

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD  
OF THE STATE OF ILLINOIS

WRB REFINING, LLC )  
New Units' Maintenance Drop-Out System )  
)  
) PCB 12-  
) (Tax Certification - Air)  
PROPERTY IDENTIFICATION NUMBER )  
19-1-08-35-00-000-001 or portion thereof )

NOTICE

TO: [Electronic filing] [Service by mail]  
John Therriault, Assistant Clerk Michael Kemp  
Illinois Pollution Control Board WRB Refining, LLC  
State of Illinois Center 404 Phillips Building  
100 W. Randolph Street, Suite 11-500 Bartlesville, Oklahoma 74004  
Chicago, Illinois 60601

[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	)	
New Units' Maintenance Drop-Out System	)	
	)	
	)	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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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 consists of the installation of a closed-loop system to deal with various hydrocarbons that must be removed from newly-constructed process equipment prior to performing required maintenance. Maintenance of such equipment for periodic servicing or repairs usually requires that the hydrocarbons be drained, then steam-applied, and any condensed water is thereafter routed to the oily-water sewer. As described in the application, the Maintenance Drop-Out System consists of a network of piping that connects process equipment to a large horizontal vessel, which is equipped with the controls, pumps and piping that conduct the separation of oil from water and routes the recovered materials to reprocessing destinations. The Maintenance Drop-Out System allows the drainage and steam-cleaning of hydrocarbons to occur in a dedicated, closed system and minimizes the use of the oily-water sewer, which would otherwise result in the release of volatile organic materials during drainage and during steaming.

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 New Units’ Maintenance Drop-Out System 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 New Units’ Maintenance Drop-Out System 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 28<sup>th</sup> 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 12-074 \*\*\*\*\*

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

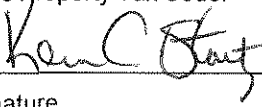
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
 P. O. Box 19276, Springfield, IL 62794-9276

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 New Units Maintenance Drop Out System Project Attachment.			
	Materials Used in Process See New Units Maintenance Drop Out System Project Attachment.			
Sec. D  POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See New Units Maintenance Drop Out System Project Attachment.			

Exhibit A

Sec. E	(1) Nature of Contaminants or Pollutants		
POLLUTION CONTROL FACILITY - CONTAMINANTS ACCOUNTING DATA			Material Retained, Captured or Recovered
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	Volatile Organic Carbon (VOC)	Hydrocarbon	Recovered for Reprocessing
	(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>04/01/11</u> status of installation on date of application <u>70%</u>		
(5)	a. TOTAL INSTALLED COST	\$ 1,792,350.00	
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 12,000.00	
	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	
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	 _____ 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 pollution control facility. 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: New Units Maintenance Drop Out System Project

Section C – Manufacturing Process

Process Description:

The Wood River Refinery North Property Maintenance Drop Out (MDO) System Project installs a dedicated, closed system to handle hydrocarbons drained from equipment prior to maintenance to prevent emitting volatile organic compounds (VOC) to the atmosphere.

During the cycle of a refining process, equipment within a refinery unit must be taken out of service for maintenance. Maintenance could be required for repair of a damaged unit, inspection of its mechanical integrity or cleaning. In order to prepare a piece of equipment for maintenance, the equipment must be made hydrocarbon free. Typically, hydrocarbon is drained from the equipment, steam is introduced to strip the remaining hydrocarbons, and the last portion of condensed water is drained to the oily/water sewer.

A MDO system allows the refiners to drain and then steam hydrocarbons into a closed system where all hydrocarbons are recovered. The oily/water sewer drain is only used after the equipment is hydrocarbon free. It is used to drain water that condensed during the steaming process.

If the MDO system was not available, hydrocarbon would be drained to the oily/water sewer. In this scenario, as the equipment is drained, some of the hydrocarbon would vaporize resulting in volatile organic compound (VOC) emission to the atmosphere. Additional VOC emissions would occur during the steaming process. With a MDO system, these emissions are avoided.

Materials Used in Process:

- Volatile Organic Compounds (VOC)

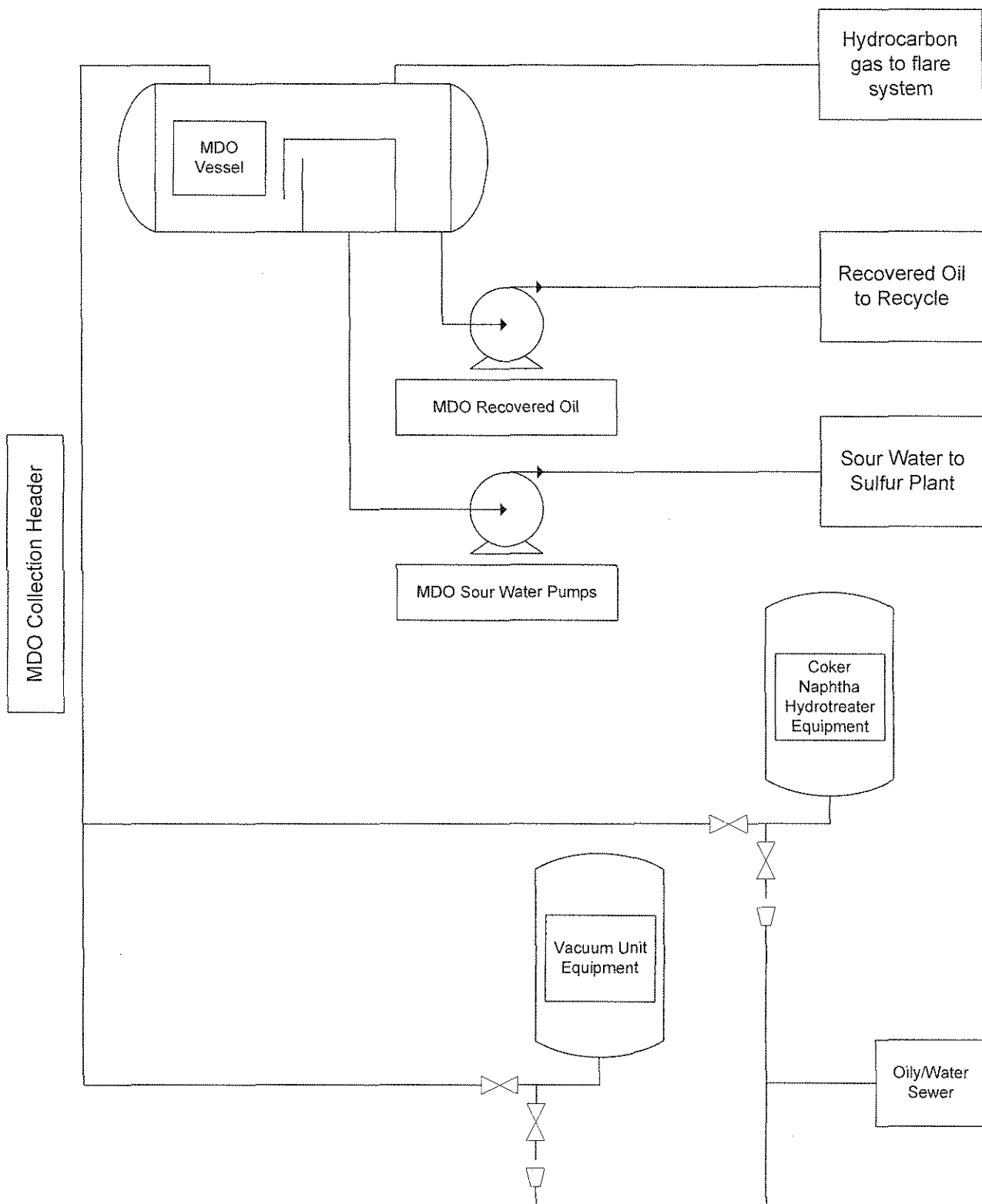
Section D – Pollution Control Facility Description

The Wood River Refinery installed the New Units Maintenance Drop Out System Project to reduce hydrocarbon emissions to atmosphere and thus reduce air pollution. MDO systems reduce VOC emissions to the environment by eliminating the need to drain hydrocarbons to the oily/water sewer. Instead, hydrocarbons drained from equipment prior to maintenance are sent to the closed MDO system. Within the MDO system, liquid hydrocarbon is recovered and reprocessed, vapor hydrocarbon is recovered and routed to the fuel system, and sour water is sent to Sour Water Stripper for processing.

The New Units MDO System consists of a large network of many pipes which connect the process equipment to the MDO vessel. The MDO vessel is a large horizontal vessel with internals which facilitate the separation of oil from water. The MDO vessel is equipped with controls, pumps, and pipes which route the recovered materials to appropriate units for reprocessing.

In summary, the primary purpose of the New Units Maintenance Drop Out System Project is to reduce air pollution by eliminating the need to drain hydrocarbons to the oily/water sewer. The material 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.

### Process Flow Diagram MDO System





## ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 North Grand Avenue East, P.O. Box 19276, Springfield, Illinois 62794-9276 • (217) 782-2829  
James R. Thompson Center, 100 West Randolph, Suite 11-300, Chicago, IL 60601 • (312) 814-6026

PAT QUINN, GOVERNOR

### Memorandum

#### Technical Recommendation for Tax Certification Approval

Date: November 28, 2011  
To: Robb Layman  
From: Ed Bakowski *EB*  
Subject: WRB Refining LLC TC-10-14-10Q

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:

New Units' Maintenance Drop-Out System, which installs a network of piping and a large vessel acting as an oil/water separator to minimize the use of the oily-water sewer, thereby reducing or preventing volatile organic materials emissions during maintenance activities on newly-constructed process units. Because the primary purpose of this system is to reduce or prevent air pollution, it can be certified as a pollution control facility.

This facility is located at 900 South Central Avenue, Roxana  
The property identification number is Part of 19-1-08-35-00-000-001

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 B*