

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

WRB REFINING, LLC)	
Benzene Extraction Unit - Heat Medium Heaters)	
NOx Reduction)	
)	PCB 11-
)	(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: July 6, 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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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: July 6, 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 consists of the Benzene Extraction Unit (“BEU”) - Heat Medium Heaters Nitrous Oxides (“NOx”) Reduction project, which was undertaken by the refinery to reduce NOx emissions in accordance with a consent decree previously entered between Conoco Phillips and the United States Environmental Protection Agency. As described in the application, NOx emissions are produced from the fuel-fired heating of the fractionation and extraction processes performed by the BEU. The NOx Reduction project principally involved the replacement of two existing BEU heating furnaces with a new heater employing ultralow NOx burners. In addition, the project included the installation of additional filtering and conditioning of fuel gas to ensure that the solid materials do not interfere with the burner ports. The application states that the project will reduce NOx emissions by an estimated one hundred fifty-five (155) tons per year.

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 BEU - Heat Medium Heaters Nitrous Oxides (“NOx”) Reduction 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].

8. Because the substantive components of the application for the BEU - Heat Medium Heaters Nitrous Oxides ("NOx") Reduction 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, 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)
 POLLUTION CONTROL FACILITY
 AIR WATER

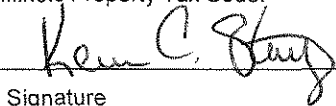
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
 P. O. Box 19276, Springfield, IL 62794-9276

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. 6050052		Date Issued 08/05/08		
Air Pollution Control Operating Permit No. 95120306		Date Issued 11/07/03		
Sec. C MANUFACTURING PROCESS	Describe Unit Process See BEU Heat Medium Heaters NOx Reduction Project attachment.			
	Materials Used in Process Reformate Solvent Heat Medium			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See BEU Heat Medium Heaters NOx Reduction Project attachment.			

Exhibit A

POLLUTION CONTROL FACILITY - CONTAMINANTS	Sec. E (1) Nature of Contaminants or Pollutants			
			Material Retained, Captured or Recovered	
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE	
	NOx	N2	N2 not converted to NOx	
ACCOUNTING DATA	(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 11/30/09	status of installation on date of application 100%		
	(5) a. TOTAL INSTALLED COST	\$ 13,334,000.00		
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 80,000.00		
	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			
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.			
		DIRECTOR - PTRRC		
	Signature	Title		
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. 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

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

Project: BEU Heat Medium Heaters NOx Reduction Project

Section C – Manufacturing Process

Describe Unit Process

The Benzene Extraction Unit (BEU) consists of a distillation column to fractionate benzene rich gasoline blending components from the Reformers into one stream with low benzene concentration for gasoline blending and one stream of high benzene concentration for feed to the extraction section. The high benzene concentration stream is routed to an extraction section where the benzene is separated from the other gasoline components into a concentrated chemical grade stream. The remaining portion of the gasoline stream is sent to gasoline blending.

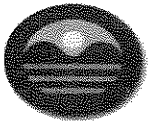
Prior to this project, the BEU used 2 heat medium heaters (BEU H1 and BEU H2) to supply the heat necessary for the process.

Section D – Pollution Control Facility Description

The BEU require high temperatures to complete fractionation and extraction steps. These high temperatures require a substantial amount of heat input to the process via fuel fired furnaces. Fuel fired furnaces produce nitrogen oxides (NOx) which is a pollutant released to the atmosphere in the furnace flue gas. NOx is formed when nitrogen and oxygen in the combustion air combine with one another at the high temperatures in a flame. Burner manufacturers have developed Ultralow NOx burners which achieve lower NOx formation by burning the fuel gas with a lower flame temperature. The lower flame temperature is achieved by staging the fuel into the burner and by inducing a flow of flue gas back into the burner. The flow passages for fuel gas in the Ultralow NOx burners are smaller than those in conventional burners. Ultralow NOx burners are more expensive than conventional burners. Also, additional filtering and conditioning of the fuel gas is required when using Ultralow NOx burners that would not be required with conventional burners. Because the heat release pattern of ULN burners differs from conventional burners, the convection sections of existing heaters may require modification if Ultralow NOx burners are installed.

The 2008 USEPA Consent Decree requires reducing NOx emissions from the refinery. The BEU Heat Medium Heaters NOx Reduction Project was installed solely to reduce NOx emissions to the atmosphere. Wood River personnel determined that the costs to modify the 2 existing BEU furnaces to incorporate Ultralow NOx burners exceeded the cost to replace the 2 furnaces with a new furnace with Ultralow NOx burners. Thus, this project reduced NOx emissions by replacing BEU H1 and BEU H2 with a new heater that uses Ultralow NOx burners. The project also installed additional filtering and conditioning of the fuel gas to prevent solids from plugging the ports in the Ultralow NOx burners. Included in the project is a continuous emissions monitor (CEMS).

This Pollution Control Facility is expected to reduce NOx emissions by 155 tons per year.



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

PAT QUINN, GOVERNOR

LISA BONNETT, INTERIM DIRECTOR

MEMORANDUM

Technical Recommendation for Tax Certification Approval

Date: May 20, 2011
To: Robb Layman
From: Edwin C. Bakowski
Subject: WRB Refining, LLC. TC-10-10-14AA

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:

BEU Heat Medium Heaters Nox Reduction Project which reduces NO_x emissions by installing a new heater that uses ultralow NO_x burners replacing BEU H1 and BEU H2. 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 900 South Central Avenue, Roxana, Illinois
The property identification number is 19-1-08-35-00-000-001

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.

FEM:psj