

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

MARATHON PETROLEUM COMPANY, LLC)
Carbon Canisters and Degasser for)
Caustic Storage Tanks)
) PCB 12-
) (Tax Certification)
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 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: August 25, 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**

MARATHON PETROLEUM COMPANY, LLC)	
Carbon Canisters and Degasser for)	
Caustic Storage Tanks)	
)	PCB 12-
)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER)	
51-34-021-001 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: August 25, 2011

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Carbon Canisters and Degasser for)
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51-34-021-001 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 December 17, 2009, the Illinois EPA received a request and supporting information from MARATHON PETROLEUM COMPANY, 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]**. Additional information concerning the application was submitted to the Illinois EPA in recent email correspondence. **[Exhibit B]**.

2. The applicant’s address is as follows:

Marathon Petroleum Company, 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 a carbon adsorption system and a Degasser unit associated with storage tanks used for storing both fresh and spent caustic materials from certain refinery units. Four existing fiberglass tanks previously used for caustic storage had developed failings due to long-term exposures to the materials. These four tanks were replaced by carbon steel tanks, which are now vented through a carbon absorption system (i.e., Carbon Canisters) to allow for additional removal of volatile organic material emissions. A Degasser unit, which vents to the refinery's flare system, was also installed with the new storage tanks to prevent light hydrocarbons from entering the spent caustic tanks during transfer operations.

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 Carbon Canisters and Degasser unit 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 C]**. This recommendation does not extend

to the associated storage tank replacement described in the application, as it is not clear how the replacement of purely process-related equipment relates to matters affecting air pollution control.

7. Because the substantive components of the application for the tank replacement project satisfies the aforementioned criteria for receiving preferential tax treatment under applicable requirements of state law, the Illinois EPA recommends that the Board **issue** the applicant's requested tax certification.

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

DATED: August 25, 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 25th day of August, 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

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 14, 2009

Illinois EPA
Attn: Donald E. Sutton, Permit Section
Division of Air Pollution Control
P. O. Box 19276
Springfield, IL 62794-9276

Re: Application for Certification Pollution Control Facility

Dear Mr. Sutton:

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

<u>AFE</u>	<u>Project Description</u>
Y100	Caustic Tank Replacement
Y089	FCCU Pre-Heat Energy Optimization

Please contact me if you have questions or need any additional information. My email is drkrupp@marathonoil.com and my phone number is 419-421-4527.

Sincerely,

Debora R. Krupp
Senior Tax Analyst

cc: S. J. Hawkins

M:\DOCS\2009\Pollution Control\IL transmittal.water.doc

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STATE OF ILLINOIS

DEC 17 2009

Environmental Protection Agency
BUREAU OF AIF

Exhibit A

***** PCB 2012-041 *****

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.

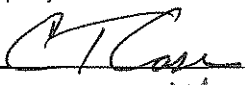
FOR AGENCY USE

File No.	Date Received	Certification No.	Date	
Sec. A APPLICANT	Company Name Marathon Petroleum Company LLC			
	Person Authorized to Receive Certification C. T. Case		Person to Contact for Additional Details Debora R. Krupp	
	Street Address P.O. Box 1200		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 Robins	Range	Municipality Robinson
	Street Address Route 33		County Crawford	Township Robins
	Property Identification Number		Parcel Number Part of 51-34-021-001	Book Number
	Sec. B MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location Petroleum Refinery AFE Y100 (R-713)		
		Project: Caustic Tank Replacement w/Carbon Canisters & Degasser		
Water Pollution Control Construction Permit No.		Date Issued		
NPDES PERMIT No.		Date Issued	Expiration Date	
Air Pollution Control Construction Permit No. IEPA #08090026		Date Issued 09/15/08		
Air Pollution Control Operating Permit No.		Date Issued		
Sec. C MANUFACTURING PROCESS	Describe Unit Process See Attached			
	Materials Used in Process See Attached			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See Attached			

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STATE OF ILLINOIS

DEC 17 2009

Environmental Protection Agency
BUREAU OF AIR

Sec. E	(1) Nature of Contaminants or Pollutants			
	CONTAMINANTS	Material Retained, Captured or Recovered		
		Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
		Volatile Organic Compounds	VOCs	Capture
	(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>03/01/09</u> status of installation on date of application _____		
ACCOUNTING DATA	(5) a.	FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ 3,612,762.00	
	b.	NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 18,063.81	
	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:	% 0.2371	
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	 _____ Division Manager, IRD		
Signature		<u>10/14/2009</u>	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.			
	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.		
	INSTRUCTIONS	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

AFE Budget No. Cost Center:

Project Name: Caustic Tank Replacement with Carbon Canisters and Degasser

Section C- Manufacturing Process

Describe Unit Process:

At the MPC Robinson refinery, there are four tanks (21D-84 through 21D-87) used to store fresh caustic (up to 50° Baume) and spent caustic. The typical arrangement is for two tanks to hold fresh caustic and two tanks to hold spent caustic (which may contain trace amounts of hydrocarbons) from various refinery units. Fresh caustic is received via tank truck and diluted with water to the strength required; the fresh caustic is then pumped to the appropriate unit. Some units sewer the spent caustic, and some units return the spent caustic to the spent caustic tanks for off-site shipment to a recovery facility.

MPC replaced its existing four fiberglass caustic tanks with carbon steel tanks (83D-84 through 83D-87). Liners in the former tanks developed cracks which allowed caustic to degrade the fiberglass. The new tanks have steam coils that enter through the tank side. The caustic is heated to approximately 100°F to keep it from freezing. While unlikely, there is a possibility that certain quantities of light hydrocarbons (C4 and lighter) could get into the spent caustic tanks during transfer operations from various refinery process units. A Degasser (83C-201) was installed with the new tanks on the spent caustic rundown system to protect against this scenario. The Degasser vents to the refinery flare system (either the 84F-2 or 84F-3 Flares). All four tanks vent through a 5,000 lb. carbon absorption system so that the spent caustic tanks will be in compliance with 40 CFR 61 Subpart FF control requirements.

Section D – Pollution Control Facility Description

Describe Pollution Abatement Control Facility:

A Degasser (83C-201) was installed with the new tanks on the spent caustic rundown system to protect against the possibility of quantities of light hydrocarbons (C4 and lighter) that could get into the spent caustic tanks during transfer operations from various refinery process units. The Degasser vents to the refinery flare system (either the 84F-2 or 84F-3 Flares).

All four tanks vent through a 5,000 lb. carbon absorption system for additional removal of hydrocarbon volatile organic compounds.

Layman, Robb

From: Krupp, Deb (MPC) [drkrupp@marathonpetroleum.com]
Sent: Friday, June 24, 2011 9:03 AM
To: Layman, Robb
Cc: Stechschulte, Cindy (MPC); Grigsby, Cindy (MPC)
Subject: FW: Marathon Petroleum - Pre Heat Energy Optimization and Caustic Tank Replacement

Mr. Layman:

Below are some comments regarding two of the other outstanding applications currently under review.

Thanks

Debora Krupp

Senior Tax Analyst
Marathon Petroleum Company LP
email: drkrupp@marathonpetroleum.com
Findlay, OH
Phone: 419-421-4527
Fax: 419-421-8451

From: Hawkins, Susan J. (MPC)
Sent: Thursday, June 09, 2011 11:29 AM
To: Stechschulte, Cindy (MPC)
Cc: Krupp, Deb (MPC); Titsworth, Jerri L. (MPC)
Subject: RE: Marathon Petroleum - status of pending tax certifications

Cindy,

I've been working on some responses.

Regarding the Pre-Heat Energy Optimization, I reviewed the emissions data for furnace 82F-2 for the years of 2008, 2009 and 2010 and there were no emissions reductions. This project was a reduction in refinery overall energy consumption -- I do not think we can justify continuing with it as a pollution control project.


Regarding the Caustic Tank Replacement with Carbon Canisters and Degasser -- The Carbon Canisters attached to this project are indeed carbon absorption systems in fact they are five thousand pound canisters used for carbon/VOC absorption to prevent VOCs from going into the atmosphere. Mr. Layman asked a question regarding the application seeking certification for the entire tank replacement or for just the degasser/carbon canisters -- I do not know the answer to that.

I'm still working on the reformulated gasoline and reverse osmosis.

Thanks,

Susan

Susan J. Hawkins
Environmental Dept.
Illinois Refining Division
P.O. Box 1200
Robinson, IL 62454
618-544-2121 ext. 5379
SJHawkins@MarathonOil.com

 Please consider the environment before printing this email

From: Stechschulte, Cindy (MPC)
Sent: Monday, June 06, 2011 9:52 AM
To: Hawkins, Susan J. (MPC)
Cc: Krupp, Deb (MPC)
Subject: FW: Marathon Petroleum - status of pending tax certifications

Hi Sue,

I'm following up with you to see how the request for additional information is going. We need to get this finalized soon!

Thanks!

Cindy

From: Stechschulte, Cindy (MPC)
Sent: Wednesday, May 18, 2011 8:40 AM
To: Hawkins, Susan J. (MPC)
Cc: Krupp, Deb (MPC); Schrock, Richard D. (MPC)
Subject: FW: Marathon Petroleum - status of pending tax certifications

Sue,

*******PCB 2012-041*******

By next year we will be working on the value of the Robinson Refinery for property tax purposes. It will be very important to have as many projects certified for pollution control prior to negotiating the value with the assessor. Deb has been working on all the pending certificates with Robb Layman, Illinois EPA. Robb is requesting additional information on four of the AFE's. See his comments below in red.

Attached, for your review, is the information that was originally sent to Illinois EPA.

Please provide the additional information to me that Robb has requested by early next week if possible.

Getting the outstanding certificates approved will be a significant tax savings to the refinery.

Thanks for your help!

Cindy Stechschulte, Tax Agent

Phone: 419-421-3759

From: Krupp, Deb (MPC)
Sent: Tuesday, May 17, 2011 4:20 PM
To: Stechschulte, Cindy (MPC)
Subject: FW: Marathon Petroleum - status of pending tax certifications

FYI

From: Layman, Robb [mailto:Robb.Layman@Illinois.gov]
Sent: Tuesday, May 17, 2011 4:00 PM
To: Krupp, Deb (MPC)
Subject: Marathon Petroleum - status of pending tax certifications

Here is a status of the list that you attached to your recent email:

Three Bureau of Air ("BOA") applications are being acted on today, as I am filing the Illinois EPA's recommendations for granting tax certification with the Illinois Pollution Control Board with respect to the Coker Blowdown, the Floating Roof on Tank 815 and the Routing of the LSR from Crude Unit to GDU. Copies of the filing are being sent to John Swearingen at the Robinson refinery.

Four BOA applications require some additional clarification, as follows:

Y089 - FCCU Pre-Heat Energy Optimization – It is not clear that this project can receive certification, as it appears that it was primarily meant to reduce the refinery's energy consumption, not for purposes of pollution control. To the extent that we are able to recommend certification of the project, a more definitive explanation will be needed to demonstrate how it achieves a reduction in pollutants. The description in Section D refers to the FCCU preheat furnace emission being reduced, but does not offer much in terms of details concerning why or how it is occurring.

Y100 - Caustic Tank Replacement with Carbon Canisters and Degasser – The degasser looks like the kind of project that we ordinarily approve for certification. So too do the carbon canisters

but there's not much information concerning the latter. Should we presume that the canisters are the same thing as the "carbon absorption system"? Some clarification would be helpful. I trust that, like the degasser, the carbon canisters are new to the process. I trust also that the application is not seeking certification for the broader tank replacement project but, rather, only the two components (i.e., degasser and carbon canisters) relating to pollution control.

169 - Reformulated Gasoline Blending System – I believe that BOA is prepared to accept this project but we need some additional technical information. Specifically, it would be helpful to obtain a more detailed explanation as to how the blending system interfaces with existing refinery operations. For example, how is the control system integrated with the gasoline streams and/or process equipment? There are also references to certain undefined components of the system (i.e., TDC equipment and existing engines) that would benefit from further clarification.

176 - Reverse Osmosis Degasifier - Like the blending system mentioned above, this project was previously denied certification. At that time, the company alleged that the pollutant being targeted for removal was carbon dioxide. The current application addresses sulfur dioxide. Further information is needed to warrant a reconsideration of the earlier decision. Among other things, the application should offer up some understanding as to how the project removes sulfur dioxide (or any other pollutants) from the product water; identify the chemical makeup of the product water; and explain reasons as to why the product is being [or must be] pretreated.

The supplemental materials concerning the above applications can be sent by email or by hard copy to me. I will make sure that the materials are added to the record of decision.

Four applications have not been located and I do not believe that they were forwarded to me from BOA. These applications are for the Ultra Low Sulfur Diesel, Vent Gas Recovery Project, External Floating Roof on Tank 21D-811 and FCCU NOx Controls (Enhanced SNCR). I conferred with Floyd McKinney about the matter but he did not believe he had any of these applications in his office. Accordingly, as we previously discussed, you may resubmit these by email to me at your convenience and I will ensure that they get acted upon by BOA as soon as possible.

I have not heard back from Connie Tonsor concerning my email about the status of the BOW projects and she has not been around when I've stopped by her office to inquire about the matter. I'll keep trying but, in the meanwhile, you are free to contact her at (217) 782-5544. If you have any other questions or concerns, you may contact me directly at (217) 524-9137.



Memorandum

Technical Recommendation for Tax Certification Approval

Date: July 13, 2011
To: Robb Layman
From: Ed Bakowski *EB*
Subject: Marathon Petroleum Company LLC/TC-12-17-09D

This Agency received a request on December 17, 2009, 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. Additional information supplementing the application was presented to the Illinois EPA on or about June 24, 2011. I offer the following recommendation:

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

Carbon adsorption system and Degasser unit, which, respectively, reduce emissions of volatile organic materials from four new caustic storage tanks and prevent the possibility of upset from the same. Because the primary purpose of the equipment installation 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.

Exhibit C