

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

WRB REFINING, LLC)
Refinery-Wide Leak Detection and)
Repair Program)
)
) 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 28, 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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Refinery-Wide Leak Detection and)	
Repair Program)	
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)	PCB 12-
)	(Tax Certification - Air)
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 28, 2011

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PROPERTY IDENTIFICATION NUMBER)	
19-1-08-35-00-000-001 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 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 a comprehensive upgrade to the piping networks that serve the refinery. The Refinery-Wide Leak Detection and Repair (“LDAR”) Program replaced various pipe gaskets, pump seals and valve packings from process units and associated equipment with similar leak prevention and monitoring components that possess advanced detection capabilities. These devices are designed to identify hydrocarbon leaks that cannot be detected by human senses and were implemented in accordance with federal LDAR requirements. The Refinery-Wide LDAR Program acts to reduce or prevent the release 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 Refinery-Wide LDAR Program 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 Refinery-Wide LDAR Program 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 28, 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 28th 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

***** PCB 12-067 *****
 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
	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 Refinery Wide LDAR Program Attachment.			
	Materials Used in Process See Refinery Wide LDAR Program Attachment.			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See Refinery Wide LDAR Program Attachment.			

Exhibit A

Sec. E	(1) Nature of Contaminants or Pollutants		
		Material Retained, Captured or Recovered	
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	Volatile Organic Carbon (VOC)	Hydrocarbons	Sold as product
	Hazardous Air Pollutants	Hydrocarbons	Sold as product
		(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 checked="" type="checkbox"/>	No <input type="checkbox"/>
(4)	Date installation completed <u>12/30/10</u>	status of installation on date of application <u>100%</u>	
(5)	a. TOTAL INSTALLED COST	\$ 6,165,885.00	
	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	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>DIRECTOR PTRRC</u>
	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.		
INSTRUCTIONS	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: Refinery Wide LDAR Program

Section C – Manufacturing Process

Process Description:

The Wood River Refinery uses pumps and pipes to transfer crude oil, intermediate streams, and products throughout the refinery. The crude oil and intermediate streams may contain volatile light hydrocarbons.

Within the refinery, some long runs of pipe are constructed of shorter sections of pipe, typically 20-30 feet in length with a flange at each end. Two section of pipe are joined by inserting a gasket between the 2 end flanges and bolting the two flanges together. Such flanged connections are typically leak free, but in rare instances a leak can occur. Normally, such leaks can be detected visually. In some instances, the leak is so small that it can not be detected by human senses.

Pumps are a mechanical device where an electric motor spins a shaft that is connected to an impeller within the pump case. The spinning impeller provides the energy to pump the fluids. Seals on pumps prevent the process or what is being pumped from leaking to the atmosphere. Pump seals are typically leak free, but in some instances a leak can occur. Normally, such leaks can be detected visually. In some instances, the leak is so small that it can not be detected by human senses.

Also, within the refinery, valves are installed within the piping networks and at equipment to allow flow paths to be adjusted or pipes and equipment to be taken out of service. Valves are connected to the piping using gaskets and flanges. The valve shaft or stem connects the valve handle to the valve plug or valve gate. Valve packing prevents the process from leaking to the atmosphere. Valve flanges and packing are typically leak free, but in rare instances a leak can occur. Normally, such leaks can be detected visually. In some instances, the leak is so small that it can not be detected by human senses.

New Environmental Regulations required the Wood River Refinery to use advanced detection devices to monitor flanges, pumps, and valves for leaks which can not be detected by human senses. The purpose of these regulations is to reduce air pollution by reducing 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.

Materials Used in Process:

Light Hydrocarbons

Section D – Pollution Control Facility Description

The Refinery Wide LDAR Program was completed solely to prevent the emissions of Volatile Organic Carbons and Hazardous Air Pollutants to the atmosphere. First, this program installed thousands of LDAR tags on valves, flanges, and equipment to facilitate the LDAR monitoring program. Also, each year, the LDAR Program upgrades pipe gaskets, pump seals, valve packing, and other components solely to eliminate hydrocarbon emissions which are detected by

the new advanced detection devices. These upgrades are completed solely to reduce air pollution.

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

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY



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

PAT QUINN, GOVERNOR

Technical Recommendation for Tax Certification Approval

Date: November 18, 2011
To: Robb Layman
From: Edwin C. Bakowski *[Signature]*
Subject: WRB Refining, LLC. TC-10-10-14AAC

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:

Refinery Wide LDAR (Leak Detection and Repair) Program in which thousands of LDAR tags on valves, flanges were installed as well as equipment to facilitate LDAR monitoring. The program also upgrades pipe gaskets, pump seals and valve packing which reduces VOC 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 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 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:jws

Exhibit B