

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

WRB REFINING, LLC)	
Dual Pump Seals,)	
Pump Fugitive Emissions Program)	
)	PCB 14-
)	(Tax Certification - Air)
PARCEL NUMBER)	
19-1-08-35-00-000-001 or portion thereof)	

NOTICE

TO: [Electronic filing]
John Therriault, 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: December 12, 2013

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)	
Dual Pump Seals,)	
Pump Fugitive Emissions Program)	
)	PCB 14-
)	(Tax Certification - Air)
PARCEL 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: December 12, 2013

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**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
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Dual Pump Seals,)
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PARCEL 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]**. Additional information concerning the project was conveyed in an email to the Illinois EPA on December 10, 2013. **[Exhibit B]**.

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 consisted of the Pump Fugitive Emissions Program, which introduced additional leakage protection to mechanical pumps handling volatile hydrocarbons associated with the refinery's non-CORE related units of operation. As described in the application, dual pump seals are seals that feature a secondary, outer seal that serves as an additional, protective backup to the primary seal found on a conventional mechanical pump. *See*, Exhibit A, Attachment at Section C. Between the two seals, a fluid fills a chamber that acts as a barrier to any leaking hydrocarbons. *Id.* Any resulting leakage is forced out of the chamber into a seal pot, which is vented to flare devices and monitored by pressure recording devices. *Id.* If a primary seal fails, the pump's instrumentation signals an alarm to prompt corrective action while the secondary seal and barrier fluid prevent leakage of fugitive hydrocarbons to the atmosphere. *Id.* According to the application, the project was undertaken to comply with the Leak Detection and Repair Program ("LDAR") requirements of the New Source Performance Standards promulgated by the United States Environmental Protection Agency.

5. The Pump Fugitive Emissions Program involved the installation of dual pump seals on approximately forty-two (42) pump devices at those process units of the refining that both existed before the CORE project and continued to operate thereafter. *See*, Exhibit A, Attachment at Section D; Exhibit B. The specific areas of the refinery affected by the program include the Catalytic Reformer No. 1, the Catalytic Reformer No. 3, the Saturates Gas Plant, the Cracked Gas Plant, the Crude Distilling Unit Nos. 1 and 2, the Hydrocracker and the Catalytic Cracker No. 2. *See*, Exhibit B. The dual pump seals act to prevent or reduce fugitive VOM emissions from the pumps and associated equipment that would otherwise have been emitted to the atmosphere following a failure of conventional pump seals.

6. 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.”

7. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).

8. Based on information in the application and the primary purpose of the Dual Pump Seals of the Fugitive Emissions Program to prevent or reduce air pollution, it is the Illinois EPA’s engineering judgment that the devices 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]. In keeping with prior recommendations in similar matters, the Illinois EPA would expect any preferential tax treatment for the Dual Pump Seals, as determined by the Department of Revenue in separate proceedings, to address only the incremental costs associated with the devices in relation to conventional pump seals.

9. Because the applicant’s request for the Pump Fugitive Emissions Program satisfies the aforementioned statutory and regulatory 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: December 12, 2013

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 12th day of December, 2013, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

John Therriault, 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

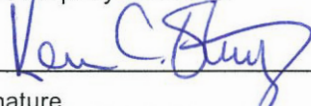
This Agency is authorized to request this information under Illinois Revised Statutes, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

FOR AGENCY USE

File No. Date Received Certification No. Date

APPLICANT	Sec. A	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		
MANUFACTURING OPERATIONS	Sec. B	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		
MANUFACTURING PROCESS	Sec. C	Describe Unit Process See Pump Fugitive Emissions Program attachment.				
		Materials Used in Process Mechanical Seals and Packing Light, volatile hydrocarbons				
POLLUTION CONTROL FACILITY DESCRIPTION	Sec. D	Describe Pollution Abatement Control Facility See Pump Fugitive Emissions Program attachment.				

Exhibit A

Sec. E	(1) Nature of Contaminants or Pollutants		
CONTAMINANTS			Material Retained, Captured or Recovered
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	Hydrocarbon Fugitive Emissions	light hydrocarbons	Recovered for Reprocessing
ACCOUNTING DATA	(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 type="checkbox"/> No <input checked="" type="checkbox"/>
	(4)	Date installation completed <u>12/31/06</u> status of installation on date of application <u>100%</u>	
	(5)	a. TOTAL INSTALLED COST	\$ 2,583,000.00
		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. <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;">  Signature </div> <div style="text-align: center;"> <u>DIRECTOR - PTRAC</u> Title </div> </div>	
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:
		Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	AI 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: Pump Fugitive Emissions Program

Section C – Manufacturing Process

Process Description:

Pumps are the primary device within the refinery that provides the energy to move liquids within the pipes of the refinery. 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. Since the shaft is spinning and the seal is stationary, some amount of leakage through the seal is expected and required as it provides lubrication for the seal. Single seals on volatile hydrocarbon pumps would result in light hydrocarbon emissions to the atmosphere. If the seal fails, the leakage rate would increase resulting in higher emissions. The attached drawing provides schematics of both a single seal pump and a dual seal pump.

Dual pump seals add a second seal closer to the motor. This is the outer seal. Between the primary seal and outer seal, there is a chamber filled with a non-hazardous fluid that lubricates the outer seal and acts as a barrier to any leaking hydrocarbons. If hydrocarbons do leak, the barrier fluid is heavier than hydrocarbon resulting in hydrocarbons floating out of the chamber into the seal pot. The seal pot is vented to the flare and is monitored with a pressure recording device. Any normal leakage of hydrocarbons is vented to the flare where these hydrocarbons are recovered in the flare system and recycled to the refinery. If the primary seal fails, hydrocarbons vent into the seal pot, pressure increases and the pressure recording device alarms to signify a mechanical issue with the pump seal. During the primary seal failure, the outer seal and barrier fluid prevent leakage to the atmosphere. Hydrocarbons are vented to the flare and recovered in the flare system.

Section D – Pollution Control Facility Description

This project was completed solely to reduce light hydrocarbon emissions to the atmosphere. This project installed upgraded pump seal systems on 42 pumps to bring these into compliance with the EPA mandated Least Detectable and Repair Program. The EPA mandated this program to reduce fugitive emissions of light hydrocarbons which is considered a source of air pollution.

The project installed dual seals which directly prevent light hydrocarbon from being released to the environment by collecting any leakage and routing it to the flare system where the gases and/or liquids are recovered by the flare system and flare gas recovery compressors. Instrumentation on the pumps notifies refinery personnel when the primary seal has failed. The second seal prevents leakage to the atmosphere while the spare pump is started and the leaking pump is taken out of service and queued for repair.

The Wood River Refinery installed this pollution control facility for the sole purpose of reducing light hydrocarbon emissions to atmosphere.

Diagram of Single Seal Pump

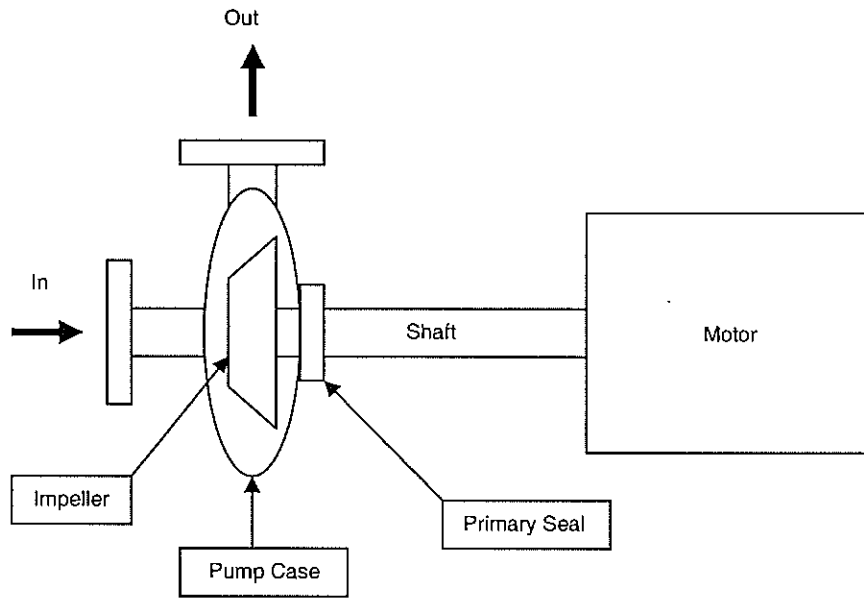
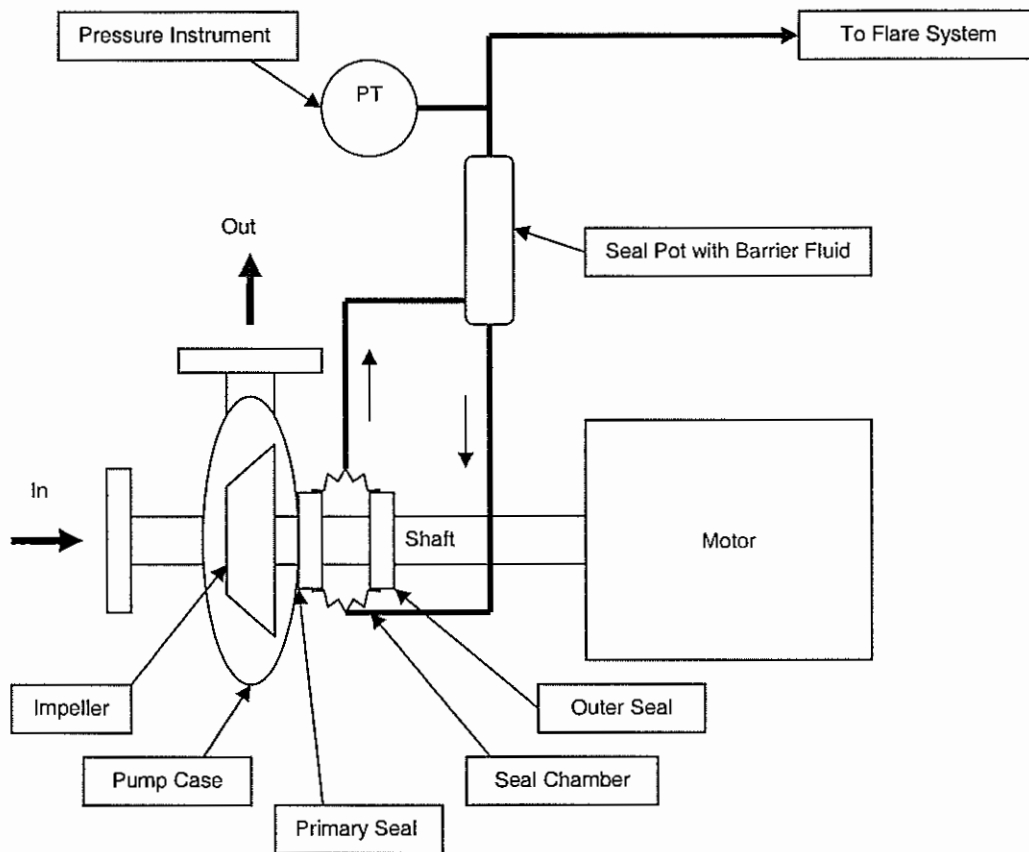


Diagram of Dual Seal Pump



Layman, Robb

From: Witte, Greg: <Greg.M.Witte@p66.com>
Sent: Tuesday, December 10, 2013 4:33 PM
To: Layman, Robb
Cc: khodge@hddattorneys.com
Subject: RE: Additional information re: pending tax certification request

Robb,

Concerning your followup questions on the Pump Fugitive Emissions program (with a cost of \$2.583 million): You are correct in that the pumps to which this application applies are NOT at the New Units section of the refinery. The pumps in this application are in Refinery units which existed before the CORE Project and continue to operate post CORE. The specific units for the pumps in this application include Catalytic Reformer 1, Catalytic Reformer 3, Saturates Gas Plant, Cracked Gas Plant, Crude Distilling Unit 1, Crude Distilling Unit 2, Hydrocracker, and Catalytic Cracker 2.

Concerning your followup questions on the New Units Dual Pump Seal project (with a cost of \$3.525 million): this application covers dual pump seals for 38 pumps installed in new CORE Project units located in the North Property area of the refinery. Specific units include Vacuum Flasher 5, Delayed Coker 2, C3/C4 Splitter, as well as the closed Maintenance Drop Out system shared by the New CORE Units.

Please let me know of any additional questions.

Gregory M. (Greg) Witte
Phillips 66
Wood River Refinery
P. O. Box 76
900 South Central Avenue
Roxana, IL 62084
Phone = 618-255-3198; Fax = 618-255-3536
Email: greg.m.witte@P66.com

From: Layman, Robb [mailto:Robb.Layman@Illinois.gov]
Sent: Monday, December 02, 2013 4:15 PM
To: Witte, Greg:
Cc: khodge@hddattorneys.com
Subject: [EXTERNAL]RE: Additional information re: pending tax certification request

The next week or so would be great...

From: Witte, Greg: [mailto:Greg.M.Witte@p66.com]
Sent: Monday, December 02, 2013 4:12 PM
To: Layman, Robb
Cc: khodge@hddattorneys.com
Subject: RE: Additional information re: pending tax certification request

Robb: Thanks for resending as the 11/27 email did not reach me (the @conocophillips is the issue). These are not difficult to answer, but I will have to do a little research. Are you under a tight deadline for answers?

Gregory M. (Greg) Witte
Phillips 66
Wood River Refinery
P. O. Box 76
900 South Central Avenue
Roxana, IL 62084
Phone = 618-255-3198; Fax = 618-255-3536
Email: greg.m.witte@P66.com

From: Layman, Robb [<mailto:Robb.Layman@Illinois.gov>]
Sent: Monday, December 02, 2013 4:06 PM
To: Witte, Greg:
Cc: khodge@hddattorneys.com
Subject: [EXTERNAL]FW: Additional information re: pending tax certification request

I'm not sure if this message made it through last week, so I'm sending it again. If you have questions or concerns, you can call me at 217-524-9137. Thanks.

From: Layman, Robb
Sent: Wednesday, November 27, 2013 10:14 AM
To: 'greg.m.witte@conocophillips.com'
Cc: 'khodge@hddattorneys.com'
Subject: Additional information re: pending tax certification request

As per our brief conversation yesterday, I need a little more input on the following applications:

Pump Fugitive Emissions program, with a cost of \$2.583 million, is vague on where the 42 dual pump seal systems were installed... what part of the refinery? And given a separate application for the New Units Dual Pump Seal project, I take it that the 42 pump seals were not at that New Units section of the refinery, but elsewhere.

New Units Dual Pump Seal project, with a \$3.525 million, is vague on the number of pump seals... a general number count would be helpful, as that detail was referenced in the above application. Also, there is a general reference to the North Property... can you confirm that this was the area covered by the project.

Thanks in advance for your efforts. If you have any questions or concerns, please let me know via email or phone at (217)524-9137.



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 *EB*
Subject: WRB Refining, LLC. TC-10-10-14AG

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:

Pump Fugitive Emissions Program by installing dual seals which prevent the release of hydrocarbons by collecting any leakage and routing it to the flare system where they are recovered by the flare system which reduces light hydrocarbon 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 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 C