

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

WRB REFINING, LLC)
Sampling Station Upgrade Project for Fluid Catalytic)
Cracking Units and Cat Feed Hydrotreater)
)
) PCB 12-
) (Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER)
19-1-08-35-00-000-001 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]
Michael Kemp
WRB Refining, LLC
404 Phillips Building
Bartlesville, Oklahoma 74004

[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 paper 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: November 29, 2011

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

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

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Cracking Units and Cat Feed Hydrotreater)
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PROPERTY IDENTIFICATION NUMBER)
19-1-08-35-00-000-001 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: November 29, 2011

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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 **issuance** of a tax certification covering the subject matter of the request. In support thereof, the Illinois EPA states as follows:

1. On or about October 14, 2010, the Illinois EPA received an application and supporting information from WRB REFINING, LLC, (“WRB Refining”) concerning the proposed tax certification of certain air emission sources and/or equipment located at its Wood River petroleum refinery in Madison County, Illinois. A copy of the application is attached hereto. [**Exhibit A**].

2. The applicant’s principal business address is as follows:

WRB Refining LLC
404 Phillips Building
Bartlesville, Oklahoma 74004

3. The facility address is as follows:

WRB Refining LLC
900 South Central Avenue
P.O. Box 76
Roxana, Illinois 62084

4. The subject matter of this request involves the installation of new equipment at hydrocarbon sampling stations of two Fluid Catalytic Cracking Units (“FCCU”), designated Nos. 1 and 2, and the Cat Feed Hydrotreater (“CFHT”) operating at the refinery. As described in the application, the historical practice of sampling the feed and product streams of these major process units involved taking samples in open, one-quart glass bottles, which allowed light hydrocarbons to escape to the atmosphere. The Sampling Station Upgrade Project for FCCU Nos. 1 and 2 and the CFHT consists of installing sampling stations that are equipped with closed-loop systems. The project makes these improvements consistent with recent regulatory Leak Detection and Repair (“LDAR”) requirements and effectively reduces or prevents the emissions of volatile organic materials that would otherwise be emitted to the atmosphere.

5. 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.”

6. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).

7. Based on information in the application and the underlying purpose of the Sampling Station Upgrade Project for FCCU Nos. 1 and 2 and the CFHT 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 B].

8. Because the substantive components of the application for the Sampling Station Upgrade Project for FCCU Nos. 1 and 2 and the CFHT satisfies the aforementioned criteria, the Illinois EPA recommends that the Board **issue** the applicant's requested tax certification.

Respectfully submitted by,

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

DATED: November 29, 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 29th day of November, 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

Michael Kemp
WRB Refining, LLC
404 Phillips Building
Bartlesville, Oklahoma 74004

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

APPLICATION FOR CERTIFICATION *PROPERTY TAX TREATMENT* * * * * PCB 2012-086

POLLUTION CONTROL FACILITY

AIR WATER

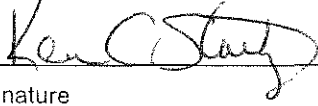
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
P. O. Box 19276, Springfield, IL 62794-9276

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 APPLICANT	Company Name WRB Refining LLC			
	Person Authorized to Receive Certification Michael Kemp		Person to Contact for Additional Details Gordon Terhune	
	Street Address 404 Phillips Building		Street Address 900 S. Central Ave., P.O. Box 76	
	Municipality, State & Zip Code Bartlesville, OK 74004		Municipality, State & Zip Code Roxana, IL 62084	
	Telephone Number (918) 661-9055		Telephone Number (618) 255-2876	
	Location of Facility Quarter Section	Township	Range	Municipality Township
	Street Address 900 S. Central Ave.		County Madison	Book Number
	Property Identification Number		Parcel Number 19-1-08-35-00-000-001	
	Sec. B MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location Petroleum Refining		
		Water Pollution Control Construction Permit No.		Date Issued
NPDES PERMIT No. IL0000205		Date Issued 04/14/04	Expiration Date 04/14/09	
Air Pollution Control Construction Permit No. NA		Date Issued		
Air Pollution Control Operating Permit No. 95120306		Date Issued 11/07/03		
Sec. C MANUFACTURING PROCESS	Describe Unit Process See CCU-1, CCU-2, and CFHT Sample Station Upgrade Project attachment.			
	Materials Used in Process Fluid Catalytic Cracker product hydrocarbons including gas, naphtha, diesel, heavy gas oil and slurry			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See CCU-1, CCU-2, and CFHT Sample Station Upgrade Project attachment. Reference Typical P&ID E48791.			

Sec. E POLLUTION CONTROL FACILITY -- CONTAMINANTS ACCOUNTING DATA	(1) Nature of Contaminants or Pollutants		
			Material Retained, Captured or Recovered
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	Volatile Organic Compounds	C1 and heavier	Retained and sold as product
	H2S	H2S	Converted to sulfur and sold
	(2) Point(s) of Waste Water Discharge		
	Plans and Specifications Attached		Yes <input checked="" type="checkbox"/> No <input 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>12/31/05</u> status of installation on date of application <u>100%</u>	
	(5)	a. TOTAL INSTALLED COST	\$ 299,000.00
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 0.00	
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$ 0.00	
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$ 0.00	
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	% To Be Determined	

Sec. F SIGNATURE	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.	
		<u>DIRECTOR PTRRC</u>
	Signature	Title

Sec. G INSTRUCTIONS	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. 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: Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	Attention: Al Keller Permit Section Division of Water Pollution Control	Attention: Donald E. Sutton Permit Section Division of Air Pollution Control

**APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)
POLLUTION CONTROL FACILITY
WRB – Wood River Refinery**

Project: CCU-1, CCU-2, and CFHT Sample Station Upgrade Project

Section C – Manufacturing Process

Process Description:

The Wood River Refinery has two Fluid Cat Cracking Units, CCU-1 and CCU-2. Fluid Cat Cracking is a process that uses heat and a catalyst to break large hydrocarbon molecules into smaller, more useful molecules. The solid catalyst flows like a fluid between a reactor and regenerator. Oil is heated and mixed with regenerated catalyst in a reactor/riser. The large oil molecules break into a wide range of smaller molecules in the riser and are separated from the catalyst by cyclones in the reactor. The hydrocarbons flow to a distillation column where they are condensed and separated by boiling range. A full range of products are produced including fuel gas, LPG, gasoline, diesel, and heavy oil. Coke is laid down on the catalyst as a byproduct of the cracking reaction in the reactor. The coked (spent) catalyst separated in the reactor cyclones drops into a stripping section where steam is used to remove any light hydrocarbons that remain on the catalyst before sending the catalyst to the regenerator. In the regenerator air is blown through the catalyst to burn the coke off the catalyst making it suitable to send back to the reactor. This burning of coke generates heat used in the reactor. Regenerated catalyst is separated from the flue gas from the regenerator by another set of cyclones. Under normal operation the combustion process does not go completely to CO₂, so the flue gas contains a mixture of CO and CO₂. In order to complete the combustion process the flue gas is routed to a CO Boiler/Feed Heater where more air and fuel is added to convert the CO to CO₂ and produce steam for use both in the unit and in the refinery and to heat the feed to the unit. From the CO Heater the flue gas is routed to an Electrostatic Precipitator (ESP) that removes particulates before the flue gas is released into the atmosphere. The ESP will eventually be replaced by a Selective Catalytic Reduction (SCR) reactor for NO_x reduction and a Scrubber for SO_x and Particulate reduction.

The Cat Feed Hydrotreater, CFHT, contacts CCU feed with hydrogen and hydrotreating catalyst in a fixed bed reactor that operates at elevated temperature and pressure. The purpose of the CFHT is to reduce the sulfur, nitrogen, and aromatic rings in the CCU feed. This reduces CCU emissions and increases CCU light product make.

The CCU and CFHT operators frequently collect samples of feed and product streams as a means to monitor and improve unit performance. The streams may contain volatile light hydrocarbons. Such samples have historically been collected in open 1 quart glass sample bottles. New Environmental Regulations required the Wood River Refinery to modify existing sample systems or install new sample systems to reduce the emission of light hydrocarbons to the atmosphere. These new Environmental Regulations are generally referred to as the Leak Detection and Repair, or LDAR, requirements.

This Environmental project upgraded sample stations in CCU-1, CCU-2, and CFHT to comply with new LDAR requirements. The project installed closed loop sample systems so that samples could be collected into sealed lid containers to prevent the emission of light hydrocarbons to the atmosphere.

Section D – Pollution Control Facility Description

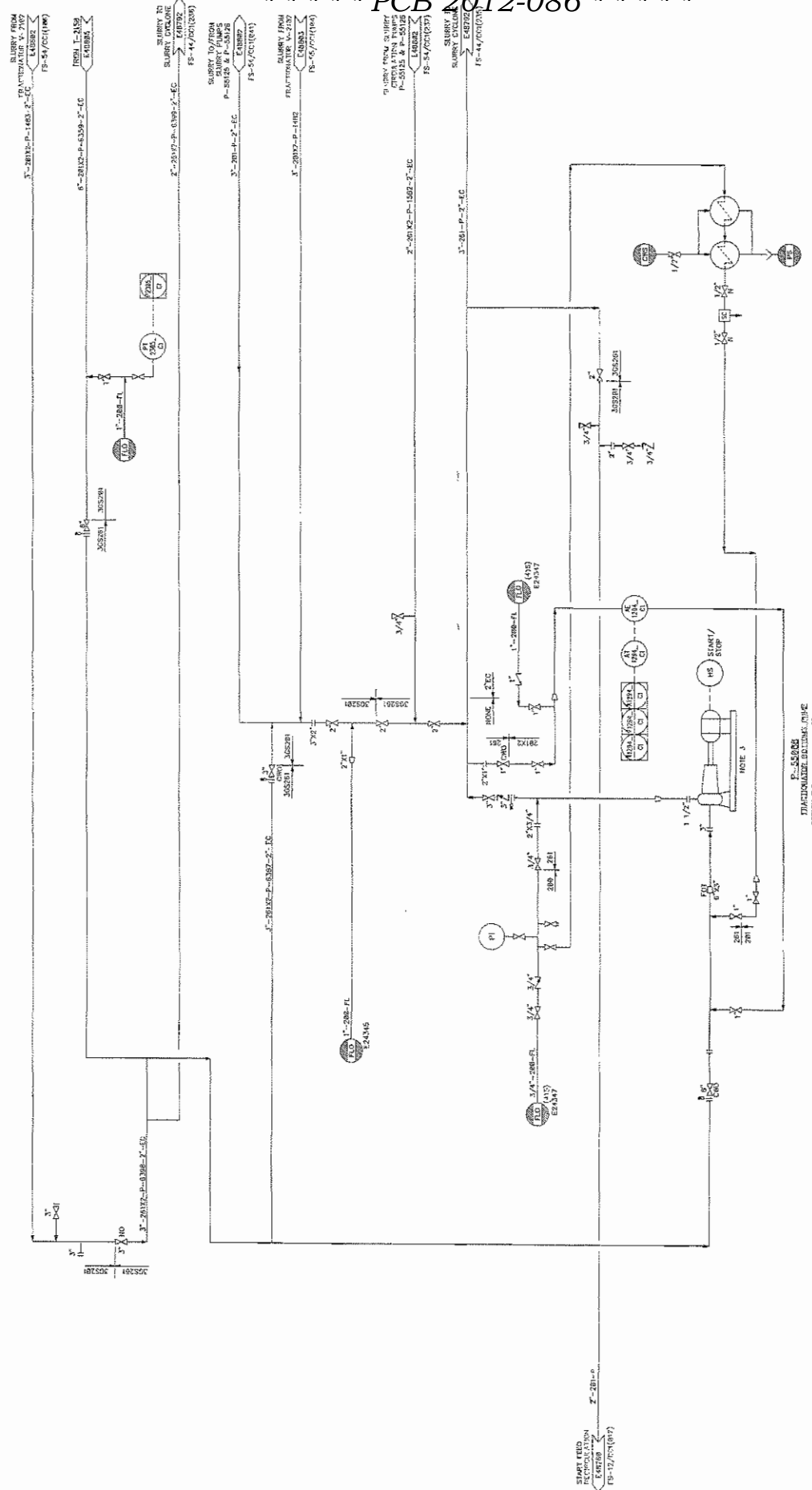
This project was completed solely to prevent the emissions of Volatile Organic Carbons and Hazardous Air Pollutants to the atmosphere.

The CCU-1, CCU-2, and CFHT Sample Station Upgrade Project revised sample stations in CCU-1, CCU-2, and the CFHT to reduce air pollution and comply with new LDAR requirements. The project installed closed loop sample systems so that samples could be collected directly into sealed lid containers to prevent the emission of light hydrocarbons to the atmosphere.

The hydrocarbons retained by this pollution control facility generate some revenue for the Wood River Refinery, but the costs to operate and maintain the pollution control facility are greater than this revenue and thus this pollution control facility results in no net income for the Wood River Refinery.

*** PCB 2012-086 ***

GENERAL NOTES:
 DWG. SHEET REPLACES A PORTION OF DWG. E20888
 1) ALL DIMENSIONS ARE TO FACE UNLESS NOTED OTHERWISE.
 2) ALL DIMENSIONS ARE TO FACE UNLESS NOTED OTHERWISE.
 3) FLOORING TO TOP OF 10" CONC. SLAB UNLESS NOTED OTHERWISE.



NO.	DATE	BY	DESCRIPTION
1	2/16/00	WJ	ORIGINAL
2	6/7/05	WJ	ADD SAMPLE STATION REWAMP
3	10/27/05	WJ	AS BUILT REINSTRUMENTATION
4	10/27/05	WJ	ADD SPEC BREAKS

NO. OF SHEETS	7
SHEET NO.	1
TITLE	FRACTURATOR BOTTOMS PUMP P-5508R
DRAWN BY	WJ
CHECKED BY	WJ
DATE	10/27/05
SCALE	AS SHOWN
PROJECT NO.	48791
REV.	1
BY	WJ
DATE	10/27/05

FRAC. DIA.	300
FRAC. WALL	1/2
FRAC. END	90°
FRAC. START	90°
FRAC. END	90°
FRAC. START	90°
FRAC. END	90°
FRAC. START	90°
FRAC. END	90°
FRAC. START	90°
FRAC. END	90°

THIS DRAWING IS THE PROPERTY OF WOOD RIVER VENTURE. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREON. IT IS TO BE RETURNED TO WOOD RIVER VENTURE UPON COMPLETION OF THE PROJECT. NO PART OF THIS DRAWING IS TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF WOOD RIVER VENTURE.

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Memorandum

Technical Recommendation for Tax Certification Denial

Date: November 23, 2011
To: Robb Layman
From: Ed Bakowski *EB*
Subject: WRB Refining, LLC. TC-10-10-14AT

This Agency received a request on October 14, 2010 from WRB Refining, 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:

CCU-1, CCU-2 and CFHT Sample Station Upgrade Project whose primary purpose is to install closed loop sample systems so samples can be collected directly into sealed lid containers to prevent the release of light hydrocarbons to the atmosphere. Because the primary purpose 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 900 S. Central Avenue, Roxana, Madison County
The property identification number is 19-1-08-35-00-000-001

Based on the information included in this submittal, it is my engineering judgment 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.

FEM:FILL_INITIALS_IN

Exhibit B