BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

MARATHON ASHLAND PETROLEUM, LLC LPG Merox Unit	)	
	)	PCB 06-
	)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER 51-34-1-21 or portion thereof	)	

NOTICE

TO: Dorothy Gunn, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

John S. Swearingen
Marathon Ashland Petroleum
Refinery Office Building
Robinson, Illinois 62454

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 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
Assistant Counsel

Date: December 22, 2005

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

MARATHON ASHLAND PETROLEUM, LLC LPG Merox Unit	)	
	)	PCB 06-
	)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER 51-34-1-21 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
Assistant Counsel

Date: December 22, 2005

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	)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER 51-34-1-21 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 POLUTION CONTROL BOARD'S ("Board") procedural regulations, files the Illinois EPA's Recommendation in the above-referenced request for tax certification of pollution control facilities. In support thereof, the Illinois EPA states as follows:

1. On December 30, 2004, the Illinois EPA received a request and supporting information from MARATHON ASHLAND PETROLEUM, LLC, ("Marathon") concerning the proposed tax certification of certain air emission sources and/or equipment located at its Robinson refinery in Crawford County, Illinois. A copy of the relevant portions of the application is attached hereto. **[Exhibit A]**.

2. The applicant's address is as follows:

Marathon Ashland Petroleum, 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 equipment that is designed to remove impurities from certain feed streams at the refinery. The equipment, described as

the LPG Merox Unit, consists of separate treaters that, as a whole, remove hydrogen sulfides and mercaptan sulfurs from the propane, butane and olefin feed streams. As a result of this process, sulfur compounds are removed from the feed streams, which, in turn, are used or recycled in existing operations at the refinery. The removal of contaminants that would otherwise be emitted from the feed streams is in the primary nature of pollution control and is analogous to those projects that remove sulfur contaminants in reformulated gasoline, thereby reducing sulfur in the gasoline pool and preventing the release of the contaminant at the point of product use.

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 LPG Merox Unit to prevent, eliminate or reduce air pollution, it is the Illinois EPA's engineering judgment that the described project and/or equipment 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 LPG Merox Unit satisfies the aforementioned criteria, the Illinois EPA recommends that the Board **grant** the applicant's requested tax certification.

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

_____/s/_____
Robb H. Layman
Assistant Counsel

DATED: December 22, 2004

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 22nd day of December, 2005, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

Dorothy Gunn, 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 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
Assistant Counsel

* * * * * PCB 2006-108 * * * * *

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 Statues, 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: Marathon Ashland Petroleum LLC	
Person Authorized to Receive Certification: John Swearingen	Person to Contact for Additional Details: Dennis Baker
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: 419-421-3759
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

Sec. B — MANUFACTURING OPERATIONS

Nature of Operations Conducted at the Above Location: Petroleum Refining
LPG Merox Unit

AFE 237
810011

Water Pollution Control Construction Permit No.	Date Issued	
NPDES PERMIT No.	Date Issued	Expiration Date
Air Pollution Control Construction Permit No.: Constructed Prior to 1972	Date Issued: Constructed Prior to 1972	
Air Pollution Control Operating Permit No.: 72111524, 96010007 (Title V CAAPP permit)	Date Issued: 9/29/94 (renewed); 11-24-03	

Sec. C — MANUFACTURING PROCESS

Describe Unit Process: See Attached

Materials Used in Process: See Attached

RECEIVED
DEC 30 2004
IEPA - DAPC - SPFLD

Sec. D — POLLUTION CONTROL FACILITY DESCRIPTION

Describe Pollution Abatement Control Facility: See Attached

[redacted]

Exhibit A

* * * * * PCB 2006-108 * * * * *

Sec. E — POLLUTION CONTROL FACILITY – CONTAMINANTS / ACCOUNTING DATA

(1) Nature of Contaminants or Pollutants: Hydrogen Sulfide & mercaptans

Contaminant or Pollutant	Material Retained, Captured or Recovered – DESCRIPTION	DISPOSAL OR USE
Hydrogen Sulfide	Hydrogen Sulfide	The Merox treaters remove hydrogen sulfide and mercaptans from propane, butane and olefin streams.
Mercaptans	Mercaptans	

(2) Point(s) of Waste Water Discharge

	Plans and Specifications Attached	Yes	No
(3)	Are contaminants (or residues) collected by the control facility?	Yes XX	No
(4)	Date installation completed 1972 status of installation on date of application 100%		
(5) a.	FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	$ 14,404,987	
b.	NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	$ 216,075	
c.	PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	$ zero	
d.	PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	$ zero	
e.	PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	% 1.554	

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.

John Swearingen — 12/28/04

Signature John Swearingen — Title Illinois Refining Division Manager

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	Thomas McSwiggin Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control

Section C
Describe Unit Process:

LPG Merox Unit

The LPG Merox Unit has three separate treaters – propane, butane, and olefin and a Merox Regeneration Section. These treaters remove impurities from feed streams.

The propane treaters are fed from the #1 Saturate Gas Unit with propane entering the MDEA Tower where hydrogen sulfide is removed. The propane then enters the Caustic wash where remaining H2S and mercaptan sulfur are removed. The propane enters the water wash next to scrub any entrained caustic from the propane stream. The propane is then dried and sent to storage.

The butane treaters are fed from the #1 Saturate Gas Unit with butane entering the butane caustic wash, removing hydrogen sulfide. The butane goes to the extractor next, removing mercaptan sulfurs. From the extractor, the butane goes through a settler and sand filter to remove any liquid entrainment. The butane is then charged to the Hydrogen Fluoride Alkylation Unit.

The olefin treaters are fed from the Fluidized Catalytic Cracking Unit and the Coker Units and periodically from storage. The olefins enter the MDEA tower where hydrogen sulfide is removed. The olefins then enter the extractor where mercaptan sulfur removal occurs. The olefins then travel through a settler and sand filter to remove any entrained liquid and onto the Alkylation unit as feed.

The Merox Regeneration System converts mercaptan sulfurs into disulfide oils entrained in the rich caustic streams leaving the extractors. The disulfide oil settles in the separator and is sent off site, with fresh regenerated merox caustic recycled back to the extractors for mercaptan removal.

Section C
Materials used in process:

MAP Gas, Alkylation Feed MAP Spent Caustic, Sodium Hydroxide MAP Disulfides	MAP Spent Caustic UOP Merox WS Reagent MAP Gas, Saturate Gas Plant Butane/Isobutane	MAPLLC Hydrogen Sulfide MAPLLC Propane Union Carbide Ucarsol Le Solvent 713
MOC Produced Water, Sour Grace Molecular Sieve Silica	MAP Gas, Fuel Sour Saint Gobain Norpro Denstone 2000	Betz Max-Amine 82B MOC Produced Water

Section D
Pollution Control Facility Description

The propane treaters are fed from the #1 Saturate Gas Unit with propane entering the MDEA Tower where hydrogen sulfide is removed. The propane then enters the Caustic wash where remaining H2S and mercaptan sulfur are removed. The propane enters the water wash next to scrub any entrained caustic from the propane stream. The propane is then dried and sent to storage.

The butane treaters are fed from the #1 Saturate Gas Unit with butane entering the butane caustic wash, removing hydrogen sulfide. The butane goes to the extractor next, removing mercaptan sulfurs. From the extractor, the butane goes through a settler and sand filter to remove any liquid entrainment. The butane is then charged to the Hydrogen Fluoride Alkylation Unit.

The olefin treaters are fed from the Fluidized Catalytic Cracking Unit and the Coker Units and periodically from storage. The olefins enter the MDEA tower where hydrogen sulfide is removed. The olefins then enter the extractor where mercaptan sulfur removal occurs. The olefins then travel through a settler and sand filter to remove any entrained liquid and onto the Alkylation unit as feed.

The Merox Regeneration System converts mercaptan sulfurs into disulfide oils entrained in the rich caustic streams leaving the extractors. The disulfide oil settles in the separator and is sent off site, with fresh regenerated merox caustic recycled back to the extractors for mercaptan removal.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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

ROD R. BLAGOJEVICH, GOVERNOR DOUGLAS P. SCOTT, DIRECTOR

Memorandum

Technical Recommendation for Tax Certification Approval

Date: September 20, 2005

To: Robb Layman

From: Don Sutton DFS

Subject: Marathon Ashland Petroleum LLC TC-04-30-12A

This Agency received a request on December 30, 2004 from Marathon Ashland Petroleum 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:

LPG Merox Unit whose primary purpose is to reduce Hydrogen Sulfide(H2S) emissions from the feed streams. Because the primary purpose of this 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 51-34-1-21

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.

[redacted]

Exhibit B