hazardous air pollutant (“HAP”) emissions from the ventilation system for the maleic anhydride manufacturing process. *See generally*, **Exhibit A** at pages 1 and 2 of APC Form 151. Residual emissions of less than 0.5 tons per month and 1 ton per year are allowed to be emitted by the Carbon Adsorber system. *See*, **Exhibit A** at page 1 of attached Construction Permit No. 05100066. The carbon canisters employed in the recovery system are sent off-site for carbon recovery.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2006), 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 (2006).

6. Based on information in the application and the underlying purpose of the Carbon Adsorber system to prevent, eliminate or reduce air pollution, it is the Illinois EPA’s engineering judgment that the described project and/or equipment may be considered “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 Carbon Adsorber system will satisfy the aforementioned criteria, the Illinois EPA recommends that the Board **grant** the applicant's requested tax certification.

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

DATED: April 8, 2009

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 8th day of April 2009, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

John Therriault, Assistant 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

Tim Nicol
Flint Hills Resources, LP
23425 Amoco Road
Channahon, Illinois 60410

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



P.O. Box 941
Joliet, IL 60434

December 15, 2006

Certified Mail - Return Receipt Requested

Mr. Don E. Sutton
Permit Section
Division of Air Pollution Control
Illinois Environmental Protection Agency
Post Office Box 19276
Springfield, IL 62794-9276

Enclosed are three (3) applications for certification (property tax treatment) for Pollution Control Facilities placed into service in 2006 at the Flint Hills Resources LP Joliet Facility. If you have any questions, please contact Gary A. Brennwald at (815) 467-3325.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Nicol'.

Tim Nicol
Plant Manager, Vice President - Manufacturing

/gab

Attachments

cc: D. Preschler, w/ attachments
T. Tilma w/attachments

RECEIVED

DEC 22 2006

IEPA - DAPC - SPFLD

— Exhibit A —

***** PCB 2009-076 *****

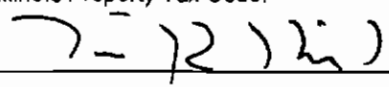
APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)
 POLLUTION CONTROL FACILITY
 AIR WATER

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		
APPLICANT	Sec. A Company Name Flint Hills Resources, LP				
	Person Authorized to Receive Certification Tim Nicol, Plant Manager		Person to Contact for Additional Details Deborah Preschler, EH&S Manager		
	Street Address 23425 Amoco Road		Street Address Same		
	Municipality, State & Zip Code Channahon, IL 60410		Municipality, State & Zip Code		
	Telephone Number (815) 467-3201		Telephone Number (815) 467-3307		
	Location of Facility Quarter Section Township Range		Municipality Township		
	W Half Sec. 11 & E Half Sec. 10 34 North 9 East		Unincorporated Channahon		
	Street Address 23425 Amoco Road		County Book Number Will		
	Property Identification Number 10-10-200-002-0000		Parcel Number 10-10-200-002-0000		
	MANUFACTURING OPERATIONS	Sec. B Nature of Operations Conducted at the Above Location Flint Hills Resources, LP (FHR) operates a chemical manufacturing facility near Joliet, Illinois (Joliet Facility). FHR purchased the Joliet Facility on May 28, 2004. The Joliet Facility produces isophthalic acid (IPA), purified isophthalic acid (PIA), maleic anhydride (MAN), and trimellitic anhydride (TMA).			
Water Pollution Control Construction Permit No.		Date Issued			
NPDES PERMIT No.		Date Issued		Expiration Date	
Air Pollution Control Construction Permit No. 05100066		Date Issued December 16, 2005			
Air Pollution Control Operating Permit No. 96010025		Date Issued April 28, 2000			
MANUFACTURING PROCESS	Sec. C Describe Unit Process Maleic Anhydride (MAN)				
	Materials Used in Process Butane, Ortho-xylene, Catalyst				
POLLUTION CONTROL FACILITY DESCRIPTION	Sec. D Describe Pollution Abatement Control Facility Carbon Absorber system to control VOM and HAP emissions from the MAN unit process vent system.				

RECEIVED
 DEC 22 2006
 IEPA - DAPC - SPFLD

Sec. E	(1) Nature of Contaminants or Pollutants			
	POLLUTION CONTROL FACILITY - CONTAMINANTS	Material Retained, Captured or Recovered		
		Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
		Volatile Organic Material (VOM)	VOM and HAP emissions from the process unit vent system vented to a carbon absorber control system.	Spent carbon canisters are sent off-site for carbon recovery and the absorbed material is incinerated. Residual emissions to atmosphere.
		(2) Point(s) of Waste Water Discharge		
		Plans and Specifications Attached		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	(3)	Are contaminants (or residues) collected by the control facility?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	(4)	Date installation completed <u>11/08/06</u> status of installation on date of application <u>Complete, in operation</u>		
	ACCOUNTING DATA	(5) a.	FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ 1,234,837
		b.	NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$
c.		PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$	
d.		PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$	
e.		PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	%	
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.			
SIGNATURE			VP, Manufacturing	
	Signature		Title	
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 pollution control facility. 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.			
INSTRUCTIONS	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 and 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	Self-explanatory. Signature must be a corporate authorized signature.		
Submit to:		Attention:	Attention:	
Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276		Thomas McSwiggin Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control	



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

217/782-2113

CONSTRUCTION PERMIT

PERMITTEE

Flint Hills Resources, LP
Attn: Deborah Preschler - EH & S Manager
Post Office Box 2917
Wichita, Kansas 67201-2917

Application No.: 05100066

I.D. No.: 197800ABZ

Applicant's Designation:

Date Received: October 6, 2005

Subject: Changes to the existing system ND-1500(2) and new carbon adsorber (NH-804)

Date Issued: December 16, 2005

Location: 23425 Amoco Road, Channahon

Permit is hereby granted to the above-designated Permittee to CONSTRUCT emission source(s) and/or air pollution control equipment consisting of changes to the existing vent header system ND-1500(2) and new carbon adsorber (NH-804) as described in the above-referenced application. This Permit is subject to standard conditions attached hereto and the following special condition(s):

- 1a. This permit authorizes the Permittee to reroute existing emission units dehydrator overhead decanter (ND-500), xylene surge drum (ND-502) and vacuum pump knockout drum (ND-603) from the vent header system ND-1500 (2) to the existing vent condensers (NE-804) and new carbon adsorber (NH-804).
- b. This permit also authorize the Permittee to remove the pressure relief valves of four existing storage tanks (NF-1602, NF-1604, NF-1605 and NF-1606) and vent the tanks directly to the vent header system ND-1500 (2).
- c. All these changes in the maleic anhydride (MAN) plant are being made to improve management of emissions to better control devices.
2. This permit does not revise or relax any applicable regulation already establish in the CAAPP Permit 9610025.
3. At all times the Permittee shall, to the extent practicable, maintain and operate all units in the MAN plant with good air pollution control practice for minimizing emissions.
- 4a. This permit is issued based on this project not being a major modification subject to Prevention of Significant Deterioration (PSD) because the increase in VOM emissions from the vent header system ND-1500(2) will be less than significant.
- b. Emissions from the new carbon adsorber (NH-804) shall not exceed 0.5 tons/month and 1.0 tons/year.

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5. Upon request by the Illinois EPA the Permittee shall conduct stack testing in the vent header system and the carbon adsorber, following the methodology already establish in the CAAPP Permit 9610025.
6. This permit does not revise or relax any recordkeeping requirement already establish in the CAAPP Permit 9610025.
7. All records and logs required by this permit shall be retained at a readily accessible location at the source for at least five years from the date of entry and shall be made available for inspection and copying by the Illinois EPA upon request. Any records retained in an electronic format (e.g., computer) shall be capable of being retrieved and printed on paper during normal source office hours so as to be able to respond to an Illinois EPA request for records during the course of a source inspection.
8. If there is a deviation from the requirements of this permit as determined by the records required by this permit or by other means, the Permittee shall submit a report to the Illinois EPA's within 30 days after the deviation. The report shall include a description of the deviation, an estimate of the emissions released, a copy of the relevant records, and a description efforts to reduce emissions from future occurrences.
9. Two copies of required reports and notifications concerning emissions equipment operation or performance testing shall be sent to:

Illinois Environmental Protection Agency
Division of Air Pollution Control
Compliance Section (#40)
P.O. Box 19276
Springfield, Illinois 62794-9276

Telephone: 217/782-5811 Facsimile: 217/524-4710

and one copy shall be sent to the Illinois EPA's regional office at the following address unless otherwise indicated:

Illinois Environmental Protection Agency
Division of Air Pollution Control
5415 North University
Peoria, Illinois 61614

Telephone: 309/693-5461 Facsimile: 309/693-5467

10. The Permittee may operate the MAN plant units under this construction permit until the next reissuance of the CAAPP Permit.

Page 3

If you have any questions on this, please call Ricardo Ng at 217/782-2113.

Donald E. Sutton

Donald E. Sutton, P.E.
Manager, Permit Section
Division of Air Pollution Control

DES:RNG:psj

cc: Region 2

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 Approval

Date: September 05, 2007
To: Robb Layman
From: Ed Bakowski 
Subject: Flint Hill Resources, LP TC-06-12-22B

This Agency received a request on December 22, 2006 from Flint Hill Resources, LP 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:

Carbon Absorber system whose primary purpose is to control VOM and HAP emissions from the MAN unit process vent system. Because the primary purpose of this unit is to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 23425 Amoco Road, Channahon, Will County
The property identification number is 10-10-200-002-0000

Based on the information included in this submittal, it is my engineering judgement that the proposed facility may be considered "Pollution Control Facilities" under 35 IAC 125.200(a), with the primary purpose of eliminating, preventing, or reducing air pollution, or as otherwise provided in this section, and therefore eligible for tax certification from the Illinois Pollution Control Board. Therefore, it is my recommendation that the Board issue the requested tax Certification for this facility.

— Exhibit B —