





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

MARATHON PETROLEUM COMPANY, LLC     )  
Reformulated Gasoline Blending System     )  
   )     PCB 12-  
   )     (Tax Certification)  
PROPERTY IDENTIFICATION NUMBER     )  
51-34-021-001 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. The Illinois EPA recommends **issuance** of a tax certification covering the subject matter of the request. In support thereof, the Illinois EPA states as follows:

1.     On December 9, 2008, the Illinois EPA received an amended request and supporting information from MARATHON PETROLEUM COMPANY, LLC, (“Marathon”) concerning the proposed tax certification of certain air emission sources and/or equipment located at its Robinson refinery in Crawford County, Illinois.<sup>1</sup> A copy of the relevant portions of

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<sup>1</sup> The cover letter identifies the application as an amended request stemming from a project previously submitted to the Illinois EPA in 2004. The Illinois EPA recommended a denial of the earlier request. The Board subsequently issued an order denying the request for tax certification on the basis that the limited information in the application did not demonstrate that the project reduced or controlled air pollution and that it appeared to be intended only as a process modification. See, *Marathon Ashland Petroleum, LLC v. Illinois EPA*, PCB 06-111 (February 2, 2006).

the application is attached hereto.<sup>2</sup> **[Exhibit A]**. Additional information concerning the application was submitted to the Illinois EPA in recent email correspondence. **[Exhibit B]**.

2. The applicant's address is as follows:

Marathon Petroleum Company, 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 a Reformulated Gasoline Blending System that was installed to enable refinery operations to manufacture reformulated gasoline ("RFG") in accordance with the Clean Air Act's specifications. The primary component of the blending system is the distributed control system, together with computer, hardware and software packages, two gas chromatographs and laboratory equipment. As stated in the application, the equipment allowed the refinery to both "measure and control" the vapor pressures of the RFG (both processed blend streams and final product) in order to comply with certain specifications promulgated by USEPA.<sup>3</sup> The blending system provides the refinery with on-line analyses and

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<sup>2</sup> The property identification number or parcel number that is the subject of a tax certification request is typically identified in the Illinois EPA's Recommendations and Board orders as part of the case caption, presumably because of the ease with which applicants and local tax assessors alike can identify the affected property. The property identification or parcel numbers for these cases are usually derived from the application forms (i.e., APC 151) that are completed by the applicant and submitted to the Illinois EPA. In this instance, it should be noted that the parcel number identified in the application form submitted by Marathon contains a typographical error. The numbers depicted on the application form, shown in Exhibit A attached hereto, identify the property's parcel number as 51-34-1-21. More recent tax certification requests for the refinery, as received by the Illinois EPA, have employed a different parcel number. Prior to this filing, the undersigned attorney contacted Marathon for clarification and it was subsequently determined that the correct parcel number for this tax certification request is 51-34-021-001.

<sup>3</sup> In contrast to an earlier application that lacked identifying information, the amended request for tax certification demonstrates that the project was geared towards both analyzing and controlling the vapor pressures of the RFG streams and final product so that the regulatory requirements pertaining to RFG are met. In this capacity, the project is similar to other requests previously recommended for tax certification by the Illinois EPA and approved by the Board: they reflect efforts to achieve compliance with federal and/or state regulations designed to make certain manufactured products less harmful to the environment. The project has a principal aim of achieving the prevention and/or reduction in the presence of air contaminants in the RFG produced at the refinery. And because the blending system is inherently involved in preventing or reducing air pollution, it is distinguishable from such systems or devices that lack any relationship to matters affecting pollution control.

removal capabilities for manufacturing RFG to meet regulatory requirements, which were designed to reduce the volatility of emissions from the larger gasoline pool supplied to consumers.

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 and the underlying purpose of the Reformulated Gasoline Blending System project to prevent, eliminate or reduce air pollution, it is the Illinois EPA’s engineering judgment that the various systems, constructions, devices and/or buildings or equipment from the project relating to air pollution control may 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 C]**.

7. Because the substantive components of the application for the Reformulated Gasoline Blending System satisfies the aforementioned criteria for receiving preferential tax treatment under applicable requirements of state law, the Illinois EPA recommends that the Board **issue** the applicant’s requested tax certification.

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

/s/ Robb H. Layman

Robb H. Layman  
Assistant Counsel

DATED: August 25, 2011

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 25<sup>th</sup> day of August, 2011, 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 paper 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

Robb H. Layman  
Assistant Counsel



**Marathon Petroleum Company LLC**

539 South Main Street  
Findlay, OH 45840  
Telephone 419/422-2121

February 15, 2006

Mr. Don Sutton  
Bureau of Air -- Number 11  
1021 North Grand Avenue -- East  
Springfield, IL 62702

Re: Application for Certification Pollution Control Facility  
Reformulated Gasoline Blending (AFE #169)

Dear Mr. Sutton:

Enclosed for your consideration is an amended application for an air pollution project which was previously submitted in 2004 and was denied on December 22, 2005.

As you review the revised application, which includes a more detailed description of the project, I believe you will reach the conclusion that this project does indeed meet the criteria for certification as a pollution control project.

Please contact me if you have questions or need any additional information. My email is [drkrupp@marathonpetroleum.com](mailto:drkrupp@marathonpetroleum.com) and my phone number is 419-421-4527.

I look forward to your favorable reply.

Sincerely,

A handwritten signature in cursive script that reads 'Debora R. Krupp'.

Debora R. Krupp  
Senior Tax Analyst

M:\DOCS\2006\Pollution Control\NL air transmittal ltr.doc

**RECEIVED**  
STATE OF ILLINOIS

DEC 09 2008

Environmental Protection Agency  
BUREAU OF AIR

Exhibit A



\*\*\*\*\* PCB 2012-036 \*\*\*\*\*

APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)

POLLUTION CONTROL FACILITY

AIR  WATER

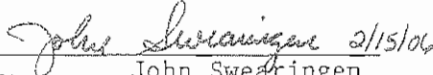
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
P. O. Box 19276, Springfield, IL 62794-9276

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 Marathon Petroleum Company LLC		Person to Contact for Additional Details Debora Krupp		
		Person Authorized to Receive Certification John Swearingen		Person to Contact for Additional Details Debora Krupp		
		Street Address Refinery Office Building		Street Address 539 South Main Street		
		Municipality, State & Zip Code Robinson, IL 62454		Municipality, State & Zip Code Findlay, OH 45840		
		Telephone Number 618-544-2121		Telephone Number 419-421-4527		
		Location of Facility Quarter Section	Township	Range	Municipality Robinson	Township Robinson
		Street Address Route 33		County Crawford		Book Number
		Property Identification Number		Parcel Number Part of 51-34-1-21		
MANUFACTURING OPERATIONS	Sec. B	Nature of Operations Conducted at the Above Location Petroleum Refining Reformulated Gasoline - Blending				AFE #169 UNIT # 810012
		Water Pollution Control Construction Permit No.		Date Issued		
		NPDES PERMIT No.		Date Issued	Expiration Date	
		Air Pollution Control Construction Permit No.		Date Issued		
		Air Pollution Control Operating Permit No. 96010007 (Title V)		Date Issued		
MANUFACTURING PROCESS	Sec. C	Describe Unit Process See Attached				<b>RECEIVED</b> STATE OF ILLINOIS  DEC 09 2008  Environmental Protection Agency BUREAU OF AIR
		Materials Used in Process See Attached				
POLLUTION CONTROL FACILITY DESCRIPTION	Sec. D	Describe Pollution Abatement Control Facility See Attached				

Sec. E	(1) Nature of Contaminants or Pollutants			
	CONTAMINANTS	Material Retained, Captured or Recovered		
		Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
		Benzene	Benzene	
		Sulfur Compounds	Sulfur Compounds	
		(2) Point(s) of Waste Water Discharge	N/A	
		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 checked="" type="checkbox"/> No <input type="checkbox"/>	
	(4) Date installation completed <u>Oct. 1994</u> status of installation on date of application <u>100%</u>			
ACCOUNTING DATA	(5) a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$	2,905,000	
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$	43,575	
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$	0	
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$	0	
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	%	.3133	
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	 Illinois Refining Division Manager Signature John Sweadring 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 <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 <u>collection efficiency</u> .			
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	Al Keifer Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control	

Attachment  
Application for Certification (Property Tax) Pollution Control Facility  
Marathon Petroleum Company LLC

Project: Reformulated Gasoline – Blending

Section C - Manufacturing Process

Describe Unit Process:

The new blend system consisted of a Honeywell distributed control system (DCS), a VAX computer, two gas chromatographs for benzene analysis, an Icotron software package, the knock engine hardware and software to interface between the existing engines and new TDC equipment.

This equipment was required to accurately measure and control the vapor pressure of the gasoline blend streams, as well as the final gasoline product, in order to meet the EPA-mandated RVP limits of the lower vapor pressure grades of gasoline.

To perform EPA mandated D2622 for sulfur analysis upon completion of the reformulated gasoline (RFG) process, new X-ray and laboratory equipment were also required.

Materials Used in Process:

- Honeywell Distributed Control System
- VAX Computer
- Two Gas Chromatographs for Benzene Analysis
- Icotron Software Package
- MTBE line
- Laboratory Equipment to Analyze Gasoline

Section D – Pollution Control Facility Description

Describe Pollution Abatement Control Facility:

In order to restore, maintain, and enhance the purity of the air and meet the requirements of the 1995 Clean Air Act concerning reformulated gasoline (RFG) specifications, a new blend system was installed to provide on-line benzene content analysis and removal. Benzene is considered to be a hazardous air pollutant and is regulated by the Clean Air Act.

The new blend system consisted of a Honeywell distributed control system (DCS), a VAX computer, two gas chromatographs for benzene analysis, an Icotron software package, the knock engine hardware and software to interface between the existing engines and new TDC equipment.

This equipment was required to accurately measure and control the vapor pressure of the gasoline blend streams, as well as the final gasoline product, in order to meet the EPA-mandated RVP limits of the lower vapor pressure grades of gasoline.

To perform EPA mandated D2622 for sulfur analysis upon completion of the reformulated gasoline (RFG) process, new X-ray and laboratory equipment were also required.

Materials Used in Process:

- o Honeywell Distributed Control System
- o VAX Computer
- o Two Gas Chromatographs for Benzene Analysis
- o Icotron Software Package
- o MTBE line
- o Laboratory Equipment to Analyze Gasoline

Layman, Robb

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**From:** Krupp, Deb (MPC) [drkrupp@marathonpetroleum.com]  
**Sent:** Friday, June 24, 2011 9:06 AM  
**To:** Layman, Robb  
**Cc:** Stechschulte, Cindy (MPC); Grigsby, Cindy (MPC)  
**Subject:** FW: Marathon Petroleum - Reformulated Gasoline - Blending

Mr. Layman,

See below for additional comments on the RFG project.

**Debora Krupp**

Senior Tax Analyst

Marathon Petroleum Company LP

email: drkrupp@marathonpetroleum.com

Findlay, OH

Phone: 419-421-4527

Fax: 419-421-8451

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**From:** Hawkins, Susan J. (MPC)  
**Sent:** Thursday, June 09, 2011 4:47 PM  
**To:** Stechschulte, Cindy (MPC)  
**Cc:** Krupp, Deb (MPC)  
**Subject:** RE: Marathon Petroleum - Reformulated Gasoline - Blending

Cindy:


Regarding the Reformulated Gasoline application:

The project was executed for the Robinson refinery to produce reformulated gasoline as specified in the Clean Air Act. This allowed the refinery to start production of six grades of gasoline to complete with the CAA "Simple Model". The blending system optimized the blend on-line feedback measurements (octane, rvp, and benzene content). With this feedback, the blend is controlled via the 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 fed to the blender. In order to control the RVP of the low vapor pressure grades of gasoline, light gasoline must be segregated from Ultraformate. To achieve the segregation, a 25,000 barrel sphere was installed for C5 storage. Additional laboratory equipment was required which include x-ray equipment capable of performing EPA mandated D2622 for sulfur analysis on RFG, balance for oxygenate analysis, a gas chromatograph for benzene analysis.

This project was executed back in the 1990's. I cannot find any more information.

Susan

Susan J. Hawkins  
Environmental Dept.  
Illinois Refining Division  
P.O. Box 1200  
Robinson, IL 62454  
618-544-2121 ext. 5379  
SJHawkins@MarathonOil.com

 Please consider the environment before printing this email

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**From:** Stechschulte, Cindy (MPC)  
**Sent:** Monday, June 06, 2011 9:52 AM  
**To:** Hawkins, Susan J. (MPC)  
**Cc:** Krupp, Deb (MPC)  
**Subject:** FW: Marathon Petroleum - status of pending tax certifications

Hi Sue,

I'm following up with you to see how the request for additional information is going. We need to get this finalized soon!

Thanks!

Cindy

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**From:** Stechschulte, Cindy (MPC)  
**Sent:** Wednesday, May 18, 2011 8:40 AM  
**To:** Hawkins, Susan J. (MPC)  
**Cc:** Krupp, Deb (MPC); Schrock, Richard D. (MPC)  
**Subject:** FW: Marathon Petroleum - status of pending tax certifications

Sue,

By next year we will be working on the value of the Robinson Refinery for property tax purposes. It will be very important to have as many projects certified for pollution control prior to negotiating the value with the assessor. Deb has been working on all the pending certificates with Robb Layman, Illinois EPA. Robb is requesting additional information on four of the AFE's. See his comments below in red.

Attached, for your review, is the information that was originally sent to Illinois EPA.

Please provide the additional information to me that Robb has requested by early next week if possible.

Getting the outstanding certificates approved will be a significant tax savings to the refinery.

Thanks for your help!

Cindy Stechschulte, Tax Agent

Phone: 419-421-3759

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**From:** Krupp, Deb (MPC)  
**Sent:** Tuesday, May 17, 2011 4:20 PM  
**To:** Stechschulte, Cindy (MPC)  
**Subject:** FW: Marathon Petroleum - status of pending tax certifications

FYI

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**From:** Layman, Robb [mailto:Robb.Layman@Illinois.gov]  
**Sent:** Tuesday, May 17, 2011 4:00 PM  
**To:** Krupp, Deb (MPC)  
**Subject:** Marathon Petroleum - status of pending tax certifications

Here is a status of the list that you attached to your recent email:

Three Bureau of Air ("BOA") applications are being acted on today, as I am filing the Illinois EPA's recommendations for granting tax certification with the Illinois Pollution Control Board with respect to the Coker Blowdown, the Floating Roof on Tank 815 and the Routing of the LSR from Crude Unit to GDU. Copies of the filing are being sent to John Swearingen at the Robinson refinery.

Four BOA applications require some additional clarification, as follows:

Y089 - FCCU Pre-Heat Energy Optimization – It is not clear that this project can receive certification, as it appears that it was primarily meant to reduce the refinery's energy consumption, not for purposes of pollution control. To the extent that we are able to recommend certification of the project, a more definitive explanation will be needed to demonstrate how it achieves a reduction in pollutants. The description in Section D refers to the FCCU preheat furnace emission being reduced, but does not offer much in terms of details concerning why or how it is occurring.

Y100 - Caustic Tank Replacement with Carbon Canisters and Degasser – The degasser looks like the kind of project that we ordinarily approve for certification. So too do the carbon canisters but there's not much information concerning the latter. Should we presume that the canisters are the same thing as the "carbon absorption system"? Some clarification would be helpful. I trust that, like the degasser, the carbon canisters are new to the process. I trust also that the application is not seeking certification for the broader tank replacement project but, rather, only the two components (i.e., degasser and carbon canisters) relating to pollution control.

169 - Reformulated Gasoline Blending System – I believe that BOA is prepared to accept this project but we need some additional technical information. Specifically, it would be helpful to obtain a more detailed explanation as to how the blending system interfaces with existing refinery operations. For example, how is the control system integrated with the gasoline

streams and/or process equipment? There are also references to certain undefined components of the system (i.e., TDC equipment and existing engines) that would benefit from further clarification.

176 - Reverse Osmosis Degasifier - Like the blending system mentioned above, this project was previously denied certification. At that time, the company alleged that the pollutant being targeted for removal was carbon dioxide. The current application addresses sulfur dioxide. Further information is needed to warrant a reconsideration of the earlier decision. Among other things, the application should offer up some understanding as to how the project removes sulfur dioxide (or any other pollutants) from the product water; identify the chemical makeup of the product water; and explain reasons as to why the product is being [or must be] pretreated.

The supplemental materials concerning the above applications can be sent by email or by hard copy to me. I will make sure that the materials are added to the record of decision.

Four applications have not been located and I do not believe that they were forwarded to me from BOA. These applications are for the Ultra Low Sulfur Diesel, Vent Gas Recovery Project, External Floating Roof on Tank 21D-811 and FCCU NOx Controls (Enhanced SNCR). I conferred with Floyd McKinney about the matter but he did not believe he had any of these applications in his office. Accordingly, as we previously discussed, you may resubmit these by email to me at your convenience and I will ensure that they get acted upon by BOA as soon as possible.

I have not heard back from Connie Tonsor concerning my email about the status of the BOW projects and she has not been around when I've stopped by her office to inquire about the matter. I'll keep trying but, in the meanwhile, you are free to contact her at (217) 782-5544. If you have any other questions or concerns, you may contact me directly at (217) 524-9137.



Memorandum

Technical Recommendation for Tax Certification Approval

Date: December 10, 2010

To: Robb Layman

From: Ed Bakowski 12/10/10

Subject: Marathon Petroleum Company LLC TC-08-12-09F

This Agency received a request on December 09, 2008 from Marathon Petroleum Company 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 which measures and controls the vapor pressure of the gasoline blend streams which reduces Benzene emissions. Because the primary purpose of this system is to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 100 Marathon Avenue, Robinson  
The property identification number is Part of 51-34-021-001

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 C