

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

MARATHON PETROLEUM COMPANY, LLC)
Ultra-Low Sulfur Diesel Project)
)
)
) PCB 12-
) (Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER)
51-34-021-001 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*]
John S. Swearingen
Marathon Ashland Petroleum
Refinery Office Building
Robinson, Illinois 62454

[*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: July 6, 2011

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

2. The applicant's address is as follows:

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

3. The subject matter of this request consists of the Ultra-Low Sulfur Diesel project, which was developed by Marathon to implement modifications to the Distillate Hydrotreater Unit at the Robinson refinery in order to achieve facility compliance with federal Clean Air Act requirements for reducing the sulfur content in hydrocarbon fuels, including diesel fuel. The project entailed the installation of additional reactors, including various components to prevent fugitive emissions, and modifications to the Amine Treating Unit to ensure capacity for handling additional sulfur loading. Various stormwater and process wastewater drains were also installed or modified and the project required modifications to other process emissions sources, including the Pipe Rack, Ultrafiner, Unicracker and Ultraformer, to ensure an ample supply of hydrogen for use in the Distillate Hydrotreater Unit. The project is projected to reduce the sulfur content of from roughly 500 parts per million to 15 parts per million in the feedstock, thus achieving the Clean Air Act's fuel content requirements for the production of ultra-low sulfur diesel fuel and ultimately reducing sulfur dioxide emissions from the diesel pool supplied to consumers for use in automobiles and other diesel-powered engines.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2002), defines "pollution control facilities" as:

property. The property identification or parcel numbers for these cases are usually derived from the application forms (i.e., APC 151) that are filled out by the applicant and submitted to the Illinois EPA. In this instance, it should be noted that the parcel number identified in the previous 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.

“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 Ultra-Low Sulfur Diesel 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 B]**.

7. Because the substantive components of the application for the Ultra-Low Sulfur Diesel project 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: July 6, 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 6th day of July, 2011, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

John Therriault, 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
Fax 419/421-4590

December 20, 2006

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

Re: Application for Certification Pollution Control Facility

Dear Mr. Sutton:

Enclosed for your consideration are the following applications for property tax certifications relating to air pollution control projects at Marathon Petroleum Company LLC's Robinson refinery.

<u>AFE</u>	<u>Project Description</u>
242	Coker Blowdown
252	Ultra Low Sulfur Diesel Project
176	Reverse Osmosis Degasifier

Please contact me if you have questions or need any additional information. My email is 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\ML air transmittal ltr2.doc

Exhibit A

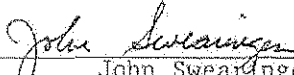
***** PCB 12-005 *****

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 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	Municipality
		Township	Range	Robinson
	Street Address		County	Book Number
		Route 33	Crawford	
	Property Identification Number	Parcel Number 51- Part of 54-34-1-21		
MANUFACTURING OPERATIONS	Sec. B Nature of Operations Conducted at the Above Location			
	Petroleum Refining Ultra Low Sulfur Diesel Project		AFE: 252 ID: R-450	
	Water Pollution Control Construction Permit No.	Date Issued		
	NPDES PERMIT No.	Date Issued	Expiration Date	
	Air Pollution Control Construction Permit No. 04030045	Date Issued 05/17/2004		
	Air Pollution Control Operating Permit No. 96010007 (Title V CAAPP Permit)	Date Issued 11/24/2003		
MANUFACTURING PROCESS	Sec. C Describe Unit Process			
	See Attached			
	Materials Used in Process			
	See Attached			
POLLUTION CONTROL FACILITY DESCRIPTION	Sec. D Describe Pollution Abatement Control Facility			
	See Attached			

Sec. F POLLUTION CONTROL FACILITY - CONTAMINANTS ACCOUNTING DATA	(1) Nature of Contaminants or Pollutants		
	Contaminant or Pollutant		Material Retained, Captured or Recovered
			DESCRIPTION DISPOSAL OR USE
	sulfur		diesel fuel The sulfur is collected
	nitrogen		contaminants and routed to the amine
	metal compounds		units for treatment.
	(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>4/15/06</u> status of installation on date of application <u>100%</u>	
(5)	a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ 63,800,000	
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 319,000	
	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:	% 6.8439	
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.		
	 Signature <u>John Sweatingen</u> <u>12/20/06</u> Title <u>Manager, Illinois Refining Division</u>		
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 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.	
	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 Keller 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 Name: Ultra Low Sulfur Diesel Project
AFE: 252 Budget No.R-450 Cost Center: 810069

Section C - Manufacturing Process

Describe Unit Process:

The project is to make substantial changes to the Distillate Hydrotreater Unit (DHT) at the Robinson refinery to remove sulfur from petroleum fuels to meet government regulations for mandated sulfur levels in on-road diesel fuels. Sulfur atoms can be attached or imbedded anywhere in the various hydrocarbon molecules and mechanical processes such as distillation cannot remove this sulfur.

This project allows the refinery to remove more sulfur from various streams to the level needed to produce ultra low sulfur diesel by enhancing the sulfur removing capabilities of the existing DHT Unit. This major modification to the DHT will enable the refinery to reduce sulfur content levels in diesel fuels from 500 ppm to 15 ppm as mandated by the new regulations.

The DHT unit is a continuous operation that improves the quality of high sulfur feedstock by removing sulfur, nitrogen, and metal compounds. Additional reactors were installed to accomplish the enhanced sulfur removing capabilities. The piping and fittings for these reactors involve additional valves and other components with the potential for VOM emissions due to fugitive leaks to the atmosphere. Emissions are controlled by a leak detection and repair program.

These modifications require additional heat which is now provided by increasing the firing of the Distillate Hydrotreater Charge Heaters. These units currently have sufficient capacity to handle this increased firing.

The Amine Treating Unit and the No. 1 and No. 2 Sulfur Recovery Units (SRUs) may experience an additional loading of sulfur due to the incremental sulfur removed in the DHT Unit. The Amine Treating Unit was modified in order to accommodate the changes being made to the DHT Unit. The SRUs have sufficient capacity to handle this increased loading, so no modification to these units occurred.

Several individual drain systems for stormwater and process wastewater were installed and modified as part of the project. Emissions are controlled by the design and operation of these systems. In addition, the Refinery sealed several existing drains within the same individual drain system. Therefore, there are no net increases in emission from the individual drain systems. The wastewater streams collected in these drain systems are treated as Group 1 wastewater streams, as defined in 40 CFR 63.641, and are managed in

accordance with requirements in the National Emission Standard for Benzene Waste Operations, 40 CFR 61, Subparts A and FF.

This project also involved modifications to other process units at the refinery, specifically the Pipe Rack, Ultrafiner, Unicracker, and Ultraformer. These modifications allow the refinery to provide sufficient hydrogen to the DHT Unit.

Materials Used in Process:

- Diesel
- Reactors
- Furnaces

Section D – Pollution Control Facility Description

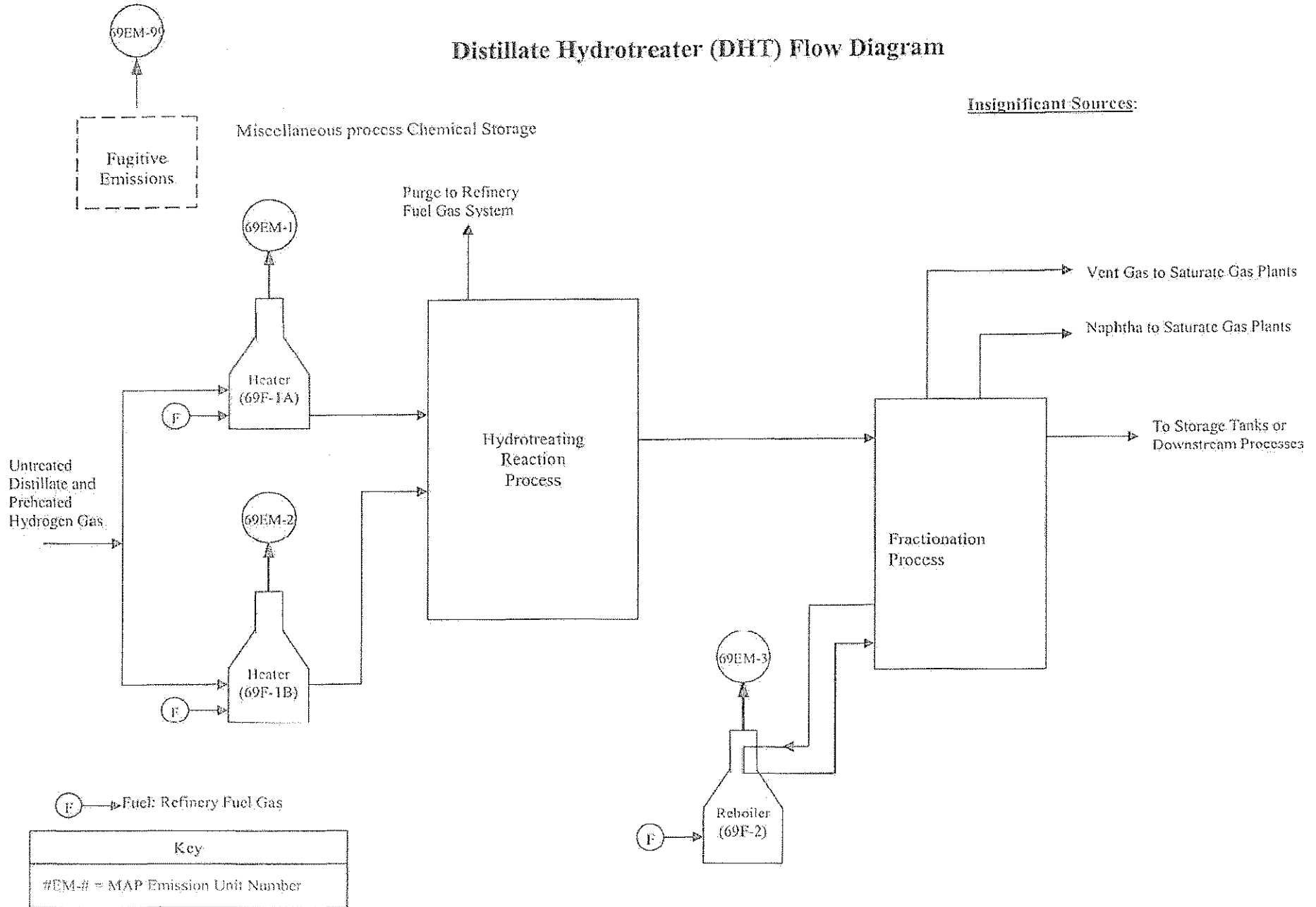
Describe Pollution Abatement Control Facility:

Government mandated environmental regulations have identified sulfur in petroleum fuels as an air pollutant in its own right but also retards pollution control equipment on motor vehicles, thus increasing tailpipe emissions that adversely affect human health and the environment. Therefore, to eliminate the source of this contamination under “Tier 2” of the Clean Air Act, sulfur in the distillate pool must be reduced to 15 ppm by June 1, 2006. The sole purpose of the Robinson Distillate Hyrotreater Unit (DHT) is to remove more sulfur, nitrogen, and metal compounds from various streams to the level needed to produce ultra low sulfur diesel by enhancing the sulfur removing capabilities of the existing Distillate Hyrotreater Unit. The DHT was designed, constructed, modified and operated for the primary purpose of reducing the sulfur content of hydrocarbon fuels. Without such treatment sulfur would continue to be present in the distillate fuels which would result in air pollution in excess of the “Tier 2” standards. Lower sulfur levels in distillate fuels improve vehicle catalytic converter removal of NOx and other “critical pollutants” that create smog, which is detrimental to human health, crops and forests.

In summary the DHT was constructed only to meet a governmental mandate which enables the Robinson refinery to continue to produce distillate grade highway fuels. The Robinson refinery receives no economic incentives or financial benefit from the DHT. The DHT will reduce the sulfur content from a maximum of 500 ppm down to acceptable nominal sulfur content of 15 ppm, thus reducing smog and enhancing human health.

Below is a flow diagram of the process:

Distillate Hydrotreater (DHT) Flow Diagram





Memorandum

Technical Recommendation for Tax Certification Approval

Date: June 22, 2011

To: Robb Layman

From: Ed Bakowski *EB*

Subject: Marathon Petroleum Company LLC/TC-12-20-06D

This Agency received a request on December 20, 2006, from Marathon Petroleum Company, LLC, for an Illinois EPA recommendation regarding tax certification of certain air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. A resubmission of the application was presented to the Illinois EPA on May 18, 2011. I offer the following recommendation:

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

Ultra Low Sulfur Diesel project, which modifies the Distillate Hydrotreater Unit at the subject refinery to reduce the level of sulfur and other contaminants in the high sulfur feedstock. Because the primary purpose of this project is to eliminate, prevent or reduce air pollution, it can be 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 judgment 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.