

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

WRB REFINING, LLC)
Distilling West Flare Gas Recovery Project)
)
)
) PCB 12-
) (Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER)
19-1-08-34-00-000-008.004 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**

WRB REFINING, LLC)	
Distilling West Flare Gas Recovery Project)	
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)	PCB 12-
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PROPERTY IDENTIFICATION NUMBER)	
19-1-08-34-00-000-008.004 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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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 the installation of equipment to process units that generate low-volume and low-pressure streams containing hydrocarbons, hydrogen sulfides and ammonia, which are routed to a flare device at the Distilling West Area of the refinery. The Distilling West Flare Gas Recovery Project consists of liquid ring compressors and a pressure control system designed to recover streams from the process units that are continuously routed to the Distilling West Flare during routine refinery operations. The installation of new equipment, consistent with the requirements of a consent decree, will capture the hydrocarbon vapors and hydrogen streams, compress them and re-direct them to the fuel gas treating process, thus preventing the combustion of the contaminants from the flare device. In doing so, the equipment acts to reduce or prevent the release of volatile organic materials, sulfur oxides and nitrogen oxides that would otherwise be combusted 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 Distilling West Flare Gas Recovery 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 Distilling West Flare Gas Recovery 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: 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

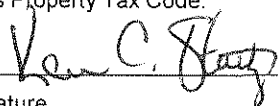
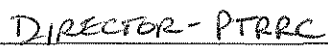
APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)
 POLLUTION CONTROL FACILITY
 AIR WATER

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 19-1-08-34-00-000-008.004	
	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. 10060051		Date Issued 09/03/10		
Air Pollution Control Operating Permit No. 95120306		Date Issued 11/07/03		
Sec. C MANUFACTURING PROCESS	Describe Unit Process See Distilling West Flare Gas Recovery Consent Decree Project attachment.			
	Materials Used in Process Crude Oil and intermediate refinery hydrocarbon streams Hydrocarbon vapor streams containing H2S and NH3 Water			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See Distilling West Flare Gas Recovery Consent Decree 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
	Hydrocarbons	Hydrocarbons	Recovered, scrubbed and reprocess
	CO2	Light Hydrocarbons	Recovered, scrubbed and reprocess
	SOx	H2S	Converted to sulfur and sold
	(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>12/31/11</u> status of installation on date of application <u>30%</u>	
ACCOUNTING DATA	(5) a.	TOTAL INSTALLED COST	\$ 46,100,000.00
	b.	NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 230,500.00
	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.		
	  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: Illinois EPA, P.O. Box 19276, Springfield, IL 62794-9276			
Attention: Al Keller, Permit Section, Division of Water Pollution Control			
Attention: Donald E. Sutton, Permit Section, Division of Air Pollution Control			

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

Project: Distilling West Flare Gas Recovery Consent Decree Project

Section C – Manufacturing Process

Process Description:

The Distilling West Area of the Wood River Refinery includes a Crude Unit, a Delayed Coker, a Naphtha Hydrotreater, and 2 utility boilers. The Distilling West Area is equipped with a flare which is tall large diameter vertical stack with a continuously maintained flame at the top. During non routine operation such as loss of electrical power or loss of cooling water, refinery units must release hydrocarbon vapor and hydrogen streams to the flare to prevent overpressure of operating equipment. The flare combusts the released hydrocarbon vapor and hydrogen streams so that the volatile hydrocarbons and other pollutants such as hydrogen sulfide and ammonia are not released to atmosphere.

The Crude Unit separates crude oil into intermediate products by boiling range using a distillation column. Raw crude is heated then mixed with water to remove salts. The desalted crude is further heated and sent to a distillation column. Intermediate products from the crude column are gas, naphtha, kerosene, diesel, gas oil, and atmospheric residue. Any gas that cannot be recovered is sent to the flare for combustion. The atmospheric residue is further heated and sent to a distillation column that is operated under a vacuum where more gas oil is separated from the atmospheric residue. The Vacuum tower bottoms (VTB) stream is then sent to the Coker. Any vapors from the vacuum tower overhead that cannot be recovered are sent to the flare for combustion.

In the Coker, the VTB is further heated and sprayed into one of three large drums where time and temperature cause the residue to crack into a full range of intermediate products that are separated by distillation and sent to other units for further processing. Coking is a semi batch process in which one drum is in service, one drum is quenched and the coke drilled out, and one drum is being prepared to go into service. During part of the quench step the drum vapors that go to the blowdown system are cooled to condense some of the hydrocarbons and the remaining vapors go to the flare system for combustion.

Historically, the continuous routing of some low volume low pressure hydrocarbon vapor and hydrogen streams to the flare has been permitted. Recovery and reprocessing of this material is not economical due to the low volume and low pressure of the streams and the high cost of recovery. These low volume streams contain some hydrogen sulfide (H₂S) and ammonia (NH₃) which produce SO_x and NO_x when combusted in the flare.

Section D – Pollution Control Facility Description

The Distilling West Flare Gas Recovery Consent Decree Project installs pollution control equipment which reduces SO_x, NO_x, and CO₂ emissions from the Distilling West Flare. This pollution control equipment consists of liquid ring compressors and a pressure control system to recover, compress, and route flare gases to fuel gas treating at Distilling West.

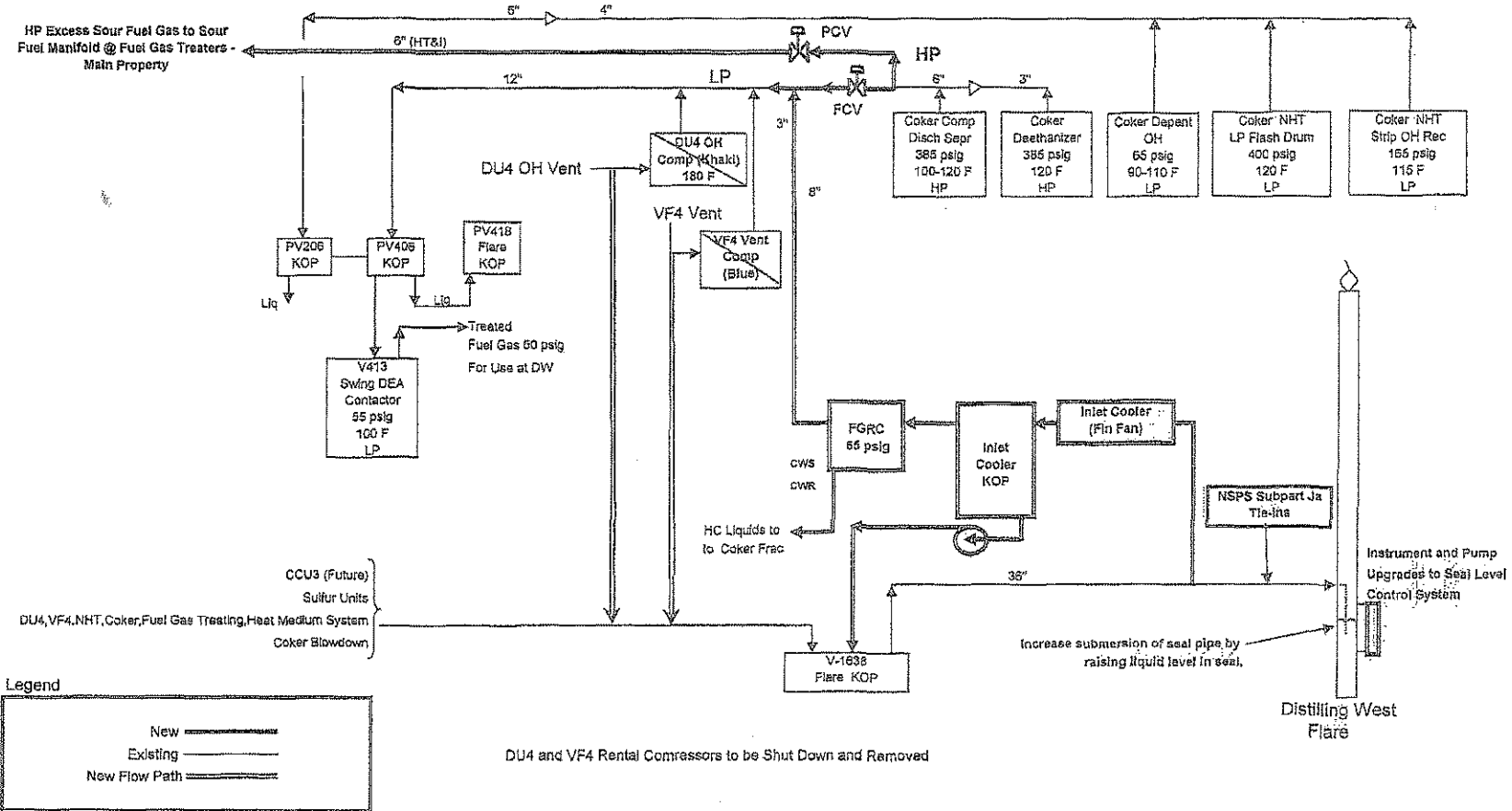
This equipment captures low volume low pressure hydrocarbon vapor and hydrogen streams which are routed to the flare system, preventing this material from being combusted in the flare. This equipment will also recover hydrocarbon vapor and hydrogen streams released to the flare during non routine refinery operation. Recovery and reprocessing of these streams prevents the emission of SO_x, NO_x, and CO₂ from the flare due to combustion of H₂S, NH₃, and hydrocarbon

in the flare. With this pollution control equipment, H₂S is recovered and eventually converted to sulfur, NH₃ is recovered and eventually converted to nitrogen gas, and the hydrocarbon is recovered and eventually converted to product.

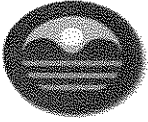
This project is installed for the sole purpose of reducing emissions to atmosphere due to flaring. This project will reduce SO_x and NO_x emissions to atmosphere. This project will reduce CO₂ emissions to atmosphere by an estimated 27,500 metric tons/year.

The sulfur and hydrocarbon recovered by this pollution control facility does generate some revenue for the Wood River Refinery, but the costs to operate the pollution control facility are greater than this revenue and thus this pollution control facility results in no net income for the Wood River Refinery.

Attachment I: Project Simplified Block Flow Diagram
 Distilling West Flare Gas Recovery **CONSENT DECREE PROJECT**



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 *A*
Subject: WRB Refining, LLC. TC-10-10-14X

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:

Distilling West Flare Gas Recovery Consent Decree Project installs pollution control equipment which reduces SO_x, NO_x, and CO₂ emissions which consists of liquid ring compressors and a pressure control system to recover, compress, and route flare gases to fuel gas treating at Distilling West. 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, 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:psj

Exhibit B