

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019  
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 1-34736

**SEMGROUP CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-3533152  
(IRS Employer  
Identification Number)

Two Warren Place  
6120 S. Yale Avenue, Suite 1500  
Tulsa, OK 74136-4231  
(Address of principal executive offices and zip code)

(918) 524-8100  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files): **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

**Large accelerated filer**

**Non-accelerated filer**

**Emerging growth company**

**Accelerated filer**

**Smaller reporting company**

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): **Yes**  **No**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock	SEMG	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

<u>Class</u>		<u>Outstanding at April 30, 2019</u>	
Class A	Common stock, \$0.01 par	79,545,511	Shares
Class B	Common stock, \$0.01 par	—	Shares

**SemGroup Corporation**

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### Cautionary Note Regarding Forward-Looking Statements

Certain matters contained in this Quarterly Report on Form 10-Q include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical fact, included in this Form 10-Q regarding the prospects of our industry, our anticipated financial performance, management’s plans and objectives for future operations, planned capital expenditures, business prospects, outcome of regulatory proceedings, market conditions and other matters, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as “may,” “will,” “expect,” “intend,” “estimate,” “foresee,” “project,” “anticipate,” “believe,” “plans,” “forecasts,” “continue” or “could” or the negative of these terms or variations of them or similar terms. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks, and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those discussed in Item 1A of our most recent Annual Report on Form 10-K, entitled “Risk Factors,” risk factors discussed in other reports and documents that we file with the Securities and Exchange Commission (the “SEC”) and the following:

- Our ability to generate sufficient cash flow from operations to enable us to pay our debt obligations and our current and expected dividends or to fund our other liquidity needs;
- Any sustained reduction in demand for, or supply of, the petroleum products we gather, transport, process, market and store;
- The effect of our debt level on our future financial and operating flexibility, including our ability to obtain additional capital on terms that are favorable to us;
- Our ability to access the debt and equity markets, which will depend on general market conditions and the credit ratings for our debt obligations and equity;
- The loss of, or a material nonpayment or nonperformance by, any of our key customers;
- The amount of cash distributions, capital requirements and performance of our investments and joint ventures;
- The consequences of any divestitures of non-strategic operating assets or divestitures of interests in some of our operating assets through partnerships and/or joint ventures;
- The amount of collateral required to be posted from time to time in our purchase, sale or derivative transactions;
- The impact of operational and developmental hazards and unforeseen interruptions;
- Our ability to obtain new sources of supply of petroleum products;
- Competition from other midstream energy companies;
- Our ability to comply with the covenants contained in our credit agreements, continuing covenant agreement and the indentures governing our notes, including requirements under our credit agreements and continuing covenant agreement to maintain certain financial ratios;
- Our ability to renew or replace expiring storage, transportation and related contracts;
- The overall forward markets for crude oil, natural gas and natural gas liquids;
- The possibility that the construction or acquisition of new assets or other business combination activities may not result in the corresponding anticipated benefits;
- Any future impairment of goodwill resulting from the loss of customers or business;
- Changes in currency exchange rates;
- Weather and other natural phenomena, including climate conditions;
- A cyber attack involving our information systems and related infrastructure, or that of our business associates;

- The risks and uncertainties of doing business outside of the U.S., including political and economic instability and changes in local governmental laws, regulations and policies;
- Costs of, or changes in, laws and regulations and our failure to comply with new or existing laws or regulations, particularly with regard to taxes, safety and protection of the environment;
- The possibility that our hedging activities may result in losses or may have a negative impact on our financial results; and
- General economic, market and business conditions.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Form 10-Q, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements.

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Investors and others should note that we announce material company information using our investor relations website ([www.semgroup.com](http://www.semgroup.com)), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our businesses and our results of operations. The information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our company to review the information we post on the social media channels listed on our investor relations website.

As used in this Form 10-Q, and unless the context indicates otherwise, the terms the "Company," "SemGroup," "we," "us," "our," "ours," and similar terms refer to SemGroup Corporation, its consolidated subsidiaries, and its predecessors. We sometimes refer to crude oil, natural gas, natural gas liquids (natural gas liquids, or "NGLs," include ethane, propane, normal butane, iso-butane, and natural gasoline), refined petroleum products, and residual fuel oil, collectively, as "petroleum products" or "products."

**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**
**SEMGROUP CORPORATION**
**Unaudited Condensed Consolidated Balance Sheets**
**(In thousands, except par value)**

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 343,560	\$ 86,655
Accounts receivable (net of allowance of \$2,292 and \$2,244, respectively)	780,956	562,214
Receivable from affiliates	534	295
Inventories	77,120	49,397
Other current assets	18,711	17,264
Total current assets	1,220,881	715,825
Property, plant and equipment (net of accumulated depreciation of \$648,434 and \$607,903, respectively)	3,845,508	3,457,326
Equity method investments	276,893	274,009
Goodwill	334,893	257,302
Other intangible assets (net of accumulated amortization of \$101,914 and \$90,014, respectively)	466,934	365,038
Other noncurrent assets	134,847	140,807
Right of use assets, net	94,082	—
Total assets	\$ 6,374,038	\$ 5,210,307
<b>LIABILITIES, PREFERRED STOCK AND OWNERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 750,635	\$ 494,792
Payable to affiliates	1,042	3,715
Accrued liabilities	100,941	115,095
Deferred revenue	3,104	11,060
Other current liabilities	18,921	6,495
Current portion of long-term debt	6,000	6,000
Total current liabilities	880,643	637,157
Long-term debt	2,461,583	2,278,834
Deferred income taxes	142,461	55,789
Other noncurrent liabilities	142,538	38,548
Commitments and contingencies (Note 8)		
Redeemable preferred stock, \$0.01 par value, \$373,790 liquidation preference (authorized - 4,000 shares; issued - 350 shares)	366,087	359,658
Subsidiary redeemable preferred stock	250,239	—
SemGroup owners' equity:		
Common stock, \$0.01 par value (authorized - 190,000 shares; issued - 79,705 and 79,270 shares, respectively)	790	786
Additional paid-in capital	1,496,633	1,615,969
Treasury stock, at cost (173 and 126 shares, respectively)	(1,385)	(705)
Accumulated deficit	(69,764)	(73,971)
Accumulated other comprehensive loss	(71,060)	(51,247)
Total SemGroup Corporation owners' equity	1,355,214	1,490,832
Noncontrolling interests in consolidated subsidiaries	775,273	349,489
Total owners' equity	2,130,487	1,840,321
Total liabilities, preferred stock and owners' equity	\$ 6,374,038	\$ 5,210,307

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SEMGROUP CORPORATION****Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)****(Dollars in thousands, except per share amounts)**

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Product	\$ 420,233	\$ 510,768
Service	87,373	92,244
Storage	42,308	39,651
Lease	3,882	4,329
Other	13,436	14,617
<b>Total revenues</b>	<b>567,232</b>	<b>661,609</b>
<b>Expenses:</b>		
Costs of products sold, exclusive of depreciation and amortization shown below	403,372	496,132
Operating	63,207	69,791
General and administrative	29,547	26,477
Depreciation and amortization	59,036	50,536
Gain on disposal of long-lived assets, net	(1,444)	(3,566)
<b>Total expenses</b>	<b>553,718</b>	<b>639,370</b>
Earnings from equity method investments	13,951	12,614
<b>Operating income</b>	<b>27,465</b>	<b>34,853</b>
<b>Other expenses (income), net:</b>		
Interest expense	36,652	42,461
Foreign currency transaction loss (gain)	(288)	3,294
Other income, net	(979)	(950)
<b>Total other expenses, net</b>	<b>35,385</b>	<b>44,805</b>
<b>Loss before income taxes</b>	<b>(7,920)</b>	<b>(9,952)</b>
<b>Income tax expense (benefit)</b>	<b>(4,606)</b>	<b>23,083</b>
<b>Net loss</b>	<b>(3,314)</b>	<b>(33,035)</b>
Less: net income attributable to noncontrolling interest	3,525	—
<b>Net loss attributable to SemGroup</b>	<b>(6,839)</b>	<b>(33,035)</b>
Less: cumulative preferred stock dividends	6,541	4,832
Less: cumulative subsidiary preferred stock dividends	1,857	—
Less: accretion of subsidiary preferred stock to redemption value	13,749	—
<b>Net loss attributable to common shareholders</b>	<b>\$ (28,986)</b>	<b>\$ (37,867)</b>
<b>Net loss</b>	<b>\$ (3,314)</b>	<b>\$ (33,035)</b>
<b>Other comprehensive income (loss), net of income taxes</b>	<b>(14,233)</b>	<b>18,171</b>
<b>Comprehensive loss</b>	<b>(17,547)</b>	<b>(14,864)</b>
Less: net income attributable to noncontrolling interests	3,525	—
Less: other comprehensive income attributable to noncontrolling interests	5,580	—
<b>Comprehensive loss attributable to SemGroup</b>	<b>\$ (26,652)</b>	<b>\$ (14,864)</b>
<b>Net loss per common share (Note 15):</b>		
Basic	\$ (0.37)	\$ (0.48)
Diluted	\$ (0.37)	\$ (0.48)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SEMGROUP CORPORATION**  
**Unaudited Condensed Consolidated Statements of Changes in Owners' Equity**  
**(Dollars in thousands)**

	Three Months Ended March 31, 2019						
	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Owners' Equity
<b>December 31, 2018</b>	\$ 786	\$ 1,615,969	\$ (705)	\$ (73,971)	\$ (51,247)	\$ 349,489	\$ 1,840,321
Adoption of ASU 2018-02	—	—	—	10,884	(10,884)	—	—
Adoption of ASU 842	—	—	—	162	—	—	162
Net income (loss)	—	—	—	(6,839)	—	3,525	(3,314)
Other comprehensive income (loss), net of income taxes	—	—	—	—	(8,929)	5,580	(3,349)
Dividends paid	—	(44,824)	—	—	—	—	(44,824)
Unvested dividend equivalent rights	—	844	—	—	—	—	844
Non-cash equity compensation	—	2,632	—	—	—	—	2,632
Equity issuance to noncontrolling interest	—	(64,525)	—	—	—	437,469	372,944
Accretion of subsidiary preferred stock to redemption value	—	(13,749)	—	—	—	(13,210)	(26,959)
Cash distributions to noncontrolling interest	—	—	—	—	—	(7,580)	(7,580)
Issuance of common stock under compensation plans	4	286	—	—	—	—	290
Repurchase of common stock	—	—	(680)	—	—	—	(680)
<b>Balance at March 31, 2019</b>	<b>\$ 790</b>	<b>\$ 1,496,633</b>	<b>\$ (1,385)</b>	<b>\$ (69,764)</b>	<b>\$ (71,060)</b>	<b>\$ 775,273</b>	<b>\$ 2,130,487</b>

	Three Months Ended March 31, 2018						
	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Owners' Equity
<b>December 31, 2017</b>	\$ 786	\$ 1,770,117	\$ (8,031)	\$ (50,706)	\$ (53,801)	\$ —	\$ 1,658,365
Adoption of ASC 606	—	—	—	11,513	—	—	11,513
Net loss	—	—	—	(33,035)	—	—	(33,035)
Other comprehensive income, net of income taxes	—	—	—	—	18,171	—	18,171
Dividends paid	—	(37,230)	—	—	—	—	(37,230)
Unvested dividend equivalent rights	—	53	—	—	—	—	53
Non-cash equity compensation	—	2,149	—	—	—	—	2,149
Issuance of common stock under compensation plans	1	557	—	—	—	—	558
Retirement of treasury stock	(2)	—	8,031	(8,029)	—	—	—
Repurchase of common stock	—	—	(381)	—	—	—	(381)
<b>Balance at March 31, 2018</b>	<b>\$ 785</b>	<b>\$ 1,735,646</b>	<b>\$ (381)</b>	<b>\$ (80,257)</b>	<b>\$ (35,630)</b>	<b>\$ —</b>	<b>\$ 1,620,163</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SEMGROUP CORPORATION**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Dollars in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (3,314)	\$ (33,035)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>		
Depreciation and amortization	59,036	50,536
Gain on disposal of long-lived assets, net	(1,444)	(3,566)
Earnings from equity method investments	(13,951)	(12,614)
Distributions from equity method investments	13,937	12,605
Amortization of debt issuance costs and discount	2,098	1,796
Deferred tax expense (benefit)	(11,525)	10,044
Non-cash equity compensation	2,632	2,196
Provision for uncollectible accounts receivable, net of recoveries	(287)	(173)
Foreign currency transaction loss (gain)	(288)	3,294
Changes in operating assets and liabilities (Note 16)	5,945	52,497
Net cash provided by operating activities	52,839	83,580
<b>Cash flows from investing activities:</b>		
Capital expenditures	(96,261)	(131,784)
Proceeds from sale of long-lived assets	2,115	16
Contributions to equity method investments	(9,409)	(309)
Payments to acquire business, net of cash acquired	(488,297)	—
Proceeds from business divestitures	—	63,830
Distributions in excess of equity in earnings of affiliates	6,538	6,545
Net cash used in investing activities	(585,314)	(61,702)
<b>Cash flows from financing activities:</b>		
Debt issuance costs	(8,341)	(459)
Borrowings on credit facilities and issuance of senior notes, net of discount	421,006	—
Principal payments on credit facilities and other obligations	(233,876)	(134,246)
Proceeds from subsidiary common stock issuance, net of offering costs	437,469	—
Proceeds from subsidiary preferred stock issuance, net of offering costs	223,280	342,354
Distributions to noncontrolling interests	(7,580)	—
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(680)	(381)
Dividends paid	(44,824)	(37,230)
Proceeds from issuance of common stock under employee stock purchase plan	137	24
Net cash provided by financing activities	786,591	170,062
Effect of exchange rate changes on cash and cash equivalents	2,789	(141)
Change in cash and cash equivalents	256,905	191,799
Cash and cash equivalents at beginning of period	86,655	93,699
Cash and cash equivalents at end of period	\$ 343,560	\$ 285,498

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****1. OVERVIEW**

SemGroup Corporation is a Delaware corporation headquartered in Tulsa, Oklahoma. The terms “we,” “our,” “us,” “SemGroup,” the “Company” and similar language used in these notes to the unaudited condensed consolidated financial statements refer to SemGroup Corporation and its subsidiaries.

***Basis of presentation***

The accompanying condensed consolidated balance sheet at December 31, 2018, which is derived from audited financial statements, and the unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). These financial statements include all normal and recurring adjustments that, in the opinion of management, are necessary to present fairly the financial position of the Company and the results of its operations and its cash flows.

Our condensed consolidated financial statements include the accounts of our controlled subsidiaries. All significant transactions between our consolidated subsidiaries have been eliminated. Outside ownership interests in consolidated subsidiaries are reported as noncontrolling interests in the condensed consolidated financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements. Although management believes these estimates are reasonable, actual results could differ materially from these estimates. The results of operations for the three months ended March 31, 2019, are not necessarily indicative of the results to be expected for the full year ending December 31, 2019.

Pursuant to the rules and regulations of the SEC, the accompanying condensed consolidated financial statements do not include all of the information and notes normally included with financial statements prepared in accordance with U.S. GAAP. Certain reclassifications have been made to conform previously reported balances to the current presentation. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2018, which are included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC.

Our significant accounting policies are consistent with those described in our Annual Report on Form 10-K for the year ended December 31, 2018.

***Recently adopted accounting pronouncements***

In February 2018, the FASB issued ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. For public entities, this ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those years and early adoption is permitted in the year prior to the effective date. We adopted the standard at January 1, 2019, and recorded a \$10.9 million adjustment from AOCI to retained earnings upon adoption.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)”, as amended (“ASC 842”), which amends the existing lease guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by operating and finance leases and to disclose additional quantitative and qualitative information about leasing arrangements. This ASU, as amended, also provides clarifications surrounding the presentation of the effects of leases in the income statement and statement of cash flows. For public entities, this ASU will be effective for annual periods beginning after December 15, 2018, and interim periods within those years. We have elected the package of practical expedients such that we will not reassess whether any expired or existing contracts contain leases, we will not reassess the lease classification for any expired or existing leases and we will not reassess initial direct costs for any leases. Additionally, we have elected the practical expedient not to reassess certain land easements. As such, certain storage tanks, pipeline leases and land easements, which are not currently treated as leases, may become leases as these agreements are renewed or modified depending on the terms of the renewal or modification. Additionally, the classification for existing leases may change as agreements are renewed or modified. We adopted the standard at January 1, 2019, and recorded approximately \$100 million of right of use assets and lease liabilities. We recognized a

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****1. OVERVIEW, Continued**

cumulative-effect adjustment to the opening balance of retained earnings of approximately \$0.2 million as allowed by ASU 2018-11, “Leases (Topic 842): Targeted Improvements”.

***Recent accounting pronouncements not yet adopted***

On August 27, 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement”, which modifies the disclosure requirements in Topic 820 by removing, adding or modifying certain fair value measurement disclosures. For public entities, this ASU is effective for annual periods beginning after December 15, 2019, and interim periods therein. Early adoption is permitted. We will adopt this guidance in the first quarter of 2020. The impact is not expected to be material.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”, which introduces new guidance for estimating credit losses on certain types of financial instruments based on expected losses and the timing of the recognition of such losses. For public entities, this ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those years and early adoption is permitted in the year prior to the effective date. We will adopt this guidance in the first quarter of 2020. The impact is not expected to be material.

**2. DISPOSALS OR IMPAIRMENTS OF LONG-LIVED ASSETS*****Three months ended March 31, 2019***

On February 25, 2019, we contributed 100% of the issued and outstanding equity interests in our wholly owned subsidiary, SemCAMS ULC, an Alberta unlimited liability company, in exchange for 51% of the common shares of SemCAMS Midstream ULC, cash, a potential payment contingent on positive final investment decision of a specific project by SemCAMS Midstream, and earnout consideration in the form of a special share in SemCAMS Midstream entitled to dividend payments if either or both of two specific projects proceed and EBITDA thresholds pertaining to those projects are achieved. No gain or loss was recorded on the contribution as we retained control of the contributed subsidiary. Certain deferred tax impacts of the transaction were recorded as an adjustment to Additional Paid-In Capital. Refer to Note 3 for further information.

***Three months ended March 31, 2018***

On March 15, 2018, we completed the sale of our Mexican asphalt business for \$70.7 million. We recorded a pre-tax gain on disposal of \$1.6 million for the three months ended March 31, 2018. The Mexican asphalt business contributed \$2.3 million of pre-tax income for the three months ended March 31, 2018, excluding the gain on disposal.

**3. ACQUISITIONS*****SemCAMS Midstream***

On January 9, 2019, a wholly owned subsidiary of SemGroup Corporation, SemCanada II, L.P., an Oklahoma limited partnership (“SemGroup”), and an affiliate of Kohlberg Kravis Roberts & Co. L.P. and wholly owned subsidiary of KKR Global Infrastructure Investors III L.P., KKR Alberta Midstream Inc., an Alberta corporation (“KKR”), entered into definitive documents to create a new joint venture company that will own and operate midstream oil and gas infrastructure in Western Canada, SemCAMS Midstream ULC, an Alberta unlimited liability corporation (“SemCAMS Midstream”). SemGroup owns 51%, and KKR owns 49%, of SemCAMS Midstream, subsequent to close of the transactions described below.

***Share Purchase Agreement***

In connection with the formation of SemCAMS Midstream, on January 9, 2019, SemCAMS Midstream entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with Meritage Midstream Services III, LP (“Meritage”) to acquire 100% of the issued and outstanding equity interests in Meritage Midstream ULC, an Alberta unlimited liability corporation (“Meritage ULC” and such acquisition, the “Meritage Acquisition”). On February 25, 2019, SemCAMS Midstream completed the Meritage Acquisition pursuant to the Share Purchase Agreement for a debt-free, cash purchase price of C\$645.6 million (US\$490.8 million at the February 25, 2019 exchange rate), subject to customary post-closing

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****3. ACQUISITIONS, Continued**

adjustments. The purchase price included C\$152.3 million (US\$115.8 million at the February 25, 2019 exchange rate) in reimbursements for estimated capital expenditures incurred from September 1, 2018 to the closing of the Meritage Acquisition (the “Meritage Closing”).

Pursuant to the Share Purchase Agreement, SemCAMS Midstream has obtained a representation and warranty insurance policy to cover losses arising from breaches of representations and warranties by Meritage. Each party has agreed to indemnify the other for breaches of covenants and certain other matters, subject to certain exceptions and limitations.

***Investment and Contribution Agreement***

Concurrently with the execution of the Share Purchase Agreement, SemGroup, KKR and SemCAMS Midstream entered into an Investment and Contribution Agreement (the “Contribution Agreement”). On February 25, 2019, the Contribution (as defined below) closed immediately prior to the Meritage Closing (the “Contribution Closing”). Pursuant to the terms of the Contribution Agreement, each of SemGroup and KKR made the following contributions to SemCAMS Midstream: (i) SemGroup contributed 100% of the issued and outstanding equity interests in its wholly owned subsidiary, SemCAMS ULC, an Alberta unlimited liability company, (the “SemGroup Contribution”) in exchange for (A) 51% of the common shares of SemCAMS Midstream, (B) a cash amount of C\$645.6 million (US\$490.8 million at the February 25, 2019 exchange rate), capital contributions to SemCAMS ULC by SemGroup, and other customary adjustments, (C) a potential payment of C\$14.7 million (US\$11.2 million at the February 25, 2019 exchange rate) contingent on positive final investment decision of a specific project by SemCAMS Midstream, and (D) earnout consideration in the form of a special share in SemCAMS Midstream entitled to dividend payments up to a maximum (pre-tax) aggregate amount of C\$50.0 million (US\$38.0 million at the February 25, 2019 exchange rate) if either or both of two specific projects proceed and EBITDA thresholds pertaining to those projects are achieved; and (ii) KKR contributed cash in the amount of C\$785.6 million (US\$597.2 million at the February 25, 2019 exchange rate), capital contributions to SemCAMS ULC by SemGroup and a payment of C\$14.7 million (US\$11.2 million at the February 25, 2019 exchange rate) contingent on the pursuit of a specific project (unrelated to the two projects referred to above) by SemCAMS Midstream, and other customary adjustments (the “KKR Contribution” and, together with the SemGroup Contribution, the “Contribution”) in exchange for (A) 49% of the common shares of SemCAMS Midstream and (B) 300,000 preferred shares in SemCAMS Midstream (representing C\$300 million (US\$228.1 million at the February 25, 2019 exchange rate) of KKR cash contribution) which will pay annual dividends of \$87.50 paid on a quarterly basis. SemCAMS Midstream may elect, for any of the first ten quarters following issuance of the preferred shares, to pay the dividends in-kind in the form of additional preferred shares. SemCAMS Midstream will have the right to convert the preferred shares into common shares in the event of an initial public offering of its common shares, at a conversion price equal to 92.5% of the IPO offering price. In connection with the issuance of the preferred shares, KKR received a C\$6.0 million (US\$4.6 million at the February 25, 2019 exchange rate) transaction fee from SemCAMS Midstream.

Included within the C\$645.6 million (US\$490.8 million at the February 25, 2019 exchange rate) cash received by SemGroup are reimbursements of C\$30.6 million (US\$23.2 million at the February 25, 2019 exchange rate) for a 51% share of the deposit made pursuant to the Share Purchase Agreement. KKR’s cash contribution of C\$785.6 million (US\$597.2 million at the February 25, 2019 exchange rate) does not include C\$29.4 million (US\$22.3 million), the 49% share of the deposit made pursuant to the Share Purchase Agreement, which was not reimbursed to KKR and forms part of the KKR Contribution.

KKR and SemGroup have agreed to indemnify each other for breaches of covenants and certain other matters, subject to certain exceptions and limitations.

Upon the Contribution Closing, KKR and SemGroup entered into a unanimous shareholder agreement (the “Shareholder Agreement”) to cover corporate governance, transfer restrictions, funding obligations and other similar matters related to SemCAMS Midstream. The Shareholder Agreement includes customary restrictions on the activities of SemGroup and KKR that relate to the business of SemCAMS Midstream within a defined area of mutual interest surrounding the location in which SemCAMS Midstream will operate. In addition, the Shareholder Agreement includes certain liquidity rights that allow each of KKR and SemGroup to cause SemCAMS Midstream to pursue an initial public offering of its respective common shares after the third anniversary of the parties’ entry into the Shareholder Agreement.

***Purchase price allocation***

We are in the process of finalizing the determination of the fair value of consideration exchanged and assets and liabilities acquired at the acquisition date to record the business combination. Further, the acquired business was not yet

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****3. ACQUISITIONS, Continued**

required to comply with ASU 2016-02 “Leases (Topic 842)”. The determination of the estimated fair values of the assets acquired, including intangible assets and goodwill, and liabilities assumed is not yet complete and adjustments to preliminary amounts could be material.

As of March 31, 2019, we have recorded the preliminary purchase price allocation as follows in USD at the February 25, 2019, exchange rate (in thousands):

<b>Assets acquired</b>	
Cash	\$ 2,756
Accounts receivable	29,330
Other current assets	60
Property, plant and equipment	330,681
Intangible assets subject to amortization	115,524
Goodwill	78,768
<b>Total assets acquired</b>	<b>\$ 557,119</b>
<b>Consideration</b>	
Cash	\$ 491,487
<b>Liabilities assumed</b>	
Accounts payable and accrued liabilities	32,169
Other noncurrent liabilities	33,463
<b>Total liabilities assumed</b>	<b>65,632</b>
<b>Total consideration</b>	<b>\$ 557,119</b>

Finite-lived intangibles are amortized over their estimated useful lives. Customer contracts are being amortized over 20 years on a straight-line basis. Goodwill primarily relates to the location of the business and potential for future growth. SemGroup will be able to deduct 51% of the goodwill from the transaction for U.S. income tax purposes. Acquired property, plant and equipment has been assigned useful lives consistent with our accounting policies disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

**4. EQUITY METHOD INVESTMENTS**

Our equity method investments consisted of the following (in thousands):

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
White Cliffs Pipeline, L.L.C.	\$ 257,914	\$ 255,043
NGL Energy Partners LP	18,979	18,966
<b>Total equity method investments</b>	<b>\$ 276,893</b>	<b>\$ 274,009</b>

Our earnings from equity method investments consisted of the following (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
White Cliffs Pipeline, L.L.C.	\$ 13,937	\$ 12,605
NGL Energy Partners LP	14	9
<b>Total earnings from equity method investments</b>	<b>\$ 13,951</b>	<b>\$ 12,614</b>

**SEMGROUP CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**
**4. EQUITY METHOD INVESTMENTS, Continued**
***White Cliffs Pipeline, L.L.C.***

We own a 51% interest in White Cliffs Pipeline, L.L.C. (“White Cliffs”), which we account for under the equity method. Certain unaudited summarized income statement information of White Cliffs for the three months ended March 31, 2019 and 2018, is shown below (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Revenue	\$ 45,624	\$ 40,391
Cost of products sold, exclusive of depreciation and amortization	\$ 221	\$ 384
Operating, general and administrative expenses	\$ 8,812	\$ 5,402
Depreciation and amortization expense	\$ 9,263	\$ 9,592
Net income	\$ 27,328	\$ 25,014

Our equity in earnings of White Cliffs for the three months ended March 31, 2019 and 2018, is less than 51% of the net income of White Cliffs for the same periods. This is due to certain general and administrative expenses we incur in managing the operations of White Cliffs that the other owners are not obligated to share.

We received cash distributions from White Cliffs of \$20.5 million and \$19.2 million for the three months ended March 31, 2019 and 2018, respectively.

The members of White Cliffs are required to contribute capital to White Cliffs to fund various projects. For the three months ended March 31, 2019, we contributed \$9.4 million to fund White Cliffs capital projects. There were no capital contributions made during the three months ended March 31, 2018. In 2018, we announced that we will convert one of the White Cliffs 12-inch carrier pipelines from crude service to natural gas liquids service. Remaining contributions related to the conversion project will be paid in 2019 and are expected to total \$17.8 million. The project is expected to be completed during the fourth quarter of 2019.

***NGL Energy Partners LP***

We own an 11.78% interest in the general partner of NGL Energy Partners LP (NYSE: NGL) (“NGL Energy”) which is being accounted for under the equity method in accordance with ASC 323-30-S99-1, as our ownership is in excess of the 3 to 5 percent interest which is generally considered to be more than minor. The general partner of NGL Energy is not a publicly traded company.

**5. FINANCIAL INSTRUMENTS**
***Fair value of financial instruments***

We record certain financial assets and liabilities at fair value at each balance sheet date. The tables below summarize the balances of derivative assets and liabilities at March 31, 2019 and December 31, 2018 (in thousands):

	<b>March 31, 2019</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Netting <sup>(1)</sup></b>	<b>Total - Net</b>
<b>Assets:</b>					
Commodity derivatives <sup>(2)</sup>	\$ 3,140	\$ —	\$ —	\$ (3,140)	\$ —
Total assets	3,140	—	—	(3,140)	—
<b>Liabilities:</b>					
Commodity derivatives	4,273	—	—	(3,140)	1,133
Foreign currency forwards	—	1,053	—	—	1,053
Interest rate swaps	—	—	2,175	—	2,175
Total liabilities	4,273	1,053	2,175	(3,140)	4,361
Net assets (liabilities) at fair value	\$ (1,133)	\$ (1,053)	\$ (2,175)	\$ —	\$ (4,361)

**SEMGROUP CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**
**5. FINANCIAL INSTRUMENTS, Continued**

	December 31, 2018				
	Level 1	Level 2	Level 3	Netting <sup>(1)</sup>	Total - Net
<b>Assets:</b>					
Commodity derivatives <sup>(2)</sup>	\$ 4,658	\$ —	\$ —	\$ (973)	\$ 3,685
Total assets	4,658	—	—	(973)	3,685
<b>Liabilities:</b>					
Commodity derivatives	973	—	—	(973)	—
Foreign currency forwards	—	2,985	—	—	2,985
Interest rate swaps	—	—	1,482	—	1,482
Total liabilities	973	2,985	1,482	(973)	4,467
Net assets (liabilities) at fair value	\$ 3,685	\$ (2,985)	\$ (1,482)	\$ —	\$ (782)

(1) Relates primarily to exchange traded futures. Gain and loss positions on multiple contracts are settled net on a daily basis with the exchange.

(2) Commodity derivatives are subject to netting arrangements.

“Level 1” measurements are based on inputs consisting of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. These include commodity futures contracts that are traded on an exchange.

“Level 2” measurements are based on inputs consisting of market observable and corroborated prices for similar derivative contracts. Assets and liabilities classified as Level 2 include over the counter (“OTC”) traded physical fixed priced purchases and sales forward contracts.

“Level 3” measurements are based on inputs from a pricing service and/or internal valuation models incorporating observable and unobservable market data. These could include commodity derivatives, such as forwards and swaps for which there is not a highly liquid market and therefore are not included in Level 2 above and interest rate swaps for which certain unobservable inputs are used in the valuation.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value levels. At March 31, 2019 and December 31, 2018, all of our physical fixed price forward purchases and sales commodity contracts were being accounted for as normal purchases and normal sales.

The following table summarizes changes in the fair value of our net financial liabilities classified as Level 3 in the fair value hierarchy (in thousands):

	Three Months Ended March 31,	
	2019	2018
Net assets (liabilities) at beginning of the period	\$ (1,482)	\$ (1,228)
Transfers out of Level 3	—	—
Realized/Unrealized gain (loss) included in earnings*	(693)	1,074
Settlements	—	284
Net assets (liabilities) at end of period	\$ (2,175)	\$ 130

\*Gains and losses related to interest rate swaps are recorded in interest expense in the condensed consolidated statements of operations and comprehensive income (loss).

See Note 7 for fair value of debt instruments. The approximate fair value of cash and cash equivalents, accounts receivable and accounts payable is equal to book value due to the short-term nature of these items.

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****5. FINANCIAL INSTRUMENTS, Continued*****Commodity derivative contracts***

Our consolidated results of operations and cash flows are impacted by changes in market prices for petroleum products. This exposure to commodity price risk is managed, in part, by entering into various commodity derivatives.

We seek to manage the price risk associated with our marketing operations by limiting our net open positions through (i) the concurrent purchase and sale of like quantities of petroleum products to create back-to-back transactions that are intended to lock in positive margins based on the timing, location or quality of the petroleum products purchased and delivered or (ii) derivative contracts. Our storage and transportation assets can also be used to mitigate time and location basis risks, respectively. All marketing activities are subject to our Comprehensive Risk Management Policy, Delegation of Authority policy and their supporting policies and procedures, which establish limits in order to manage risk and mitigate financial exposure.

Our commodity derivatives can be comprised of swaps, futures contracts and forward contracts of crude oil, natural gas and natural gas liquids. These are defined as follows:

*Swaps* – OTC transactions where a floating price, basis or index is exchanged for a fixed (or a different floating) price, basis or index at a preset schedule in the future, according to an agreed-upon formula.

*Futures contracts* – Exchange traded contracts to buy or sell a commodity. These contracts are standardized by the exchange in terms of quality, quantity, delivery period and location for each commodity.

*Forward contracts* – OTC contracts to buy or sell a commodity at an agreed upon future date. The buyer and seller agree on specific terms (price, quantity, delivery period and location) and conditions at the inception of the contract.

The following table sets forth the notional quantities for derivative instruments entered into (in thousands of barrels):

	Three Months Ended March 31,	
	2019	2018
Sales	4,734	4,139
Purchases	4,901	3,375

We have not designated any of our commodity derivative instruments as accounting hedges. We have recorded the fair value of our commodity derivative instruments on our condensed consolidated balance sheets in “other current assets” and “other current liabilities” in the following amounts (in thousands):

	March 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Commodity contracts	\$ —	\$ 1,133	\$ 3,685	\$ —

We have posted margin deposits as collateral with brokers who have the right of set off associated with these funds. At March 31, 2019 and December 31, 2018, our margin deposit balances were \$3.1 million and \$0.1 million, respectively. These margin account balances have not been offset against our net commodity derivative instrument (contract) positions. Had these margin deposits been netted against our net commodity derivative instrument (contract) positions as of March 31, 2019 and December 31, 2018, we would have had asset positions of \$2.0 million and \$3.8 million, respectively.

Realized and unrealized gains (losses) from our commodity derivatives were recorded to product revenue in the following amounts (in thousands):

	Three Months Ended March 31,	
	2019	2018
Commodity contracts	\$ (10,585)	\$ (3,136)

***Interest rate swaps***

We have interest rate swaps which allow us to limit exposure to interest rate fluctuations. The swaps only apply to a portion of our outstanding debt and provide only partial mitigation of interest rate fluctuations. We have not designated

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****5. FINANCIAL INSTRUMENTS, Continued**

the swaps as hedges, as such, changes in the fair value of the swaps are recorded through current period earnings as a component of interest expense. At March 31, 2019 and December 31, 2018, we had interest rate swaps with notional values of \$522.8 million and \$524.3 million, respectively. At March 31, 2019, the fair value of our interest rate swaps was \$2.2 million which was reported within "other noncurrent liabilities" in our condensed consolidated balance sheet. At December 31, 2018, the fair value of our interest rate swaps was \$1.5 million which was reported within "other current liabilities" in our condensed consolidated balance sheet. For the three months ended March 31, 2019 and 2018, we recognized realized and unrealized losses of \$0.7 million and realized and unrealized gains of \$1.1 million related to interest rate swaps, respectively.

***Foreign currency forwards***

We have foreign currency forwards primarily to purchase Canadian dollars to limit exposure to foreign currency rate fluctuations for capital contributions to our Canada segment primarily to fund capital projects. We have not designated the forwards as hedges; therefore, changes in the fair value of the forwards are recorded through current period earnings as a component of foreign currency transaction gains and losses. At March 31, 2019 and December 31, 2018, we had foreign currency forwards with notional values of \$25.8 million and \$56.1 million, respectively. At March 31, 2019 and December 31, 2018, the fair value of our foreign currency forwards was \$1.1 million and \$3.0 million, respectively, which is reported within "other current liabilities" in our condensed consolidated balance sheet. For the three months ended March 31, 2019 and 2018, we recognized realized and unrealized losses of \$0.3 million and \$4.4 million related to foreign currency forwards, respectively.

***Concentrations of risk***

During the three months ended March 31, 2019, one customer, primarily of our U.S. Liquids segment, accounted for more than 10% of our consolidated revenue with revenues of \$132.9 million. One third-party supplier, primarily of our U.S. Liquids segment, accounted for more than 10% of our consolidated costs of products sold with purchases of \$50.9 million.

At March 31, 2019, two third-party customers, primarily of our U.S. Liquids segment, accounted for approximately 30% of our consolidated accounts receivable.

**6. INCOME TAXES**

The effective tax rate was 58% and (232)% for the three months ended March 31, 2019 and 2018, respectively. The rate for the three months ended March 31, 2019, is impacted by \$1.1 million Canadian withholding tax paid on remittances to the U.S. and non-controlling interests in Maurepas Pipeline, LLC and SemCAMS Midstream ULC for which taxes are not provided. The rate for the three months ended March 31, 2018, is impacted by a discrete tax expense related to the vesting of restricted stock in the amount of \$1.4 million and a discrete tax expense of \$10.9 million in Mexico on the sale of the 100% equity interest in our Mexican asphalt business. Significant items that impacted the effective tax rate for each period, as compared to the U.S. federal statutory rate of 21%, include earnings in foreign jurisdictions taxed at different rates, foreign earnings taxed in foreign jurisdictions as well as in the U.S., since they are disregarded entities for U.S. federal income tax purposes, and the U.S. deduction for foreign taxes. These combined factors, and the magnitude of the permanent items impacting the tax rate relative to income from continuing operations before income taxes, result in rates that are not comparable between the periods.

We have a valuation allowance on a small portion of our state net operating loss carryovers with shorter carryover periods and a foreign tax credit carryover generated in tax years prior to 2014. We have not released the valuation allowance on the foreign tax credits due to the foreign tax credit limitation and the relative subjectivity of forecasts of the relational magnitude of U.S. and foreign taxable income in future periods, as well as the shorter carryover period available for the credits. Deferred tax assets are reduced by a valuation allowance when a determination is made that it is more likely than not that some, or all, of the deferred tax assets will not be realized based on the weight of all available evidence. Evidence which is objectively verifiable carries a higher weight in the analysis. The ultimate realization of deferred tax assets is dependent upon the existence of sufficient taxable income of the appropriate character within the carryback and carryforward period available under the tax law. Sources of taxable income include future reversals of existing taxable temporary differences, future earnings and available tax planning strategies.

We have analyzed filing positions in all of the federal, state and foreign jurisdictions where we are required to file income tax returns and determined that no accruals related to uncertainty in tax positions are required. All income tax



**SEMGROUP CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**
**6. INCOME TAXES, Continued**

years of the Company ending after the emergence from bankruptcy remain open for examination in U.S. jurisdictions under general operation of the statute of limitations, including special provisions with regard to net operating loss carryovers. In foreign jurisdictions, all tax periods prior to the emergence from bankruptcy are closed. The statute of limitations has not been waived with respect to any foreign jurisdictions post emergence and tax periods are open for examination in accordance with the general statutes of each foreign jurisdiction. Currently, there are no examinations in progress for our federal, state or foreign jurisdictions.

**7. LONG-TERM DEBT**

Our long-term debt consisted of the following (dollars in thousands):

	Interest rate at March 31, 2019	March 31, 2019	December 31, 2018
Senior unsecured notes due 2022	5.6250%	\$ 400,000	\$ 400,000
Senior unsecured notes due 2023	5.6250%	350,000	350,000
Senior unsecured notes due 2025	6.3750%	325,000	325,000
Senior unsecured notes due 2026	7.2500%	300,000	300,000
SemGroup \$1.0 billion corporate revolving credit facility <sup>(1)</sup>			
Alternate base rate borrowings	—	—	24,500
Eurodollar borrowings	—	—	95,000
HFOTCO term loan B <sup>(2)</sup>	5.2500%	595,500	597,000
HFOTCO tax exempt notes payable due 2050	3.5178%	225,000	225,000
HFOTCO \$75 million revolving credit facility	—	—	—
SemCAMS Midstream term loan A <sup>(3)</sup>			
Alternate base rate borrowings	4.5501%	262,096	—
Prime rate borrowings	5.4500%	4	—
SemCAMS Midstream C\$450 million revolving credit facility <sup>(3)</sup>			
Alternate base rate borrowings	4.5198%	18,722	—
Prime rate borrowings	5.4500%	26,210	—
Unamortized premium (discount) and debt issuance costs, net		(34,949)	(31,666)
Total long-term debt, net		2,467,583	2,284,834
Less: current portion of long-term debt		6,000	6,000
Noncurrent portion of long-term debt, net		\$ 2,461,583	\$ 2,278,834

(1) SemGroup \$1.0 billion corporate revolving credit facility matures on March 15, 2021.

(2) HFOTCO term loan B is due in quarterly installments of \$1.5 million with a final payment due on June 26, 2025.

(3) SemCAMS Midstream term note A and C\$450 million revolving credit facility mature on February 25, 2024.

**SemCAMS Midstream Credit Agreement**

On February 25, 2019, SemCAMS Midstream entered into a Credit Agreement (the "Credit Agreement"), together with The Toronto-Dominion Bank, as administrative agent, providing for a C\$350 million senior secured term loan facility and a C\$450 million senior secured revolving credit facility. Both facilities under the Credit Agreement mature on February 25, 2024. SemCAMS Midstream may incur additional term loans and revolving commitments in an aggregate amount not to exceed C\$250 million, subject to receiving commitments for such additional term loans or revolving commitments from either new lenders or increased commitments from existing lenders.

**Pledges and guarantees**

Our senior unsecured notes are guaranteed by certain subsidiaries. See Note 18 for additional information.

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****7. LONG-TERM DEBT, Continued**

Our \$1.0 billion corporate revolving credit facility is guaranteed by all of SemGroup's material wholly-owned domestic subsidiaries, with the exception of Maurepas Pipeline LLC and HFOTCO, and secured by a lien on substantially all of the property and assets of SemGroup Corporation and the other loan parties, subject to customary exceptions.

The HFOTCO term loan B and HFOTCO tax exempt notes payable are secured by substantially all of the assets of HFOTCO and its immediate parent, Buffalo Gulf Coast Terminals LLC. The HFOTCO tax exempt notes payable have a priority position over the HFOTCO term loan B.

The SemCAMS Midstream Credit Agreement is guaranteed on a non-recourse basis by each of SemGroup and KKR, limited to each respective entity's equity interests in SemCAMS Midstream, and fully guaranteed by any future material subsidiary of SemCAMS Midstream. The obligations under the Credit Agreement and related lender hedge instruments and cash management instruments are secured by a lien on substantially all of the property and assets of SemCAMS Midstream and the other loan parties, subject to customary exceptions.

**Letters of credit**

We had the following outstanding letters of credit at March 31, 2019 (dollars in thousands):

SemGroup \$1.0 billion revolving credit facility	2.50%	\$	27,335
Secured bi-lateral <sup>(1)</sup>	1.75%	\$	18,875

(1) Secured bi-lateral letters of credit are external to the SemGroup \$1.0 billion revolving credit facility and do not reduce availability for borrowing on the credit facility.

**Capitalized interest**

During the three months ended March 31, 2019 and 2018, we capitalized interest of \$1.7 million and \$3.1 million, respectively.

**Fair value**

We estimate the fair value of our senior unsecured notes based on unadjusted, transacted market prices near the measurement date. Our other long-term debts are estimated to be carried at fair value as a result of the recent timing of borrowings or rate resets. We estimate the fair value of our consolidated long-term debt, including current maturities, to be approximately \$2.5 billion at March 31, 2019, which is categorized as a Level 2 measurement.

**8. COMMITMENTS AND CONTINGENCIES****Environmental**

We may, from time to time, experience leaks of petroleum products from our facilities and, as a result of which, we may incur remediation obligations or property damage claims. In addition, we are subject to numerous environmental regulations. Failure to comply with these regulations could result in the assessment of fines or penalties by regulatory authorities.

The Kansas Department of Health and Environment (the "KDHE") initiated discussions during our bankruptcy proceeding regarding six of our sites in Kansas (five owned by U.S. Liquids and one owned by U.S. Gas) that KDHE believed, based on their historical use, may have had soil or groundwater contamination in excess of state standards. KDHE sought our agreement to undertake assessments of these sites to determine whether they are contaminated. We reached an agreement with KDHE on this matter and entered into a Consent Agreement and Final Order with KDHE to conduct environmental assessments on the sites and to pay KDHE's costs associated with their oversight of this matter. We have conducted Phase II investigations at all sites. Four sites are in various stages of follow-up investigation, remediation, monitoring, or closure under KDHE oversight. The environmental work at these sites is being completed under consent orders between Rose Rock Midstream Crude, L.P. and the KDHE. Two of the remaining sites have limited impacts to shallow soil and groundwater and the groundwater is currently being monitored on a semi-annual basis until such time that closure can be granted by the KDHE. No active remediation is anticipated for these two sites. The final two sites have required additional investigation and soil and groundwater remediation may be necessary to achieve KDHE closure. We do not anticipate any penalties or fines for these historical sites.

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****8. COMMITMENTS AND CONTINGENCIES, Continued*****Other matters***

We are party to various other claims, legal actions and complaints arising in the ordinary course of business. In the opinion of our management, the ultimate resolution of these claims, legal actions and complaints, after consideration of amounts accrued, insurance coverage and other arrangements, will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, the outcome of such matters is inherently uncertain, and estimates of our consolidated liabilities may change materially as circumstances develop.

***Asset retirement obligations***

We will be required to incur significant removal and restoration costs when we retire our natural gas gathering and processing facilities in Canada. At March 31, 2019, we have an asset retirement obligation liability of \$25.0 million, which is included within “other noncurrent liabilities” on our condensed consolidated balance sheets. This amount was calculated using the \$138.9 million cost we estimate we would incur to retire these facilities, discounted based on our risk-adjusted cost of borrowing and the estimated timing of remediation.

The calculation of the liability for an asset retirement obligation requires the use of significant estimates, including those related to the length of time before the assets will be retired, cost inflation over the assumed life of the assets, actual remediation activities to be required, and the rate at which such obligations should be discounted. Future changes in these estimates could result in material changes in the value of the recorded liability. In addition, future changes in laws or regulations could require us to record additional asset retirement obligations.

Our other segments may also be subject to removal and restoration costs upon retirement of their facilities. However, we are unable to predict when, or if, our pipelines, storage tanks and other facilities would become completely obsolete and require decommissioning. Accordingly, we have not recorded a liability or corresponding asset, as both the amount and timing of such potential future costs are indeterminable.

***Purchase and sale commitments***

We routinely enter into agreements to purchase and sell petroleum products at specified future dates. We account for derivatives at fair value with the exception of commitments that have been designated as normal purchases and sales for which we do not record assets or liabilities related to these agreements until the product is purchased or sold. At March 31, 2019, such commitments included the following (in thousands):

	Volume (Barrels)	Value
Fixed price purchases	3,858	\$ 227,200
Fixed price sales	4,296	\$ 253,986
Floating price purchases	17,811	\$ 1,125,554
Floating price sales	20,621	\$ 1,180,447

Certain of the commitments shown in the table above relate to agreements to purchase product from a counterparty and to sell a similar amount of product (in a different location) to the same counterparty. Many of the commitments shown in the table above are cancellable by either party, as long as notice is given within the time frame specified in the agreement (generally 30 to 120 days).

Our U.S. Gas segment has a take-or-pay contractual obligation related to the fractionation of natural gas liquids through June 2023. The approximate amount of future obligation is as follows (in thousands):

For year ending:	
December 31, 2019	\$ 7,371
December 31, 2020	9,063
December 31, 2021	7,337
December 31, 2022	6,905
December 31, 2023	2,854
Thereafter	—
Total expected future payments	<u>\$ 33,530</u>

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****8. COMMITMENTS AND CONTINGENCIES, Continued**

Our U.S. Gas segment also enters into contracts under which we are responsible for marketing the majority of the gas and natural gas liquids produced by the counterparties to the agreements. The majority of U.S. Gas's revenues were generated from such contracts.

Our U.S. Liquids segment has minimum volume commitments for pipeline transportation of crude oil. The approximate amount of future obligations is as follows (in thousands):

For year ending:	
December 31, 2019	\$ 16,473
December 31, 2020	19,751
December 31, 2021	12,976
December 31, 2022	13,231
December 31, 2023	13,496
Thereafter	6,817
<b>Total expected future payments</b>	<b>\$ 82,744</b>

**9. EQUITY*****Equity issuances***

During the three months ended March 31, 2019, 32,468 shares under the Employee Stock Purchase Plan were issued and 298,142 shares related to our equity-based compensation awards vested.

***Equity-based compensation***

At March 31, 2019, there were 1,639,668 unvested shares that have been granted under our director and employee compensation programs. The par value of these shares is not reflected in common stock on the condensed consolidated balance sheets, as these shares have not yet vested. For certain of the awards, the number of shares that will vest is contingent upon our achievement of certain specified targets. If we meet the specified maximum targets, approximately 542,000 additional shares could vest.

The holders of certain restricted stock awards are entitled to equivalent dividends ("UDs") to be received upon vesting of the related restricted stock awards and will be settled in cash. At March 31, 2019, the value of the UD's to be settled in cash related to unvested restricted stock awards was approximately \$1.9 million.

During the three months ended March 31, 2019, we granted 681,948 restricted stock awards with a weighted average grant date fair value of \$15.22 per award.

***Noncontrolling interests***

A 49% interest in our consolidated subsidiary, SemCAMS Midstream, in the form of common shares, is reported as a noncontrolling interest in our condensed consolidated financial statements.

A 49% interest in our consolidated subsidiary, Maurepas Pipeline, LLC, in the form of Class B shares of Maurepas Pipeline, LLC is reported as a noncontrolling interest in our condensed consolidated financial statements. The Class B shares provide for a monthly preference on Maurepas Pipeline, LLC distributions for the owners.

***Common stock dividends***

The following table sets forth the quarterly common stock dividends per share declared and/or paid to shareholders for the periods indicated:

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****9. EQUITY, Continued**

<b>Quarter Ending</b>	<b>Dividend Per Share</b>	<b>Date of Record</b>	<b>Date Paid</b>
March 31, 2018	\$ 0.4725	March 9, 2018	March 19, 2018
June 30, 2018	\$ 0.4725	May 16, 2018	May 25, 2018
September 30, 2018	\$ 0.4725	August 20, 2018	August 29, 2018
December 31, 2018	\$ 0.4725	November 16, 2018	November 26, 2018
March 31, 2019	\$ 0.4725	March 4, 2019	March 14, 2019
June 30, 2019	\$ 0.4725	May 10, 2019	May 20, 2019

**10. REDEEMABLE PREFERRED STOCK*****SemGroup redeemable preferred stock***

The following table sets forth the preferred stock dividends declared or paid-in-kind for the periods indicated (in thousands):

<b>Quarter Ended</b>	<b>Dividend Paid-In-Kind</b>	<b>Date Paid</b>
March 31, 2018*	\$ 4,832	May 25, 2018
June 30, 2018	\$ 6,211	August 29, 2018
September 30, 2018	\$ 6,317	November 26
December 31, 2018	\$ 6,430	March 1, 2019
March 31, 2019	\$ 6,541	May 24, 2019

\*Prorated from January 19, 2018 to March 31, 2018

These dividends paid-in-kind increased the liquidation preference such that as of March 31, 2019, the preferred stock was convertible into 11,326,954 shares.

***Subsidiary redeemable preferred stock***

In conjunction with the formation of our SemCAMS Midstream joint venture, SemCAMS Midstream issued 300,000 shares of cumulative preferred stock with a C\$1,000 (US\$749 at the March 31, 2019 exchange rate) notional value which pay annual dividends of C\$87.50 per share. The preferred stock is redeemable at SemCAMS Midstream's option subsequent to the third anniversary of issuance at a redemption price of C\$1,100 (US\$824 at the March 31, 2019 exchange rate) per share. The preferred stock is redeemable by the holder contingent upon a change of control or liquidation of SemCAMS Midstream. The preferred stock is convertible to SemCAMS Midstream common shares in the event of an initial public offering by SemCAMS Midstream.

The preferred stock was issued for proceeds of C\$293.7 million (US\$223.8 million at the historical rate) which is net of C\$6.3 million (US\$4.8 million at the historical rate) of costs. As the preferred stock is redeemable after three years, we have made a policy election to record the preferred stock at the redemption amount of C\$330 million (US\$250.2 million at the historical rate). The accretion to redemption amount is treated as a reduction to SemCAMS common equity held by SemGroup and the noncontrolling interest holders.

Dividends on the preferred stock are payable in-kind for the first ten quarters subsequent to issuance. SemCAMS elected to pay in-kind dividends for the first quarter of 2019 in the amount of C\$2.5 million (US\$1.9 million at the March 31, 2019 exchange rate), which is prorated for the period subsequent to the transaction.

**SEMGROUP CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**
**11. ACCUMULATED OTHER COMPREHENSIVE LOSS**

The following table presents the changes in the components of accumulated other comprehensive loss for the periods shown (in thousands):

	Three Months Ended March 31, 2019				
	Currency Translation	Employee Benefit Plans	Total	Attributable to Noncontrolling Interest	Attributable to SemGroup
<b>December 31, 2018</b>	\$ (45,816)	\$ (5,431)	\$ (51,247)	\$ —	\$ (51,247)
Currency translation adjustment, net of income tax benefit of \$1,170	(3,735)	—	(3,735)	5,612	(9,347)
Reclassification of certain tax effects from adoption of ASU 2018-02	(10,884)	—	(10,884)	—	(10,884)
Changes related to benefit plans, net of income tax expense of \$143	—	386	386	(32)	418
<b>March 31, 2019</b>	<u>\$ (60,435)</u>	<u>\$ (5,045)</u>	<u>\$ (65,480)</u>	<u>\$ 5,580</u>	<u>\$ (71,060)</u>

	Three Months Ended March 31, 2018		
	Currency Translation	Employee Benefit Plans	Total
<b>December 31, 2017</b>	\$ (51,014)	\$ (2,787)	\$ (53,801)
Currency translation adjustment, net of income tax benefit of \$2,950	(9,137)	—	(9,137)
Currency translation adjustment reclassified to gain on disposal, net of income tax expense of \$8,818	27,305	—	27,305
Changes related to benefit plans, net of income tax expense of \$1	—	3	3
<b>March 31, 2018</b>	<u>\$ (32,846)</u>	<u>\$ (2,784)</u>	<u>\$ (35,630)</u>

**12. REVENUE FROM CONTRACTS WITH CUSTOMERS**
***Disaggregated revenue***

Our revenue is disaggregated by segment and by activity below (in thousands):

	Three Months Ended March 31,	
	2019	2018
<b>U.S. Liquids</b>		
Product sales	\$ 385,030	\$ 443,397
Pipeline transportation	21,121	20,339
Truck transportation	3,942	5,728
Storage fees	41,744	38,121
Facility service fees	17,749	11,031
Lease revenue	3,882	4,329
<b>U.S. Gas</b>		
Product sales	39,492	39,709
Service fees	13,667	16,187
Other revenue	67	—

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****12. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued**

Canada			
Service fees		31,476	30,542
Other revenue		13,351	14,603
Corporate and Other			
Product sales		—	31,319
Storage fees		—	7,103
Service fees		—	2,841
Intersegment eliminations		(4,289)	(3,640)
Total revenue		<u>\$ 567,232</u>	<u>\$ 661,609</u>

***Remaining performance obligations***

Most of our service contracts are such that we have the right to consideration from a customer in an amount that corresponds directly with the value to the customer of our performance completed to date. Therefore, we utilized the practical expedient in ASC 606-10-55-18 under which we recognize revenue in the amount to which we have the right to invoice. Applying this practical expedient, we are not required to disclose the transaction price allocated to remaining performance obligations under these agreements. However, certain of our agreements, such as "take-or-pay" agreements, do not qualify for the practical expedient. The amount and timing of revenue recognition for such contracts is presented below (in thousands):

	2019	2020	2021	2022	2023	Thereafter
Expected timing of revenue recognized for remaining performance obligations	\$ 235,920	\$ 261,390	\$ 222,523	\$ 210,652	\$ 192,783	\$ 1,409,836

For our product sales contracts, we have elected the practical expedient set out in ASC 606-10-50-14A that states that we are not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these agreements, each unit of product represents a separate performance obligation and therefore future volumes are wholly unsatisfied and disclosure of transaction price allocated to remaining performance obligations is not required. Under product sales contracts, the variability arises as both volume and pricing (typically index based) are not known until the product is delivered.

***Receivables from contracts with customers***

Accounts receivable, net on the condensed consolidated balance sheets represents current receivables from contracts with customers. Certain noncurrent receivables from contracts with customers are included in "other noncurrent assets" on the condensed consolidated balance sheets. These amounts are accruals to recognize revenue for performance to date related to customer deficiencies on minimum volume commitments with make-up rights for which the use of the make-up rights are not probable due to capacity constraints or other factors. Therefore, we have accrued the amount for which no future performance by SemGroup will be required, but for which we do not have a present right to bill the customer until the end of the contract. The balance of noncurrent receivables from customer contracts was (in thousands):

	March 31, 2019	December 31, 2018
Noncurrent receivables	\$ 12,729	\$ 11,496

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****12. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued***Deferred revenue*

We record deferred revenue when we have received a payment in advance of delivering a product or performing a service. For the three months ended March 31, 2019 and 2018, we recognized \$0.3 million and \$3.2 million, respectively, of revenue which was included in deferred revenue at the beginning of the period.

*Costs to obtain or fulfill a contract*

Unless material, we expense costs to obtain or fulfill a contract in the period incurred. At March 31, 2019 and December 31, 2018, we had contract assets of \$9.3 million and \$9.4 million, respectively, related to costs incurred to obtain contracts which had been expensed as incurred under previous guidance. These costs are reported within "other noncurrent assets" on the condensed consolidated balance sheets and are being amortized straight-line over 25 years, the life of the related contracts. We recognized \$0.1 million and \$0.1 million of amortization of these assets for the three months ended March 31, 2019 and 2018, respectively.

**13. LEASES**

SemGroup is a lessee of buildings, land, compressors, vehicles, office equipment and other small equipment under operating leases of varying durations. These leases have fixed and variable payments with variable payments generally being based on usage or the pass through of ownership costs from the lessors. Generally, these leases contain the right to extend the lease for a limited term or on a month to month basis subsequent to expiration of the initial term. Lease renewal periods have been accounted for where we have the right to extend the term and the renewal is reasonably assured at lease inception.

SemGroup is a lessor of certain land, storage tanks and a barge dock located on the Gulf Coast. Based on the terms of the agreement, these assets are accounted for as a direct financing lease. This lease has fixed and variable payments with variable payments generally being based on usage. The agreement has a 10 year initial term and the customer has the right to renew for two successive five year periods. Subsequent to those periods, either party may cancel the agreement, otherwise it will continue to renew for five year periods. Risks related to unguaranteed residual values are mitigated through insurance and regular maintenance.

We have elected the practical expedients offered by ASC 842 which do not require a reassessment of whether the contract contains a lease, the lease classification or initial direct costs. Additionally, we have elected the practical expedient not to reassess certain land easements. As such, certain storage tank, pipeline leases and land easements, which are not currently treated as leases, may become leases if these agreements are renewed or modified depending on the terms of the renewal or modification. Additionally, the classification for existing leases may change as agreements are renewed or modified.

*Lessee*

We have elected the practical expedient to not separate lease and non-lease components for agreements where we lease land, buildings, storage tanks, compressors, and small machinery and equipment.

At March 31, 2019, we have recorded the following right-of-use assets and lease liabilities (in thousands):

	<b>March 31, 2019</b>
Right of use assets	
Financing	\$ 3,071
Operating	\$ 91,011
Lease liabilities	
Financing	\$ 3,090
Operating	\$ 93,110



**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****13. LEASES, Continued**

During the three months ended March 31, 2019, we have recorded the following (in thousands):

	<b>Three Months Ended March 31, 2019</b>
Finance lease cost:	
Amortization of right-of-use assets	\$ 162
Interest expense on lease liabilities	\$ 40
Operating lease costs	\$ 2,237
Variable lease costs	\$ 590
Cash paid for amounts included in the measurement of lease liabilities:	
Financing	\$ 95
Operating	\$ 633
Noncash information on lease liabilities arising from obtaining right-of-use assets:	
Financing	\$ 3,232
Weighted average remaining lease term (in years):	
Financing	4.75 years
Operating	40.5 years
Weighted average discount rate:	
Financing	5.16%
Operating	5.16%

Undiscounted cash flows for the remainder of the year and on an annual basis for the following years are as follows (in thousands):

	<b>Financing</b>	<b>Operating</b>
2019	\$ 549	\$ 4,868
2020	732	6,677
2021	732	7,033
2022	732	6,437
2023	732	5,891
Thereafter	—	206,300
Total undiscounted cash flows	\$ 3,477	\$ 237,206
Short-term lease liabilities	\$ 600	\$ 4,428
Long-term lease liabilities	2,490	88,682
Total lease liabilities	\$ 3,090	\$ 93,110
Difference	\$ 387	\$ 144,096

**Lessor**

At March 31, 2019, the components of our net investment in direct financing leases are as follows (in thousands):

	<b>March 31, 2019</b>
Carrying amount of receivable	\$ 79,893
Unguaranteed residual value	69,222
Deferred selling profit on direct financing leases	(79,893)
Net investment in sales-type and direct financing leases	\$ 69,222

For the three months ended March 31, 2019, we have recognized the following amounts of income from our direct financing leases as follows (in thousands):

**SEMGROUP CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**13. LEASES, Continued**

	<b>Three Months Ended March 31, 2019</b>	
Interest Income	\$	3,432
Income related to variable lease payments not included in the lease receivable		449
<b>Total direct financing lease revenue</b>	<b>\$</b>	<b>3,881</b>

Undiscounted cash flows on an annual basis are as follows (in thousands):

	<b>Direct financing leases</b>	
2019	\$	10,299
2020		13,031
2021		12,800
2022		12,804
2023		12,808
Thereafter		18,151
<b>Total undiscounted cash flows</b>	<b>\$</b>	<b>79,893</b>

**14. SEGMENTS**

As described in Note 1, our businesses are organized based on the nature and location of the services they provide. Certain summarized information related to our reportable segments is shown in the tables below. None of the operating segments have been aggregated. Although Corporate and Other does not represent an operating segment, it is included in the tables below to reconcile segment information to that of the consolidated Company.

In the fourth quarter of 2018, due to recent changes in our asset portfolio, the company elected to reorganize its business structure and reporting relationships to enhance execution and capture operating efficiencies. In conjunction with the reorganization, our reportable segments have changed. Prior period segment disclosures have been recast to reflect the new segments. U.S. Liquids includes the results of our U.S. crude oil operations, including the results of our historical HFOTCO segment. U.S. Gas contains the results of our historical SemGas segment. Canada includes the operations of our historical SemCAMS segment. Our prior SemMexico and SemLogistics segments are included within Corporate and Other, as these businesses were disposed of in 2018. Eliminations of transactions between segments are also included within Corporate and Other in the tables below.

The accounting policies of each segment are the same as the accounting policies of the consolidated Company. Transactions between segments are generally recorded based on prices negotiated between the segments.

Segment Profit is defined as revenue, less cost of products sold (exclusive of depreciation and amortization) and operating expenses, plus equity earnings and is adjusted to remove unrealized gains and losses on commodity derivatives and to reflect equity earnings on an EBITDA basis. Reflecting equity earnings on an EBITDA basis is achieved by adjusting equity earnings to exclude our percentage of interest, taxes, depreciation and amortization from equity earnings for operated equity method investees. For our investment in NGL Energy, we exclude equity earnings and include cash distributions received.

Our results by segment are presented in the tables below (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
U.S. Liquids		
External	\$ 473,468	\$ 522,945
U.S. Gas		
External	48,937	52,256

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****14. SEGMENTS, Continued**

Intersegment	4,289	3,640
Canada		
External	44,827	45,145
Corporate and Other		
External	—	41,263
Intersegment	(4,289)	(3,640)
Total Revenues	<u>\$ 567,232</u>	<u>\$ 661,609</u>

	Three Months Ended March 31,	
	2019	2018
Earnings from equity method investments:		
U.S. Liquids	\$ 13,937	\$ 12,605
Corporate and Other	14	9
Total earnings from equity method investments	<u>\$ 13,951</u>	<u>\$ 12,614</u>

	Three Months Ended March 31,	
	2019	2018
Depreciation and amortization:		
U.S. Liquids	\$ 39,487	\$ 34,107
U.S. Gas	11,095	10,449
Canada	7,783	5,238
Corporate and Other	671	742
Total depreciation and amortization	<u>\$ 59,036</u>	<u>\$ 50,536</u>

	Three Months Ended March 31,	
	2019	2018
Income tax expense (benefit):		
U.S. Liquids	\$ 147	\$ 209
Canada	207	2,970
Corporate and Other	(4,960)	19,904
Total income tax expense (benefit)	<u>\$ (4,606)</u>	<u>\$ 23,083</u>

	Three Months Ended March 31,	
	2019	2018
Segment profit:		
U.S. Liquids	\$ 89,511	\$ 68,056
U.S. Gas	12,165	14,277
Canada	22,693	22,113
Corporate and Other	(237)	10,963
Total segment profit	<u>\$ 124,132</u>	<u>\$ 115,409</u>

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****14. SEGMENTS, Continued**

	Three Months Ended March 31,	
	2019	2018
Reconciliation of segment profit to net income (loss):		
Total segment profit	\$ 124,132	\$ 115,409
Less:		
Adjustment to reflect equity earnings on an EBITDA basis	4,710	4,883
Net unrealized loss (gain) related to commodity derivative instruments	4,818	2,226
General and administrative expense	29,547	26,477
Depreciation and amortization	59,036	50,536
Gain on disposal of long-lived assets, net	(1,444)	(3,566)
Interest expense	36,652	42,461
Foreign currency transaction loss (gain)	(288)	3,294
Other income, net	(979)	(950)
Income tax expense (benefit)	(4,606)	23,083
Net income (loss)	<u>\$ (3,314)</u>	<u>\$ (33,035)</u>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
Total assets (excluding intersegment receivables):		
U.S. Liquids	\$ 4,005,344	\$ 3,689,384
U.S. Gas	703,069	716,837
Canada	1,304,837	684,418
Corporate and Other	360,788	119,668
Total assets	<u>\$ 6,374,038</u>	<u>\$ 5,210,307</u>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
Equity investments:		
U.S. Liquids	\$ 257,914	\$ 255,043
Corporate and Other	18,979	18,966
Total equity investments	<u>\$ 276,893</u>	<u>\$ 274,009</u>

**15. EARNINGS PER SHARE**

Earnings per share is calculated based on income less any income attributable to noncontrolling interests, cumulative preferred stock dividends and accretion of subsidiary preferred stock to redemption value. In 2018, Maurepas Pipeline, LLC, a subsidiary of SemGroup, sold Class B shares representing a 49% interest in the form of Class B shares of Maurepas Pipeline, LLC. The Class B shares provide for a monthly preference on Maurepas Pipeline, LLC distributions and are reported as a noncontrolling interest. Basic earnings (loss) per share is calculated based on the weighted average shares outstanding during the period. Diluted earnings (loss) per share includes the dilutive effect of unvested equity compensation awards and the potential conversion of preferred stock, if dilutive.

The following summarizes the calculation of basic earnings per share for the three months ended March 31, 2019 and 2018 (in thousands, except per share amounts):

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****15. EARNINGS PER SHARE, Continued**

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Loss	\$ (3,314)	\$ (33,035)
less: income attributable to noncontrolling interest	3,525	—
Loss attributable to SemGroup	(6,839)	(33,035)
less: cumulative preferred stock dividends	6,541	4,832
less: cumulative subsidiary preferred stock dividends	1,857	—
less: accretion of subsidiary preferred stock to redemption value	13,749	—
Net income (loss) attributable to common shareholders	\$ (28,986)	\$ (37,867)
Weighted average common stock outstanding	78,492	78,198
Basic income (loss) per share	\$ (0.37)	\$ (0.48)

The following summarizes the calculation of diluted earnings per share for the three months ended March 31, 2019 and 2018 (in thousands, except per share amounts):

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Loss	\$ (3,314)	\$ (33,035)
less: income attributable to noncontrolling interest	3,525	—
Loss attributable to SemGroup	(6,839)	(33,035)
less: cumulative preferred stock dividends	6,541	4,832
less: cumulative subsidiary preferred stock dividends	1,857	—
less: accretion of subsidiary preferred stock to redemption value	13,749	—
Net income (loss) attributable to common shareholders	\$ (28,986)	\$ (37,867)
Weighted average common stock outstanding	78,492	78,198
Effect of dilutive securities	—	—
Diluted weighted average common stock outstanding	78,492	78,198
Diluted income (loss) per share	\$ (0.37)	\$ (0.48)

For the three months ended March 31, 2019 and 2018, the preferred stock would have been antidilutive and, therefore, was not included in the computation of diluted earnings. For the three months ended March 31, 2019 and 2018, we experienced net losses attributable to SemGroup. The unvested equity compensation awards would have been antidilutive and, therefore, were not included in the computation of diluted earnings per share.

**16. SUPPLEMENTAL CASH FLOW INFORMATION**

The following table summarizes the changes in the components of operating assets and liabilities shown on our condensed consolidated statements of cash flows (in thousands):

**SEMGROUP CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**16. SUPPLEMENTAL CASH FLOW INFORMATION, Continued**

	Three Months Ended March 31,	
	2019	2018
Decrease (increase) in restricted cash	\$ —	\$ 33
Decrease (increase) in accounts receivable	(191,275)	122,829
Decrease (increase) in receivable from affiliates	(239)	754
Decrease (increase) in inventories	(27,723)	25,220
Decrease (increase) in other current assets	2,830	(3,748)
Decrease (increase) in other assets	299	805
Increase (decrease) in accounts payable and accrued liabilities	211,041	(104,888)
Increase (decrease) in payable to affiliates	(2,674)	(4,650)
Increase (decrease) in other noncurrent liabilities	13,686	16,142
	\$ 5,945	\$ 52,497

**Other supplemental disclosures**

We paid cash interest of \$45.2 million and \$45.8 million for the three months ended March 31, 2019 and 2018, respectively.

We paid cash income taxes, net of refunds, of \$0.9 million and \$1.8 million for the three months ended March 31, 2019 and 2018, respectively.

We incurred liabilities for capital expenditures that had not been paid of \$43.5 million and \$66.6 million as of March 31, 2019 and 2018, respectively. Such amounts are not included in capital expenditures on the condensed consolidated statements of cash flows.

**17. RELATED PARTY TRANSACTIONS**

Transactions with NGL Energy and its subsidiaries primarily relate to crude oil marketing, leased storage and transportation services, including buy/sell transactions. Transactions with White Cliffs primarily relate to leased storage, purchases and sales of crude oil, transportation fees for shipments on the White Cliffs Pipeline, and management fees.

In accordance with ASC 845-10-15, the buy/sell transactions with NGL Energy and White Cliffs were reported as revenue on a net basis in our condensed consolidated statements of operations and comprehensive income (loss) because the purchases of inventory and subsequent sales of the inventory were with the same counterparty and entered into in contemplation of one another.

During the three months ended March 31, 2019 and 2018, we generated the following transactions with related parties (in thousands):

	Three Months Ended March 31,	
	2019	2018
<b>NGL Energy</b>		
Revenues	\$ 3,058	\$ 6,180
Purchases	\$ 211	\$ 236
<b>White Cliffs</b>		
Storage revenues	\$ 1,088	\$ 1,088
Transportation fees	\$ 3,018	\$ 3,623
Management fees	\$ 140	\$ 133
Crude oil purchases	\$ —	\$ 895

**SEMGROUP CORPORATION**  
**Notes to Consolidated Financial Statements**

**18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS**

Our senior unsecured notes are guaranteed by certain of our subsidiaries as follows: Rose Rock Finance Corporation, Rose Rock Midstream Operating, LLC, Rose Rock Midstream Energy GP, LLC, Rose Rock Midstream Crude, L.P., Rose Rock Midstream Field Services, LLC, SemGas, L.P., SemMaterials, L.P., SemGroup Europe Holding, L.L.C., SemOperating G.P., L.L.C., SemMexico, L.L.C., SemDevelopment, L.L.C., Mid-America Midstream Gas Services, L.L.C., SemCrude Pipeline, L.L.C., and Wattenberg Holding, LLC (collectively, the “Guarantors”).

As of June 30, 2018, Beachhead Holdings LCC, Beachhead I LLC and Beachhead II LLC were added to the Guarantors and Glass Mountain Holding, LLC had been removed as a guarantor. Accordingly, prior period financial information below has been recast to reflect these changes.

Each of the Guarantors is 100% owned by SemGroup Corporation (the “Parent”). Such guarantees of our senior unsecured notes are full and unconditional and constitute the joint and several obligations of the Guarantors. There are no significant restrictions upon the ability of the Parent or any of the Guarantors to obtain funds from its respective subsidiaries by dividend or loan. None of the assets of the Guarantors represent restricted net assets pursuant to Rule 4-08(e)(3) of Regulation S-X under the Securities Act.

Unaudited condensed consolidating financial statements for the Parent, the Guarantors and non-guarantors as of March 31, 2019 and December 31, 2018, and for the three months ended March 31, 2019 and 2018, are presented on an equity method basis in the tables below (in thousands).

Intercompany receivable and payable balances, including notes receivable and payable, are capital transactions primarily to facilitate the capital needs of our subsidiaries. As such, subsidiary intercompany balances have been reported as a reduction to equity on the condensed consolidating Guarantor balance sheets. The Parent’s net intercompany balance, including notes receivable, and investments in subsidiaries have been reported in equity method investments on the condensed consolidating Guarantor balance sheets. Intercompany transactions, such as daily cash management activities, have been reported as financing activities within the condensed consolidating Guarantor statements of cash flows. The Parent’s investing activities with subsidiaries have been reflected as cash flows from investing activities. These balances are eliminated through consolidating adjustments below.

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued***Condensed Consolidating Guarantor Balance Sheets*

	March 31, 2019				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 275,687	\$ —	\$ 69,431	\$ (1,558)	\$ 343,560
Accounts receivable	1	650,600	130,355	—	780,956
Receivable from affiliates	166	85	283	—	534
Inventories	—	77,120	—	—	77,120
Other current assets	6,633	4,845	7,233	—	18,711
Total current assets	282,487	732,650	207,302	(1,558)	1,220,881
Property, plant and equipment, net	6,956	986,165	2,852,387	—	3,845,508
Equity method investments	2,839,934	1,709,433	—	(4,272,474)	276,893
Goodwill	—	—	334,893	—	334,893
Other intangible assets	3	117,533	349,398	—	466,934
Other noncurrent assets, net	31,653	4,675	98,519	—	134,847
Right of use assets, net	7,133	6,534	80,415	—	94,082
Total assets	\$ 3,168,166	\$ 3,556,990	\$ 3,922,914	\$ (4,274,032)	\$ 6,374,038
<b>LIABILITIES, PREFERRED STOCK AND OWNERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 136	\$ 689,162	\$ 61,337	\$ —	\$ 750,635
Payable to affiliates	6	1,036	—	—	1,042
Accrued liabilities	22,087	10,319	68,535	—	100,941
Other current liabilities	5,245	4,583	18,197	—	28,025
Total current liabilities	27,474	705,100	148,069	—	880,643
Long-term debt	1,348,742	6,458	1,112,841	(6,458)	2,461,583
Deferred income taxes	63,672	—	78,789	—	142,461
Other noncurrent liabilities	6,977	6,616	128,945	—	142,538
Commitments and contingencies					
Redeemable preferred stock	366,087	—	—	—	366,087
Subsidiary redeemable preferred stock	—	—	250,239	—	250,239
Owners' equity excluding noncontrolling interests in consolidated subsidiaries	1,355,214	2,838,816	1,428,758	(4,267,574)	1,355,214
Noncontrolling interests in consolidated subsidiaries	—	—	775,273	—	775,273
Total owners' equity	1,355,214	2,838,816	2,204,031	(4,267,574)	2,130,487
Total liabilities, preferred stock and owners' equity	\$ 3,168,166	\$ 3,556,990	\$ 3,922,914	\$ (4,274,032)	\$ 6,374,038



**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued**

	December 31, 2018				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 40,064	\$ —	\$ 50,742	\$ (4,151)	\$ 86,655
Accounts receivable	83	461,980	100,151	—	562,214
Receivable from affiliates	120	18	157	—	295
Inventories	—	49,397	—	—	49,397
Other current assets	6,682	6,711	3,871	—	17,264
Total current assets	46,949	518,106	154,921	(4,151)	715,825
Property, plant and equipment, net	6,732	992,974	2,457,620	—	3,457,326
Equity method investments	3,267,581	1,553,360	—	(4,546,932)	274,009
Goodwill	—	—	257,302	—	257,302
Other intangible assets	5	119,583	245,450	—	365,038
Other noncurrent assets, net	41,981	4,788	94,038	—	140,807
Total assets	\$ 3,363,248	\$ 3,188,811	\$ 3,209,331	\$ (4,551,083)	\$ 5,210,307
<b>LIABILITIES, PREFERRED STOCK AND OWNERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 38	\$ 444,984	\$ 49,770	\$ —	\$ 494,792
Payable to affiliates	1	3,714	—	—	3,715
Accrued liabilities	33,239	18,424	63,430	2	115,095
Other current liabilities	5,723	3,409	14,423	—	23,555
Total current liabilities	39,001	470,531	127,623	2	637,157
Long-term debt	1,467,083	6,315	811,751	(6,315)	2,278,834
Deferred income taxes	4,882	—	50,907	—	55,789
Other noncurrent liabilities	1,792	—	36,756	—	38,548
Commitments and contingencies					
Redeemable preferred stock	359,658	—	—	—	359,658
Owners' equity excluding noncontrolling interest in consolidated subsidiary	1,490,832	2,711,965	1,832,805	(4,544,770)	1,490,832
Noncontrolling interest in consolidated subsidiary	—	—	349,489	—	349,489
Total owners' equity	1,490,832	2,711,965	2,182,294	(4,544,770)	1,840,321
Total liabilities, preferred stock and owners' equity	\$ 3,363,248	\$ 3,188,811	\$ 3,209,331	\$ (4,551,083)	\$ 5,210,307

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued***Condensed Consolidating Guarantor Statements of Operations*

	Three Months Ended March 31, 2019				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
<b>Revenues:</b>					
Product	\$ —	\$ 420,233	\$ —	\$ —	\$ 420,233
Service	—	28,042	59,385	(54)	87,373
Storage	—	5,393	39,891	(2,976)	42,308
Lease	—	—	3,882	—	3,882
Other	—	67	13,369	—	13,436
<b>Total revenues</b>	<b>—</b>	<b>453,735</b>	<b>116,527</b>	<b>(3,030)</b>	<b>567,232</b>
<b>Expenses:</b>					
Costs of products sold, exclusive of depreciation and amortization shown below	—	406,006	396	(3,030)	403,372
Operating	—	23,917	39,290	—	63,207
General and administrative	16,324	3,657	9,566	—	29,547
Depreciation and amortization	671	18,997	39,368	—	59,036
Loss (gain) on disposal of long-lived assets, net	—	(619)	(825)	—	(1,444)
<b>Total expenses</b>	<b>16,995</b>	<b>451,958</b>	<b>87,795</b>	<b>(3,030)</b>	<b>553,718</b>
Earnings from equity method investments	29,355	18,995	—	(34,399)	13,951
<b>Operating income</b>	<b>12,360</b>	<b>20,772</b>	<b>28,732</b>	<b>(34,399)</b>	<b>27,465</b>
<b>Other expenses (income), net:</b>					
Interest expense	25,509	286	10,857	—	36,652
Foreign currency transaction gain	(286)	—	(2)	—	(288)
Other income, net	(591)	(40)	(348)	—	(979)
<b>Total other expenses, net</b>	<b>24,632</b>	<b>246</b>	<b>10,507</b>	<b>—</b>	<b>35,385</b>
<b>Income (loss) before income taxes</b>	<b>(12,272)</b>	<b>20,526</b>	<b>18,225</b>	<b>(34,399)</b>	<b>(7,920)</b>
Income tax expense (benefit)	(5,433)	—	827	—	(4,606)
<b>Net income (loss)</b>	<b>(6,839)</b>	<b>20,526</b>	<b>17,398</b>	<b>(34,399)</b>	<b>(3,314)</b>
Less: net income attributable to noncontrolling interests	—	—	3,525	—	3,525
<b>Net income (loss) attributable to SemGroup</b>	<b>\$ (6,839)</b>	<b>\$ 20,526</b>	<b>\$ 13,873</b>	<b>\$ (34,399)</b>	<b>\$ (6,839)</b>
<b>Net income (loss)</b>	<b>\$ (6,839)</b>	<b>\$ 20,526</b>	<b>\$ 17,398</b>	<b>\$ (34,399)</b>	<b>\$ (3,314)</b>
Other comprehensive income (loss), net of income taxes	(20,417)	6,103	81	—	(14,233)
<b>Comprehensive income (loss)</b>	<b>(27,256)</b>	<b>26,629</b>	<b>17,479</b>	<b>(34,399)</b>	<b>(17,547)</b>
Less: net income attributable to noncontrolling interests	—	—	3,525	—	3,525
Less: other comprehensive income attributable to noncontrolling interests	—	—	5,580	—	5,580
<b>Comprehensive income (loss) attributable to SemGroup</b>	<b>\$ (27,256)</b>	<b>\$ 26,629</b>	<b>\$ 8,374</b>	<b>\$ (34,399)</b>	<b>\$ (26,652)</b>

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued**

	Three Months Ended March 31, 2018				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
<b>Revenues:</b>					
Product	\$ —	\$ 479,449	\$ 31,319	\$ —	\$ 510,768
Service	—	31,490	60,754	—	92,244
Storage	—	6,019	33,632	—	39,651
Lease	—	—	4,329	—	4,329
Other	—	—	14,617	—	14,617
<b>Total revenues</b>	<b>—</b>	<b>516,958</b>	<b>144,651</b>	<b>—</b>	<b>661,609</b>
<b>Expenses:</b>					
Costs of products sold, exclusive of depreciation and amortization shown below	—	469,998	26,134	—	496,132
Operating	—	27,541	42,250	—	69,791
General and administrative	6,486	5,769	14,222	—	26,477
Depreciation and amortization	724	18,731	31,081	—	50,536
Loss (gain) on disposal of long-lived assets, net	49,288	(78,729)	25,875	—	(3,566)
<b>Total expenses</b>	<b>56,498</b>	<b>443,310</b>	<b>139,562</b>	<b>—</b>	<b>639,370</b>
Earnings from equity method investments	59,446	(54)	—	(46,778)	12,614
Operating income	2,948	73,594	5,089	(46,778)	34,853
<b>Other expenses (income), net:</b>					
Interest expense	13,379	23,565	5,757	(240)	42,461
Foreign currency transaction loss (gain)	4,403	(197)	(912)	—	3,294
Other income, net	(735)	(5)	(450)	240	(950)
<b>Total other expenses, net</b>	<b>17,047</b>	<b>23,363</b>	<b>4,395</b>	<b>—</b>	<b>44,805</b>
Income (loss) before income taxes	(14,099)	50,231	694	(46,778)	(9,952)
Income tax expense	18,936	—	4,147	—	23,083
Net income (loss)	(33,035)	50,231	(3,453)	(46,778)	(33,035)
Other comprehensive income (loss), net of income taxes	(5,612)	(256)	24,039	—	18,171
<b>Comprehensive income (loss)</b>	<b>\$ (38,647)</b>	<b>\$ 49,975</b>	<b>\$ 20,586</b>	<b>\$ (46,778)</b>	<b>\$ (14,864)</b>

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued***Condensed Consolidating Guarantor Statements of Cash Flows*

	Three Months Ended March 31, 2019				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (40,936)	\$ 60,195	\$ 40,038	\$ (6,458)	\$ 52,839
Cash flows from investing activities:					
Capital expenditures	(894)	(9,835)	(85,532)	—	(96,261)
Proceeds from sale of long-lived assets	—	773	1,342	—	2,115
Contributions to equity method investments	—	(9,409)	—	—	(9,409)
Payments to acquire businesses	—	—	(488,297)	—	(488,297)
Distributions in excess of equity in earnings of affiliates	—	6,538	—	—	6,538
Net cash provided (used in) investing activities	(894)	(11,933)	(572,487)	—	(585,314)
Cash flows from financing activities:					
Debt issuance costs	—	—	(8,341)	—	(8,341)
Borrowings on credit facilities and issuance of senior notes, net of discount	95,500	—	325,506	—	421,006
Principal payments on credit facilities and other obligations	(217,413)	—	(16,463)	—	(233,876)
Proceeds from issuance of common stock, net of offering costs	—	—	437,469	—	437,469
Proceeds from issuance of preferred stock, net of offering costs	—	—	223,280	—	223,280
Distributions to noncontrolling interests	(7,580)	—	—	—	(7,580)
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(680)	—	—	—	(680)
Dividends paid	(44,824)	—	—	—	(44,824)
Proceeds from issuance of common stock under employee stock purchase plan	89	—	48	—	137
Intercompany borrowings (advances), net	452,361	(48,262)	(413,150)	9,051	—
Net cash provided by (used in) financing activities	277,453	(48,262)	548,349	9,051	786,591
Effect of exchange rate changes on cash and cash equivalents	—	—	2,789	—	2,789
Change in cash and cash equivalents	235,623	—	18,689	2,593	256,905
Cash and cash equivalents at beginning of period	40,064	—	50,742	(4,151)	86,655
Cash and cash equivalents at end of period	\$ 275,687	\$ —	\$ 69,431	\$ (1,558)	\$ 343,560

**SEMGROUP CORPORATION****Notes to Unaudited Condensed Consolidated Financial Statements****18. CONDENSED CONSOLIDATING GUARANTOR FINANCIAL STATEMENTS, Continued**

	Three Months Ended March 31, 2018				
	Parent	Guarantors	Non-guarantors	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (31,162)	\$ 51,069	\$ 63,673	\$ —	\$ 83,580
Cash flows from investing activities:					
Capital expenditures	(436)	(29,872)	(101,476)	—	(131,784)
Proceeds from sale of long-lived assets	—	—	16	—	16
Proceeds from the sale of Mexican asphalt business, net	78,729	—	(14,899)	—	63,830
Contributions to equity method investments	—	(309)	—	—	(309)
Distributions in excess of equity in earnings of affiliates	—	6,545	—	—	6,545
Net cash provided by (used in) investing activities	78,293	(23,636)	(116,359)	—	(61,702)
Cash flows from financing activities:					
Debt issuance costs	(459)	—	—	—	(459)
Borrowings on credit facilities and issuance of senior notes, net of discount	—	—	—	—	—
Principal payments on credit facilities and other obligations	(132,863)	(8)	(1,375)	—	(134,246)
Debt extinguishment costs	—	—	—	—	—
Proceeds from issuance of preferred stock, net of offering costs	342,354	—	—	—	342,354
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(381)	—	—	—	(381)
Dividends paid	(37,230)	—	—	—	(37,230)
Proceeds from issuance of common stock under employee stock purchase plan	24	—	—	—	24
Intercompany borrowing (advances), net	(17,751)	(27,425)	41,409	3,767	—
Net cash provided by (used in) financing activities	153,694	(27,433)	40,034	3,767	170,062
Effect of exchange rate changes on cash and cash equivalents	—	—	(141)	—	(141)
Change in cash and cash equivalents	200,825	—	(12,793)	3,767	191,799
Cash and cash equivalents at beginning of period	32,457	—	69,872	(8,630)	93,699
Cash and cash equivalents at end of period	\$ 233,282	\$ —	\$ 57,079	\$ (4,863)	\$ 285,498

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC.

**Overview of Business**

We provide gathering, transportation, storage, distribution, marketing and other midstream services primarily to producers, refiners of petroleum products and other market participants located in the Gulf Coast, Midwest and Rocky Mountain regions of the United States of America (the "U.S.") and Canada. We, or our significant equity method investee, have an asset base consisting of pipelines, gathering systems, storage facilities, terminals, processing plants and other distribution assets located in North American production and supply areas, including the Gulf Coast, Midwest, Rocky Mountain and Western Canadian regions. Our U.K. and Mexican operations were disposed of during 2018.

Our operations are conducted directly and indirectly through our primary operating segments: U.S. Liquids, U.S. Gas and Canada.

In the fourth quarter of 2018, due to recent changes in our asset portfolio, we elected to reorganize our business structure and reporting relationships to enhance execution and capture operating efficiencies. In conjunction with the reorganization, our reportable segments have changed. Prior period segment disclosures have been recast to reflect the new segments. U.S. Liquids includes the results of both our U.S. crude oil operations including the results of Houston Fuel Oil Terminal Company ("HFOTCO") subsequent to its acquisition in 2017. U.S. Gas contains the results of our historical SemGas segment. Canada includes the operations of our historical SemCAMS segment. Our prior Mexican and U.K. operating segments are included within Corporate and Other, as these businesses were disposed of in 2018.

**Recent Developments**

On January 9, 2019, one of our wholly owned subsidiaries, SemCanada II, L.P., and an affiliate of Kohlberg Kravis Roberts & Co, L.P. and wholly owned subsidiary of KKR Global Infrastructure Investors III L.P., KKR Alberta Midstream Inc, entered into definitive documents to create a new joint venture company that owns and operates midstream oil and gas infrastructure in Western Canada, SemCAMS Midstream ULC, an Alberta unlimited liability corporation ("SemCAMS Midstream"). SemGroup owns 51% and KKR owns 49% of SemCAMS Midstream. Subsequent to the joint venture creation, SemCAMS Midstream acquired Meritage Midstream ULC and its midstream infrastructure assets. These transactions closed on February 25, 2019. For information relating to this joint venture and acquisition arrangement, refer to Note 3.

**Results of Operations***Consolidated Results of Operations*

<u>(in thousands)</u>	<u>Three Months Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenues	\$ 567,232	\$ 661,609
Expenses:		
Costs of products sold, exclusive of depreciation and amortization shown below	403,372	496,132
Operating	63,207	69,791
General and administrative	29,547	26,477
Depreciation and amortization	59,036	50,536
Gain on disposal of long-lived assets, net	(1,444)	(3,566)
Total expenses	553,718	639,370
Earnings from equity method investments	13,951	12,614
Operating income	27,465	34,853
Other expenses (income), net:		
Interest expense	36,652	42,461
Foreign currency transaction loss (gain)	(288)	3,294
Other income, net	(979)	(950)

Total other expenses, net	35,385	44,805
Loss before income taxes	(7,920)	(9,952)
Income tax expense (benefit)	(4,606)	23,083
Net loss	\$ (3,314)	\$ (33,035)

#### *Revenues and Expenses*

Revenues and expenses are analyzed by operating segment below.

#### *Operating expense*

Operating expense decreased in the three months ended March 31, 2019, to \$63.2 million from \$69.8 million in the three months ended March 31, 2018, primarily due to lower current year costs due to the disposal of our Mexican asphalt and U.K. operations in 2018.

#### *General and administrative expense*

General and administrative expense increased in the three months ended March 31, 2019, to \$29.5 million from \$26.5 million in the three months ended March 31, 2018. The increases were primarily due to costs related to the formation of SemCAMS Midstream and the acquisition of Meritage Midstream ULC.

#### *Depreciation and amortization expense*

Depreciation and amortization expense increased in the three months ended March 31, 2019, to \$59.0 million from \$50.5 million in the three months ended March 31, 2018. The increase is primarily due to additional assets placed in service by our Gulf Coast terminal and Canadian business and increased amortization of intangibles related to our Gulf Coast terminal and the acquisition of Meritage Midstream ULC.

#### *Gain on disposal of long-lived assets, net*

We incurred a net gain on disposal of long-lived assets, net for the three months ended March 31, 2019, of \$1.4 million compared to a net gain of \$3.6 million on disposal of long-lived assets, net for the three months ended March 31, 2018.

#### *Interest expense*

Interest expense decreased in the three months ended March 31, 2019, to \$36.7 million from \$42.5 million in the three months ended March 31, 2018. The decrease in interest expense is primarily due to \$12.6 million in accretion of notes payable related to the HFOTCO acquisition that was paid off in early 2018. This decrease was offset, in part, by increases of \$2.0 million in swaps hedging by HFOTCO related to rate changes, \$1.6 million in interest expense by our Canada segment, \$1.5 million in decreased capitalized interest, \$1.1 million in increased LIBOR and revolver rates, \$0.6 million in bank interest due to higher debt amounts related to HFOTCO and \$0.2 million in debt issuance costs related to HFOTCO.

#### *Foreign currency transaction loss (gain)*

We incurred a foreign currency transaction gain in the three months ended March 31, 2019, of \$0.3 million compared to a net loss of \$3.3 million in the three months ended March 31, 2018. The change is primarily due to realized and unrealized gains of \$0.3 million on foreign currency forwards for purchases of Canadian dollars to limit exposure to foreign currency rate fluctuations for capital contributions to our Canadian operations compared with \$4.4 million of realized and unrealized losses in the prior year. The remaining change is primarily due to foreign currency changes related to U.S. dollar denominated payables of our Mexican asphalt and U.K. businesses which were sold in early 2018.

#### *Income tax expense (benefit)*

We reported an income tax benefit of \$4.6 million for the three months ended March 31, 2019, compared to an expense of \$23.1 million for the three months ended March 31, 2018. The effective tax rate was 58% and (232)% for the three months ended March 31, 2019 and 2018, respectively. The rate for the three months ended March 31, 2019, is impacted by \$1.1 million Canadian withholding tax paid on remittances to the U.S. and non-controlling interests in Maurepas Pipeline, LLC and SemCAMS Midstream ULC for which taxes are not provided. The rate for the three months ended March 31, 2018 is impacted by a discrete tax expense related to the vesting of restricted stock in the amount of \$1.4 million and a discrete tax expense of \$10.9 million in Mexico on the sale of the 100% equity interest in our Mexican asphalt business. Significant items that impacted the effective tax rate for each period, as compared to the U.S. federal statutory rate of 21%, include earnings in

foreign jurisdictions taxed at different rates, foreign earnings taxed in foreign jurisdictions as well as in the U.S., since they are disregarded entities for U.S. federal income tax purposes, and the U.S. deduction for foreign taxes. These combined factors, and the magnitude of the permanent items impacting the tax rate relative to income from continuing operations before income taxes, result in rates that are not comparable between the periods.

## Results of Operations by Reporting Segment

### U.S. Liquids

(in thousands)	Three Months Ended March 31,	
	2019	2018
<b>Revenues</b>		
Product sales	\$ 385,030	\$ 443,397
Pipeline transportation	21,121	20,339
Truck transportation	3,942	5,728
Storage fees	41,744	38,121
Facility service fees	17,749	11,031
Lease revenue	3,882	4,329
<b>Total revenues</b>	<b>473,468</b>	<b>522,945</b>
<b>Less:</b>		
Costs of products sold	374,601	439,729
Operating expense	32,835	34,883
Unrealized gain (loss) on commodity derivatives, net	(4,818)	(2,226)
<b>Plus:</b>		
Earnings from equity method investments	13,937	12,605
Adjustments to reflect equity earnings on an EBITDA basis	4,724	4,892
<b>Segment profit</b>	<b>\$ 89,511</b>	<b>\$ 68,056</b>

(in thousands)	Three Months Ended March 31,	
	2019	2018
Gross product sales	\$ 1,504,605	\$ 1,210,186
Nonmonetary transaction adjustment	(1,114,757)	(764,563)
Unrealized gain (loss) on commodity derivatives, net	(4,818)	(2,226)
Product sales	\$ 385,030	\$ 443,397

### 2019 versus 2018

#### Revenues

Product sales decreased in the three months ended March 31, 2019, to \$385.0 million from \$443.4 million in the three months ended March 31, 2018.

Gross product revenues increased in the three months ended March 31, 2019, to \$1.5 billion from \$1.2 billion in the three months ended March 31, 2018. The increase was primarily due to an increase in the volume sold to 28 million barrels in the three months ended March 31, 2019, from 20 million barrels in the three months ended March 31, 2018, partially offset by a decrease in the average sales price to \$54 per barrel in the three months ended March 31, 2019, from an average sales price of \$62 per barrel in the three months ended March 31, 2018. Volumes increased as compared to prior year due to more location trades.



Gross product revenues were reduced by \$1.1 billion and \$764.6 million in the three months ended March 31, 2019 and 2018, respectively, in accordance with Accounting Standards Codification (ASC) 845-10-15, "Nonmonetary Transactions," ("ASC 845-10-15"). ASC 845-10-15 requires that certain transactions -- those where inventory is purchased from a customer then resold to the same customer -- to be presented in the income statement on a net basis, resulting in a reduction of revenue and costs of products sold by the same amount.

Pipeline transportation revenues increased to \$21.1 million in the three months ended March 31, 2019, from \$20.3 million in the three months ended March 31, 2018, primarily due to contractual increases in transportation fees.

Truck transportation revenues decreased to \$3.9 million in the three months ended March 31, 2019, from \$5.7 million in the three months ended March 31, 2018, due to lower transportation volumes.

Storage revenues increased to \$41.7 million in the three months ended March 31, 2019, from \$38.1 million in the three months ended March 31, 2018, primarily due to new storage tanks at the Gulf Coast terminal.

Facility service fees increased to \$17.7 million in the three months ended March 31, 2019, from \$11.0 million in the three months ended March 31, 2018, primarily due to higher operating cost recoveries at our Gulf Coast terminal.

*Cost of Products Sold*

Costs of products sold decreased in the three months ended March 31, 2019 to \$374.6 million from \$439.7 million in the three months ended March 31, 2018. The cost of products sold reflect reductions of \$1.1 billion and \$764.6 million in the three months ended March 31, 2019 and 2018, respectively, in accordance with ASC 845-10-15. There was an increase in the barrels sold, as described above, combined with a decrease in the average per barrel cost of crude oil to \$54 in the three months ended March 31, 2019, from \$62 in the three months ended March 31, 2018.

*Operating Expense*

Operating expense decreased slightly in the three months ended March 31, 2019, to \$32.8 million from \$34.9 million in the three months ended March 31, 2018, primarily due to lower employment costs and field expenses.

*Unrealized Loss on Commodity Derivatives, net*

Unrealized loss on commodity derivatives, net increased in the three months ended March 31, 2019, to a loss of \$4.8 million from a loss of \$2.2 million in the three months ended March 31, 2018. The increase in losses is due to open positions and changes in market prices in the respective periods.

*Earnings from Equity Method Investments*

Earnings from equity method investments increased in the three months ended March 31, 2019, to \$13.9 million from \$12.6 million in the three months ended March 31, 2018. The increase is primarily due to increased earnings by White Cliffs.

**U.S. Gas**

<b>(in thousands)</b>	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Product sales	\$ 39,492	\$ 39,709
Service fees	13,667	16,187
Other revenues	67	—
<b>Total revenues</b>	<b>53,226</b>	<b>55,896</b>
<b>Less:</b>		
Cost of products sold	32,663	33,923
Operating expense	8,398	7,696
<b>Segment profit</b>	<b>\$ 12,165</b>	<b>\$ 14,277</b>

**2019 versus 2018**

*Revenues*

Product sales decreased slightly in the three months ended March 31, 2019, to \$39.5 million from \$39.7 million in the three months ended March 31, 2018. The decrease is primarily due to lower volumes (27,891 MMcf in the three months ended March 31, 2019, compared to 28,161 MMcf for the same period in 2018) and a lower average NGL basket price of \$0.66/gallon in the three months ended March 31, 2019, versus \$0.83/gallon for the same period in 2018. The decrease was offset by a higher average natural gas NYMEX price of \$3.15/MMbtu in the three months ended March 31, 2019, versus \$3.00/MMbtu for the same period in 2018. Volume decreased due to reduced Mississippi Lime drilling, coupled with natural well production declines, partially offset by increased Stack production.

Gathering and processing fee revenues decreased in the three months ended March 31, 2019, to \$13.7 million from \$16.2 million in the three months ended March 31, 2018. Fee revenue decreased primarily due to lower volumes.

*Cost of Products Sold*

Cost of products sold decreased in the three months ended March 31, 2019 to \$32.7 million from \$33.9 million in the three months ended March 31, 2018. The decrease was primarily due to lower NGL prices and lower Mississippi Lime volumes, partially offset by higher natural gas prices.

*Operating Expense*

Operating expense increased in the three months ended March 31, 2019, to \$8.4 million from \$7.7 million in the three months ended March 31, 2018. This increase was primarily due to compression moves and plant maintenance.

**Canada**

<u>(in thousands)</u>	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Service fees	\$ 31,476	\$ 30,542
Other revenues	13,351	14,603
Total revenues	44,827	45,145
<b>Less:</b>		
Cost of products sold	397	102
Operating expense	21,737	22,930
Segment profit	\$ 22,693	\$ 22,113

**2019 versus 2018**

*Revenues*

Revenues decreased slightly in the three months ended March 31, 2019, to \$44.8 million from \$45.1 million in the three months ended March 31, 2018. This decrease is primarily due to lower operating cost recoveries and changes in foreign currency exchange rates between periods of \$2.4 million and \$2.3 million, respectively. These decreases were offset, in part, by higher gathering and processing revenue of \$4.5 million.

*Operating Expense*

Operating expense decreased in the three months ended March 31, 2019, to \$21.7 million from \$22.9 million in the three months ended March 31, 2018. This decrease is primarily due to to lower contract labor and changes in foreign currency exchange rates between period of \$3.0 million and \$1.0 million, respectively. These decreases were offset, in part, by higher power costs of \$2.7 million.

**Corporate and Other**

(in thousands)	Three Months Ended March 31,	
	2019	2018
Revenues	\$ (4,289)	\$ 37,606
Less:		
Costs of products sold	(4,289)	22,361
Operating expense	237	4,282
Plus:		
Earnings from equity method investments	14	9
Adjustments to reflect NGL Energy equity earnings on a cash basis	(14)	(9)
Segment profit	\$ (237)	\$ 10,963

Corporate and Other is not an operating segment. This table is included to permit the reconciliation of segment information to that of the consolidated Company. Earnings from equity method investments in the table above relates to our investments in NGL Energy.

**2019 versus 2018**

The decreases in revenues, cost of products sold and operating expense are due to the disposal of our U.K. operations and Mexican asphalt business in early 2018.

**Liquidity and Capital Resources****Sources and Uses of Cash**

Our principal sources of short-term liquidity are cash generated from our operations and borrowings under our revolving credit facilities. The consolidated cash balance on March 31, 2019, was \$343.6 million. Of this amount, \$9.4 million was held in Canada and portions may be subject to tax if transferred to the U.S. Potential sources of long-term liquidity include issuances of debt securities and equity securities and the sale of assets. Our primary cash requirements currently are operating expenses, capital expenditures, debt payments and our quarterly dividends. In general, we expect to fund:

- operating expenses, maintenance capital expenditures and cash dividends through existing cash and cash from operating activities;
- expansion capital expenditures and any working capital deficits through cash on hand, borrowings under our revolving credit facilities and the issuance of debt securities and equity securities and proceeds from the divestiture of assets or interests in assets;
- acquisitions through cash on hand, borrowings under our revolving credit facilities, the issuance of debt securities and equity securities and proceeds from the divestiture of assets or interests in assets; and
- debt principal payments through cash from operating activities and refinancing when our revolving and term loan credit facilities become due.

Our ability to meet our financing requirements and fund our planned capital expenditures will depend on our future operating performance and distributions from our equity investments, which will be affected by prevailing economic conditions in our industry. In addition, we are subject to conditions in the debt and equity markets for any issuances of debt securities and equity securities. There can be no assurance we will be able or willing to access the public or private markets in the future. If we would be unable or unwilling to access those markets, we could be required to restrict future cash outlays, such as expansion capital expenditures and potential future acquisitions.

We believe our cash from operations, our remaining borrowing capacity and other capital markets activity allow us to manage our day-to-day cash requirements, distribute our quarterly dividends and meet our capital expenditures commitments for the coming year.

## Cash Flows

The following table summarizes our changes in unrestricted cash for the periods presented:

(in thousands)	Three Months Ended March 31,	
	2019	2018
Statement of cash flow data:		
Cash flows provided by (used in):		
Operating activities	\$ 52,839	\$ 83,580
Investing activities	(585,314)	(61,702)
Financing activities	786,591	170,062
Subtotal	254,116	191,940
Effect of exchange rate on cash and cash equivalents	2,789	(141)
Change in cash and cash equivalents	256,905	191,799
Cash and cash equivalents at beginning of period	86,655	93,699
Cash and cash equivalents at end of period	\$ 343,560	\$ 285,498

### Operating Activities

The components of operating cash flows can be summarized as follows:

(in thousands)	Three Months Ended March 31,	
	2019	2018
Net loss	\$ (3,314)	\$ (33,035)
Non-cash expenses, net	50,208	64,118
Changes in operating assets and liabilities	5,945	52,497
Net cash flows provided by operating activities	\$ 52,839	\$ 83,580

Adjustments to net loss for non-cash expenses, net decreased \$13.9 million to \$50.2 million for the three months ended March 31, 2019, from \$64.1 million for the three months ended March 31, 2018. This change is primarily a result of:

- \$8.5 million in depreciation and amortization expense, primarily as a result of additional assets placed in service by our Gulf Coast terminal and Canadian business and increased amortization of intangibles related to our HFOTCO acquisition and the acquisition of Meritage Midstream ULC;
- \$2.1 million due to prior year gains on the disposal of our Mexican asphalt business; and
- \$1.3 million due to an increase in distributions received from equity method investments.

These increases to the adjustments to net loss for non-cash expenses, net were offset by decreases due to:

- \$21.6 million decrease in deferred income tax expense (benefit);
- \$3.6 million lower currency exchange losses in the current year primarily due to foreign currency forwards to purchase Canadian dollars to limit exposure to foreign currency rate fluctuations for capital contributions to our Canadian operations; and
- \$1.3 million in earnings from equity method investments due to higher volumes on White Cliffs Pipeline.

All other adjustments to net loss for non-cash expenses, net for the three months ended March 31, 2019, remained relatively comparable to the three months ended March 31, 2018.

Changes in operating assets and liabilities for the three months ended March 31, 2019, generated a net increase in operating cash flows of \$5.9 million. The decrease to operating cash flows due to the change in operating assets and liabilities was primarily a result of an increase in accounts receivable and inventories of \$191.3 million and \$27.7 million, respectively, offset by decreases in other current assets and other assets of \$2.8 million and \$0.3 million, respectively. Liabilities increased \$211.0 million and \$13.7 million in accounts payable and accrued liabilities and other noncurrent liabilities, respectively, and decreased \$2.7 million in payables to affiliates. Changes in receivables, inventory, payables and accrued liabilities are primarily

due to our segments' operating activities and are subject to the timing of purchases and sales and fluctuations in commodity pricing.

Changes in operating assets and liabilities for the three months ended March 31, 2018, generated a net increase in operating cash flows of \$52.5 million. The increase to operating cash flow due to the change in operating assets and liabilities was primarily a result of a decrease in assets related to accounts receivable, inventories, receivables from affiliates and other assets of \$122.8 million, \$25.2 million, \$0.8 million and \$0.8 million, respectively, offset by an increase in other current assets of \$3.7 million. Liabilities decreased \$104.9 million in accounts payable and accrued liabilities and \$4.7 million in payables to affiliates, offset by an increase in other noncurrent liabilities of \$16.1 million. The increase in other noncurrent liabilities is primarily due to the accretion of the final payment related to the HFOTCO acquisition. Changes in receivables, inventory, payables and accrued liabilities are primarily due to our segments' operating activities and are subject to the timing of purchases and sales and fluctuations in commodity pricing.

#### *Investing Activities*

For the three months ended March 31, 2019, we had net cash outflows of \$585.3 million from investing activities, due primarily to \$96.3 million in capital expenditures, \$488.3 million of acquisition costs, and \$9.4 million of contributions to equity method investments. These cash outflows were offset by investing cash inflows of \$2.1 million of proceeds from the sale of assets and \$6.5 million of distributions in excess of equity in earnings of affiliates. Capital expenditures primarily related to expansion projects at our Canada and U.S. Liquids segments. Acquisitions costs primarily related to the Meritage acquisition. Distributions in excess of equity in earnings of affiliates represent cash distributions from White Cliffs in excess of our cumulative equity in earnings and are accounted for as a return of investment.

For the three months ended March 31, 2018, we had net cash outflows of \$61.7 million from investing activities, due primarily to \$131.8 million of capital expenditures and \$0.3 million of contributions to equity method investments. These cash outflows were offset by investing cash inflows of \$63.8 million in proceeds from the sale of our Mexican asphalt business and \$6.5 million of distributions in excess of equity in earnings of affiliates. Capital expenditures primarily related to expansion projects at our Canada and U.S. Liquids segments. Distributions in excess of equity in earnings of affiliates represent cash distributions from White Cliffs in excess of our cumulative equity in earnings and are accounted for as a return of investment.

#### *Financing Activities*

For the three months ended March 31, 2019, we had net cash inflows of \$786.6 million from financing activities, which related to principal payments on credit facilities and other obligations of \$233.9 million, dividends paid of \$44.8 million, debt issuance costs of \$8.3 million and \$7.6 million of distributions to noncontrolling interests, offset by borrowings on credit facilities of \$421.0 million, proceeds from the issuance of subsidiary common stock of \$437.5 million and proceeds from the issuance of subsidiary preferred stock, net of offering costs, of \$223.3 million. Issuances of subsidiary common and preferred stock related to SemCAMS Midstream. Distributions to noncontrolling interests primarily related to distributions to noncontrolling interest holders of Maurepas Pipeline.

For the three months ended March 31, 2018, we had net cash inflows of \$170.1 million from financing activities, which related to proceeds from the issuance of preferred stock, net of offering costs, of \$342.4 million, offset by \$134.2 million in principal payments on credit facilities and other obligations, dividends paid of \$37.2 million, and debt issuance costs of \$0.5 million.

### **Long-term Debt**

#### *Senior Unsecured Notes*

At March 31, 2019, we had outstanding \$400 million of 5.625% senior unsecured notes due 2022, \$350 million of 5.625% senior unsecured notes due 2023, \$325 million of 6.375% senior unsecured notes due 2025 and \$300 million of 7.25% senior unsecured notes due 2026 (collectively, the "Notes"). The Notes are governed by indentures, as supplemented, between the Company and its subsidiary guarantors and Wilmington Trust, N.A., as trustee (the "Indentures"). The Indentures include customary covenants and events of default.

At March 31, 2019, we were in compliance with the terms of the Indentures.

#### *SemGroup Revolving Credit Facility*

At March 31, 2019, we had no cash borrowings outstanding under our \$1.0 billion senior secured revolving credit facility. We had \$27.3 million in outstanding letters of credit on that date. The maximum letter of credit capacity under this facility is \$250 million. The facility can be increased up to \$300 million. The credit agreement expires on March 15, 2021.

At March 31, 2019, we had available borrowing capacity of \$972.7 million under this facility.

### *HFOTCO long-term debt*

On June 26, 2018, we restated and amended the HFOTCO credit agreement. The aggregate term loans incurred thereunder was increased to \$600 million and the revolving credit facility was terminated. The term loan is due in quarterly installments of \$1.5 million with a final payment due on June 26, 2025. In addition, HFOTCO may incur additional term loans in an aggregate amount not to exceed the greater of \$120 million and a measure of HFOTCO's EBITDA, defined in the credit agreement, at the time of determination, plus additional amounts subject to satisfaction of certain leverage-based criteria, subject to receiving commitments for such additional term loans from either new lenders or increased commitments from existing lenders.

At March 31, 2019, HFOTCO had \$595.5 million outstanding under its Term Loan B and \$225.0 million outstanding of tax exempt notes payable due 2050.

### *SemCAMS Midstream Credit Agreement*

On February 25, 2019, SemCAMS Midstream entered into a Credit Agreement (the "Credit Agreement"), together with The Toronto-Dominion Bank, as administrative agent, providing for a C\$350 million senior secured term loan facility and a C\$450 million senior secured revolving credit facility. Both facilities under the Credit Agreement mature on February 25, 2024. SemCAMS Midstream may incur additional term loans and revolving commitments in an aggregate amount not to exceed C\$250 million, subject to receiving commitments for such additional term loans or revolving commitments from either new lenders or increased commitments from existing lenders. As of March 31, 2019, there was USD equivalent \$262.1 million outstanding on the term loan and USD equivalent \$44.9 million outstanding on the revolver.

### **Capital Requirements**

The midstream energy business can be capital intensive, requiring significant investment for the maintenance of existing assets or acquisition or development of new systems and facilities. We categorize our capital expenditures as either:

- expansion capital expenditures, which are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long-term; or
- maintenance capital expenditures, which are cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets or for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity.

Projected capital expenditures for 2019 are estimated at \$262 million in expansion projects, including capital contributions to affiliates for funding growth projects and acquisitions, and \$45 million in maintenance projects. These estimates may change as future events unfold. See "Cautionary Note Regarding Forward-Looking Statements." During the three months ended March 31, 2019, we spent \$96.3 million (cash basis) on capital projects and \$9.4 million in capital contributions to equity method investees.

In addition to our budgeted capital program, we anticipate that we will continue to make significant expansion capital expenditures in the future. Consequently, our ability to develop and maintain sources of funds to meet our capital requirements is critical to our ability to meet our growth objectives. We expect that our future expansion capital expenditures will be funded by cash from operations, borrowings under our revolving credit facilities, the issuance of debt and equity securities and proceeds from the divestiture of assets or interests in assets.

### **Common Stock Dividends**

The table below shows common dividends declared and/or paid by SemGroup on its common stock during 2018 and 2019.

<b>Quarter Ended</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Dividend Per Share</b>
March 31, 2018	March 9, 2018	March 19, 2018	\$0.4725
June 30, 2018	May 16, 2018	May 25, 2018	\$0.4725
September 30, 2018	August 20, 2018	August 29, 2018	\$0.4725
December 31, 2018	November 16, 2018	November 26, 2018	\$0.4725
March 31, 2019	March 14, 2019	March 4, 2019	\$0.4725
June 30, 2019	May 10, 2019	May 20, 2019	\$0.4725

**Preferred Stock Dividends**

On January 19, 2018, we sold to certain institutional investors, in a private placement, an aggregate of 350,000 shares of our Series A Cumulative Perpetual Convertible Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), convertible into shares of our Class A common stock. Holders of the Preferred Stock will receive quarterly distributions equal to an annual rate of 7.0% (\$70.00 per share annualized) of \$1,000 per share of Preferred Stock, subject to certain adjustments. With respect to any quarter ending on or prior to June 30, 2020, we may elect, in lieu of paying a distribution in cash, to have the amount that would have been payable if such dividend had been paid in cash added to the Liquidation Preference. Paid-in-kind dividends increase the Liquidation Preference.

The table below shows dividends declared and/or paid by SemGroup on its preferred stock during 2018 and 2019.

Quarter Ended	Declaration Date	Payment date	Total Cash Dividends Paid	Total Paid-in-Kind Dividends
*March 31, 2018	May 1, 2018	May 25, 2018	-	\$4.8 million
June 30, 2018	August 7, 2018	August 29, 2018	-	\$6.2 million
September 30, 2018	October 31, 2018	November 26, 2018	-	\$6.3 million
December 31, 2018	February 20, 2019	March 1, 2019	-	\$6.4 million
March 31, 2019	May 10, 2019	May 20, 2019	-	\$6.5 million

\*Prorated from January 19, 2018 to March 31, 2018

**Subsidiary Redeemable Preferred Stock Dividends**

In conjunction with the formation of our SemCAMS Midstream joint venture, SemCAMS Midstream issued 300,000 shares of cumulative preferred stock with a C\$1,000 (US\$749 at March 31, 2019 exchange rate) notional value which pay annual dividends of \$87.50 per share. The preferred stock is redeemable at SemCAMS Midstream's option subsequent to the third anniversary of issuance at a redemption price of C\$1,100 (US\$824 at March 31, 2019 exchange rate) per share. The preferred stock is redeemable by the holder contingent upon a change of control or liquidation of SemCAMS Midstream. The preferred stock is convertible to SemCAMS Midstream common shares in the event of an initial public offering by SemCAMS Midstream.

Dividends on the preferred stock are payable in-kind for the first ten quarters subsequent to issuance. SemCAMS Midstream elected to pay in-kind dividends for the first quarter of 2019 in the amount of C\$2.5 million (US\$1.9 million at March 31, 2019 exchange rate), which is prorated for the period subsequent to the transaction.

**Credit Risk**

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We examine the creditworthiness of third-party customers to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees.

**Customer Concentration**

Shell Trading (US) Company, a customer of our U.S. Liquids segment, accounted for more than 10% of our consolidated revenue for the three months ended March 31, 2019, at approximately 23%. The contracts from which our revenues are derived from this customer relate to our crude marketing operations and are for crude oil purchases and sales at market prices. We are not substantially dependent on such contracts and believe that if we were to lose any or all of these contracts, they could be readily replaced under substantially similar terms.

Although we have contracts with customers of varying durations, if one or more of our major customers were to default on their contract, or if we were unable to renew our contract with one or more of these customers on favorable terms, we might not be able to replace any of these customers in a timely fashion, on favorable terms or at all. In any of these situations, our revenues and our ability to pay cash dividends to our stockholders may be adversely affected. We expect our exposure to risk of non-payment or non-performance to continue as long as we remain substantially dependent on a relatively small number of customers for a substantial portion of our revenues.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements as defined by Item 303 of Regulation S-K.

**Commitments**

For information regarding purchase and sales commitments, see the discussion under the caption “Purchase and sale commitments” in Note 8 of our condensed consolidated financial statements of this Form 10-Q, which information is incorporated by reference into this Item 2.

**Critical Accounting Policies and Estimates**

For disclosure regarding our critical accounting policies and estimates, see the discussion under the caption “Critical Accounting Policies and Estimates” in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2018.

**Recent Accounting Pronouncements**

See Note 1 to our condensed consolidated financial statements.



**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

This discussion on market risks represents an estimate of possible changes in future earnings that would occur assuming hypothetical future movements in commodity prices, interest rates and currency exchange rates. Our views on market risk are not necessarily indicative of actual results that may occur, and do not represent the maximum possible gains and losses that may occur since actual gains and losses will differ from those estimated based on actual fluctuations in commodity prices, interest rates, currency exchange rates and the timing of transactions.

We are exposed to various market risks, including changes in (i) petroleum prices, particularly crude oil, natural gas and natural gas liquids, (ii) interest rates and (iii) currency exchange rates. We may use from time-to-time various derivative instruments to manage such exposure. Our risk management policies and procedures are designed to monitor physical and financial commodity positions and the resulting outright commodity price risk as well as basis risk resulting from differences in commodity grades, purchase and sale locations and purchase and sale timing. We have a risk management function that has responsibility and authority for our Risk Governance Policies, which govern our enterprise-wide risks, including the market risks discussed in this item. Subject to our Risk Governance Policies, our finance and treasury function has responsibility and authority for managing exposure to interest rates and currency exchange rates. To manage the risks discussed above, we engage in price risk management activities.

**Commodity Price Risk**

The table below outlines the range of NYMEX prompt month daily settle prices for crude oil and natural gas futures, and the range of daily propane spot prices provided by an independent, third-party broker for the three months ended March 31, 2019 and March 31, 2018, and the year ended December 31, 2018.

	Light Sweet Crude Oil Futures (Barrel)	Mont Belvieu (Non-LDH) Spot Propane (Gallon)	Henry Hub Natural Gas Futures (MMBtu)
<b>Three Months Ended March 31, 2019</b>			
High	\$60.14	\$0.71	\$3.59
Low	\$46.54	\$0.60	\$2.55
<i>High/Low Differential</i>	<i>\$13.60</i>	<i>\$0.11</i>	<i>\$1.04</i>
<b>Three Months Ended March 31, 2018</b>			
High	\$66.14	\$1.02	\$3.63
Low	\$59.19	\$0.73	\$2.55
<i>High/Low Differential</i>	<i>\$6.95</i>	<i>\$0.29</i>	<i>\$1.08</i>
<b>Year Ended December 31, 2018</b>			
High	\$76.41	\$1.10	\$4.84
Low	\$42.53	\$0.61	\$2.55
<i>High/Low Differential</i>	<i>\$33.88</i>	<i>\$0.49</i>	<i>\$2.29</i>

Revenue from our asset-based activities is dependent on throughput volume, tariff rates, the level of fees generated from our pipeline systems, capacity leased to third parties, capacity that we use for our own operational or marketing activities and the level of other fees generated at our terminalling and storage facilities. Profit from our marketing activities is dependent on our ability to sell petroleum products at prices in excess of our aggregate cost. Margins may be affected during transitional periods between a backwardated market (when the prices for future deliveries are lower than the current prices) and a contango market (when the prices for future deliveries are higher than the current prices). Our petroleum product marketing activities within each of our segments are generally not directly affected by the absolute level of petroleum product prices, but are affected by overall levels of supply and demand for petroleum products and relative fluctuations in market-related indices at various locations.

However, the U.S. Gas segment has exposure to commodity price risk because of the nature of certain contracts for which our fee is based on a percentage of proceeds or index related to the prices of natural gas, natural gas liquids and condensate. Given current volumes, liquid recoveries and contract terms, we estimate the following sensitivities over the next twelve months:

- A 10% increase in the price of natural gas and natural gas liquids results in approximately a \$4.6 million increase to gross margin.
- A 10% decrease in those prices would have the opposite effect.

The above sensitivities may be impacted by changes in contract mix, change in production or other factors which are outside of our control.

Additionally, based on our open derivative contracts at March 31, 2019, an increase in the applicable market price or prices for each derivative contract would result in a decrease in our crude oil sales revenues. Likewise, a decrease in the applicable market price or prices for each derivative contract would result in an increase in our crude oil sales revenues. However, the increases or decreases in crude oil sales revenues we recognize from our open derivative contracts are substantially offset by higher or lower crude oil sales revenues when the physical sale of the product occurs. These contracts may be for the purchase or sale of crude oil or in markets different from the physical markets in which we are attempting to hedge our exposure, or may have timing differences relative to the physical markets. As a result of these factors, our hedges may not eliminate all price risks.

The notional volumes and fair value of our commodity derivatives open positions as well as the change in fair value that would be expected from a 10% market price increase or decrease is shown in the table below (in thousands):

	Notional Volume (Barrels)	Fair Value	Effect of 10% Price Increase	Effect of 10% Price Decrease	Settlement Date
<b>Crude oil:</b>					
Futures contracts	716 (short)	\$ (1,133)	\$ (4,184)	\$ 4,184	April- July 2019

Margin deposits or other credit support, including letters of credit, are generally required on derivative instruments used to manage our price exposure. As commodity prices increase or decrease, the fair value of our derivative instruments changes, thereby increasing or decreasing our margin deposit or other credit support requirements. Although a component of our risk-management strategy is intended to manage the margin and other credit support requirements on our derivative instruments, volatile spot and forward commodity prices, or an expectation of increased commodity price volatility, could increase the cash needed to manage our commodity price exposure and thereby increase our liquidity requirements. This may limit amounts available to us through borrowing, decrease the volume of petroleum products we purchase and sell or limit our commodity price management activities.

### Interest Rate Risk

We use variable rate debt and are exposed to market risk due to the floating interest rates on our credit facilities. Therefore, from time-to-time we may use interest rate derivatives to manage interest obligations on specific debt issuances. Our variable rate debt bears interest at LIBOR or prime, subject to certain floors, plus the applicable margin. At March 31, 2019, an increase in these base rates of 1%, above the base rate floors, would increase our interest expense by \$2.3 million for the three months ended March 31, 2019. Increases in interest expense due to an increase in interest rates as presented above, would have been partially offset by a reduction of \$1.2 million in interest expense from interest rate swaps, discussed below, for the three months ended March 31, 2019.

The average interest rates presented below are based upon rates in effect at March 31, 2019 and December 31, 2018. The carrying value of the variable rate instruments in our credit facilities approximate fair value primarily because our rates fluctuate with prevailing market rates.

The following table summarizes our debt obligations:

<u>Liabilities</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Long-term debt - variable rate	\$1.12 billion	\$935.5 million
Average variable interest rate	4.78%	4.93%
Short-term debt - variable rate	\$6.0 million	\$6.0 million
Average variable interest rate	5.25%	5.28%
Long-term debt - fixed rate	\$1.375 million	\$1.375.0 million
Average fixed interest rate	6.16%	6.16%

We have interest rate swaps which allow us to limit exposure to interest rate fluctuations. The swaps only apply to a portion of our outstanding debt and provide only partial mitigation of interest rate fluctuations. We have not designated the swaps as hedges, as such changes in the fair value of the swaps are recorded through current period earnings as a component of interest expense. At March 31, 2019, we had interest rate swaps with notional values of \$522.8 million. At March 31, 2019, the fair value of our interest rate swaps was \$2.2 million which was reported within “other noncurrent liabilities” in our condensed consolidated balance sheet. For the three months ended March 31, 2019 and 2018, we recognized realized and unrealized losses of \$0.7 million and \$1.1 million related to interest rate swaps, respectively.

#### **Currency Exchange Risk**

The cash flows related to our Canadian operations are based on the U.S. dollar equivalent of such amounts measured in Canadian dollars. Assets and liabilities of our Canadian subsidiaries are translated to U.S. dollars using the applicable exchange rate as of the end of a reporting period. Revenue, expenses and cash flows are translated using the average exchange rate during the reporting period.

A 10% change in the average exchange rate during the three months ended March 31, 2019, would change operating income by \$1.8 million.

We have foreign currency forwards primarily to purchase Canadian dollars to limit exposure to foreign currency rate fluctuations for capital contributions to our Canada segment. We have not designated the forwards as hedges, as such changes in the fair value of the forwards are recorded through current period earnings as a component of foreign currency translation gain/loss. At March 31, 2019 and December 31, 2018, we had foreign currency forwards with notional values of \$25.8 million and \$56.1 million, respectively. At March 31, 2019, the fair value of our foreign currency forwards was \$1.1 million, which is reported within “other current liabilities” in our condensed consolidated balance sheet. At December 31, 2018, the fair value of our foreign currency forwards was \$3.0 million, which is reported within “other current assets” and “other noncurrent assets” in our condensed consolidated balance sheet. For the three months ended March 31, 2019, we recognized realized and unrealized losses of \$0.3 million related to foreign currency forwards. For the three months ended March 31, 2018, we recognized realized and unrealized losses of \$4.4 million related to foreign currency forwards.

Based on the exchange rates at March 31, 2019, a 1% increase in the USD/CAD foreign exchange rate would lead to a \$0.4 million gain, while a 1% decrease in the USD/CAD foreign exchange rate would have the opposite effect.

#### **Item 4. Controls and Procedures**

##### **Disclosure Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act), are effective as of March 31, 2019. This conclusion is based on an evaluation conducted under the supervision and participation of our Chief Executive Officer and Chief Financial Officer along with our management. Disclosure controls and procedures are those controls and procedures designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

##### **Changes in Internal Control over Financial Reporting**

On February 25, 2019, we closed on the acquisition of Meritage Midstream ULC. We are in the process of assessing and, to the extent necessary, making changes to the internal control over financial reporting at Meritage Midstream ULC to conform such internal control to that used in our other businesses. Based on the information presently available to management, we do not believe such changes will adversely impact our internal control over financial reporting. Subject to the foregoing, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2019, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

For information regarding legal proceedings, see the discussion under the captions “Environmental” and “Other matters,” in Note 8 of our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated by reference into this Item 1.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors involving us from those previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information about purchases of our common stock by us during the quarter ended March 31, 2019:

	Total Number of Shares Purchased (1)	Weighted Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2019 - January 31, 2019	17,066	\$ 16.58	—	—
February 1, 2019 - February 28, 2019	580	16.87	—	—
March 1, 2019 - March 31, 2019	27,922	15.22	—	—
Total	45,568	\$ 15.75	—	—

- (1) Represents shares of common stock withheld from certain of our employees for payment of taxes associated with the vesting of restricted stock awards.
- (2) The price paid per common share represents the closing price as posted on the New York Stock Exchange on the day that the shares were purchased.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits**

The following exhibits are filed or furnished as part of this Quarterly Report on Form 10-Q:

<u>Exhibit Number</u>	<u>Description</u>
2.1	<a href="#">Investment and Contribution Agreement, dated as of January 9, 2019, between KKR Alberta Midstream Inc. and SemCanada II, L.P. and SemCAMS Midstream ULC (filed as Exhibit 2.1 to our current report on Form 8-K dated February 25, 2019, filed March 1, 2019, and incorporated herein by reference).</a>
10.1	<a href="#">Credit Agreement, dated as of February 25, 2019, among SemCAMS Midstream ULC, as the borrower, the lenders party thereto and The Toronto-Dominion Bank, as administrative agent and collateral agent (filed as Exhibit 10.1 to our current report on Form 8-K dated February 25, 2019, filed March 1, 2019, and incorporated herein by reference).</a>
10.2	<a href="#">Form of Severance Agreement between SemGroup Corporation and executive officers in Canada.</a>

10.3	<a href="#">SemGroup Corporation Equity Incentive Plan Form of 2019 Performance Share Unit Award Agreement for executive officers and employees in the United States.</a>
10.4	<a href="#">SemGroup Corporation Equity Incentive Plan Form of Restricted Stock Unit Award Agreement for executive officers and employees in Canada.</a>
10.5	<a href="#">SemGroup Corporation Equity Incentive Plan Form of 2017 Performance Share Unit Award Agreement for executive officers and employees in Canada.</a>
10.6	<a href="#">SemGroup Corporation Equity Incentive Plan Form of 2018 Performance Share Unit Award Agreement for executive officers and employees in Canada.</a>
10.7	<a href="#">SemGroup Corporation Equity Incentive Plan Form of 2019 Performance Share Unit Award Agreement for executive officers and employees in Canada.</a>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Carlin G. Conner, Chief Executive Officer.</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Robert N. Fitzgerald, Chief Financial Officer.</a>
32.1	<a href="#">Section 1350 Certification of Carlin G. Conner, Chief Executive Officer.</a>
32.2	<a href="#">Section 1350 Certification of Robert N. Fitzgerald, Chief Financial Officer.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 8, 2019

SEMGROUP CORPORATION

By: \_\_\_\_\_ /s/ Robert N. Fitzgerald  
Robert N. Fitzgerald  
Executive Vice President and  
Chief Financial Officer

**SEMGROUP CORPORATION**

**SEVERANCE AGREEMENT**

**SEMGROUP CORPORATION  
SEVERANCE AGREEMENT**

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**SEMGROUP CORPORATION**  
**SEVERANCE AGREEMENT**

THIS AGREEMENT dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Agreement Date”) is made by and between SemGroup Corporation, a corporation incorporated under the laws of the State of Delaware (“SemGroup”) together with its subsidiaries, affiliates and successors thereto), and \_\_\_\_\_ (“Executive”).

**RECITALS**

The Board of Directors of SemGroup has determined that it is in the best interests of SemGroup and its stockholders to encourage and motivate the Executive to devote his full attention to the performance of his assigned duties without the distraction of concerns regarding his involuntary or constructive termination of employment for the reasons specified in this Agreement. The Executive is employed by SemGroup or a Subsidiary and may from time to time be employed by one or more Subsidiaries. SemGroup and its Subsidiaries believe that it is in the best interest of the Executive, their customers, the communities they serve, and the stockholders of SemGroup to provide financial assistance through severance payments and other benefits to Executive if Executive is involuntarily or constructively terminated for the reasons specified in this Agreement. This Agreement is intended to accomplish these objectives.

**ARTICLE I DEFINITIONS**

As used in this Agreement, the terms specified below shall have the following meanings:

- 1.1 “Accrued Annual Bonus” means the amount of any Annual Bonus earned but not yet paid as of the Termination Date, other than amounts Executive has elected to defer.
- 1.2 “Accrued Base Salary” means the amount of Executive’s Base Salary that is accrued but not yet paid as of the Termination Date, other than amounts Executive has elected to defer.
- 1.3 “Accrued Obligations” means, as of the Termination Date, the sum of Executive’s Accrued Base Salary, Accrued Annual Bonus, any accrued but unpaid vacation pay, and any other amounts and benefits which are then due to be paid or provided to Executive by SemGroup, but have not yet been paid or provided (as applicable).

1.4 "Affiliate" means any Person (including a Subsidiary) that directly or indirectly, through one or more intermediaries, controls, or is controlled by or is under common control with SemGroup. For purposes of this definition the term "control" with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

1.5 "Agreement Date" see the introductory paragraph of this Agreement.

1.6 "Agreement Term" means the period commencing on the Agreement Date and ending on **June 1, 2020**. Notwithstanding anything herein to the contrary, with respect to a Post-Change Period, the Agreement Term shall end at the earliest of the following: (a) the second anniversary of the Change Date, or (b) the Termination Date; provided that: (i) the obligations, if any, of SemGroup to make payments under this Agreement due to a Separation from Service which occurred during the Agreement Term shall continue beyond the Agreement Term until all such obligations are fully satisfied, and (ii) the obligations of Executive under this Agreement shall continue beyond the Agreement Term until all such obligations are fully satisfied. Notwithstanding anything herein to the contrary, this Agreement shall automatically terminate upon the occurrence of: (i) a Disqualifying Disaggregation pursuant to Section 1.20; or (ii) SemGroup or its Affiliates cease to have a majority equity interest in SemCAMS Midstream ULC ("**SemCAMS**") in circumstances that are not otherwise a Disqualifying Disaggregation (a "**SemCAMS Disaggregation**").

1.7 "Annual Bonus" means the opportunity to receive payment of a cash annual incentive.

1.8 "Article" means an article of this Agreement.

1.9 "Base Salary" means annual base salary in effect on the Termination Date, disregarding any reduction that would qualify as Good Reason.

1.10 "Beneficial Owner" means such term as defined in Rule 13d-3 of the SEC under the Exchange Securities Act.

1.11 "Beneficiary" see Section 6.3.

1.12 “Board” means the Board of Directors of SemGroup or, from and after the Change Date that gives rise to a Surviving Corporation other than SemGroup, the Board of Directors of such Surviving Corporation.

1.13 “Cause” means any reason which would entitle SemGroup to terminate the Executive's employment without notice or payment in lieu of notice at common law and includes, without limiting the generality of the foregoing, any one or more of the following:

- (a) Executive’s conviction of an indictable offence or other crime involving fraud, dishonesty, moral turpitude or a breach of trust as regards SemGroup or its Affiliates;
- (b) Executive’s commission of any act of theft, fraud, embezzlement or misappropriation of property or funds against SemGroup or any of its Affiliates that is materially injurious to any such entity regardless of whether a criminal conviction is obtained;
- (c) Executive’s willful or reckless material misconduct in the performance of his duties which results in an adverse effect on SemGroup, the Subsidiary or an Affiliate;
- (d) Executive’s willful or reckless violation or disregard of the code of business conduct and ethics or, if applicable, the code of ethics for CEO and senior financial officers;
- (e) Executive’s material willful or reckless violation or disregard of a Company or Subsidiary policy; or
- (f) Executive’s habitual or gross neglect of duties, provided, however, that for purposes of clauses (c) and (f), Cause shall not include any one or more of the following:
  - (i) bad judgment or negligence, other than Executive’s habitual neglect of duties or gross negligence;
  - (ii) any act or omission believed by Executive in good faith, after reasonable investigation, to have been in or not opposed to the interest of SemGroup, the Subsidiary or an Affiliate (without intent of Executive to gain, directly or indirectly, a profit to which Executive was not legally entitled);

(iii) any act or omission with respect to which a determination could properly have been made by the Board that Executive had satisfied the applicable standard of conduct for indemnification or reimbursement under SemGroup’s certificate of incorporation, by-laws, Board resolutions, any applicable indemnification agreement, or applicable law, in each case as in effect at the time of such act or omission; or

(iv) during a Post-Change Period, failure to meet performance goals, objectives or measures following good faith efforts to meet such goals, objectives or measures; and

(v) further provided that, for purposes of clauses (c) through (f) if an act, or a failure to act, which was done, or omitted to be done, by Executive in good faith and with a reasonable belief, after reasonable investigation, that Executive’s act, or failure to act, was in the best interests of SemGroup, the Subsidiary or an Affiliate or was required by applicable law or administrative regulation, such breach shall not constitute Cause if, within 10 business days after Executive is given written notice of such breach that specifically refers to this Section, Executive cures such breach to the fullest extent that it is curable. With respect to the above definition of “cause”, no act or conduct by Executive will constitute “cause” if Executive acted: (i) in accordance with the instructions or advice of counsel representing SemGroup or if there was a conflict such that Executive could not consult with counsel representing SemGroup, other qualified counsel, or (ii) as required by legal process.

1.14 “Cause Determination” see Section 2.3(b)(iv).

1.15 “Change Date” means the date on which a Change in Control first occurs during the Agreement Term.

1.16 “Change in Control” means, except as otherwise provided below, the occurrence of any one or more of the following during the Agreement Term:

(a) any Person other than an Affiliate of SemGroup (a “Related Party”) becomes the Beneficial Owner of 30% or more of the common stock of SemGroup or of Voting Securities representing 30% or more of the combined voting power of all Voting Securities of SemGroup,

except that no Change in Control shall be deemed to have occurred solely by reason of such beneficial ownership by a Person with respect to which both more than 70% of the common stock of such Person and Voting Securities representing more than 70% of the combined voting power of the Voting Securities of such Person are then owned, directly or indirectly, by the persons who were the direct or indirect owners of the common stock and Voting Securities of SemGroup immediately before such acquisition, in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of SemGroup, as the case may be; or

(b) SemGroup Incumbent Directors (determined using the Agreement Date as the baseline date) cease for any reason to constitute at least a majority of the directors of SemGroup then serving; or

(c) consummation of a merger, reorganization, recapitalization, consolidation, or similar transaction (any of the foregoing, a “Reorganization Transaction”), other than a Reorganization Transaction that results in the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of SemGroup immediately before such Reorganization Transaction becoming, immediately after the consummation of such Reorganization Transaction, the direct or indirect owners, of both at least 60% of the then-outstanding common stock of the Surviving Corporation and Voting Securities representing at least 60% of the combined voting power of the then-outstanding Voting Securities of the Surviving Corporation, in substantially the same respective proportions as such Persons’ ownership of the common stock and Voting Securities of SemGroup immediately before such Reorganization Transaction; or

(d) approval by the stockholders of SemGroup of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of SemGroup or a plan of complete liquidation of SemGroup, other than any such transaction that would result in: (i) a Related Party owning or acquiring more than 50% of the assets owned by SemGroup immediately prior to the transaction, or (ii) the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of SemGroup immediately before such transaction becoming, immediately after the consummation of such transaction, the direct or indirect owners, of more than 50% of the assets owned by SemGroup immediately prior to the transaction.

Notwithstanding the occurrence of any of the foregoing events, a Change in Control shall not occur with respect to Executive if, in advance of such event, Executive agrees in writing that such event shall not constitute a Change in Control. Upon the Board's determination that a sale or other disposition of all or substantially all of the consolidated assets of SemGroup or a plan of complete liquidation of SemGroup that was approved by stockholders, as described in Section 1.16(d), will not occur, a Change in Control shall be deemed not to have occurred from such date of determination forward, and this Agreement shall continue in effect as if no Change in Control had occurred except to the extent termination requiring payments under this Agreement occurs prior to such Board determination.

1.17 "Competitive Business" means, as of any date, any individual or entity (and any branch, office, or operation thereof) which engages in, or proposes to engage in (with Executive's assistance) any of the following in which the Executive has been engaged in the 12 months preceding the Termination Date: (i) the gathering, transportation, storage, distribution, blending and/or marketing of crude oil, natural gas, natural gas liquids, refined petroleum products and/or liquid asphalt cement; and (ii) any other business actively engaged in by SemGroup which represents for any calendar year or is projected by SemGroup (as reflected in a business plan adopted by SemGroup before Executive's Termination Date) to yield during any year during the first three-fiscal year periods commencing on or after Executive's Termination Date, more than 5% of the gross revenue of SemGroup, and, in either case, which is located (x) anywhere in Canada, or (y) anywhere outside of Canada where SemGroup is then engaged in, or proposes as of the Termination Date to engage in to the knowledge of the Executive, any of such activities.

1.18 "Confidential and Proprietary Information" means any non-public information of any kind or nature in the possession of SemGroup or any of its Affiliates, including without limitation, ideas, processes, methods, systems, procedures, designs, innovations, devices, inventions, discoveries, know-how, data, techniques, models, lists of former, present and prospective customers, vendors, suppliers and employees, marketing, business or strategic plans, pricing structure, financial information, research and development information, trade secrets or other subject matter relating to SemGroup's or its Affiliates' products, services, businesses, operations, employees, customers or suppliers, whether in tangible or intangible form, including: (i) any information that gives SemGroup or any of its Affiliates a competitive advantage in the gathering, transportation, storage, distribution, blending and/or marketing of crude oil, natural gas, natural gas liquids, refined petroleum products

and/or liquid asphalt cement and other businesses in which SemGroup or an Affiliate is engaged, or (ii) any information obtained by SemGroup or any of its Affiliates from third parties to which SemGroup or an Affiliate owes a duty of confidentiality, or (iii) any information that was learned, discovered, developed, conceived, originated or prepared during or as a result of Executive's performance of any services on behalf of SemGroup or any Affiliate. Notwithstanding the foregoing, "Confidential and Proprietary Information" shall not include: (i) information that is or becomes generally known to the public through no fault of Executive; (ii) information obtained on a non-confidential basis from a third party other than SemGroup or any Affiliate, which third party disclosed such information without breaching any legal, contractual or fiduciary obligation; or (iii) information approved for release by written authorization of SemGroup. For purposes of this Agreement, "Confidential and Proprietary Information" shall include the execution of this Agreement by the Executive and the terms and conditions contained herein.

1.19 "Disability" means any medically determinable physical or mental impairment of Executive where he: (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of Executive's Employer.

1.20 "Disqualifying Disaggregation" means the cessation of Executive's employment with SemGroup and/or its Affiliates during the Post-Change Period due to a sale, spin-off, or other disaggregation ("Disaggregation") solely where Executive is employed by the successor in substantially the same position as the position held prior to the Disaggregation, provided the successor assumes all of SemGroup's obligations under this Agreement.

1.21 "Employer" means SemGroup or, if Executive is not employed directly by SemGroup, the Subsidiary that from time to time employs Executive on or after the Agreement Date, and the successor of either (provided, in the case of a Subsidiary, that such successor is also a Subsidiary).

1.22 "Good Reason" means a Separation from Service by Executive in accordance with the substantive and procedural provisions of this Section.

(a) Separation from Service by Executive for “Good Reason” means a Separation from Service initiated by Executive on account of any one or more of the following actions or omissions that, unless otherwise specified, occurs during a Post-Change Period:

(i) a material adverse reduction in the nature or scope of Executive’s office, position, duties, functions, responsibilities or authority (including reporting responsibilities and authority) during a Post-Change Period from the most significant of those held, exercised and assigned at any time during the 90-day period immediately before the Change Date;

(ii) any reduction in or failure to pay Executive’s annual Base Salary at an annual rate not less than 12 times the highest monthly base salary paid or payable to Executive by his Employer in respect of the 12-month period immediately before the Change Date;

(iii) any reduction in the Target Annual Bonus which Executive may earn determined as of the Change Date or failure to pay Executive’s Annual Bonus on terms substantially equivalent to those provided to peer executives of the Employer;

(iv) a material reduction of Executive’s aggregate compensation and/or aggregate benefits from the amounts and/or levels in effect on the Change Date, unless such reduction is part of a policy applicable to peer executives of the Employer and of any successor entity;

(v) required relocation during a Post-Change Period of more than 50 miles of: (A) Executive’s workplace, or (B) the principal offices of the Employer or its successor (if such offices are Executive’s workplace), in each case without the consent of Executive; provided, however, in both cases of (A) and (B) of this subsection (v), such new location is farther from Executive’s residence than the prior location;

(vi) the failure at any time of a successor to Executive’s Employer explicitly to assume and agree to be bound by this Agreement; or



(vii) the giving of a Notice of Consideration pursuant to Section 2.3(b)(ii) and the subsequent failure to terminate Executive for Cause and within a period of 90 days thereafter in compliance with all of the substantive and procedural requirements of Section 2.3.

(b) Notwithstanding anything in this Agreement to the contrary, no act or omission shall constitute grounds for “Good Reason”:

(i) Unless Executive gives a Notice of Termination to SemGroup and the Employer 30 days prior to his intent to terminate his employment for Good Reason which describes the alleged act or omission giving rise to Good Reason; and

(ii) Unless such Notice of Termination is given within 90 days of Executive’s first actual knowledge of such act or omission; and

(iii) Unless SemGroup or the Employer fails to cure such act or omission within the 30-day period after receiving the Notice of Termination.

(c) No act or omission shall constitute grounds for “Good Reason”, if Executive has consented in writing to such act or omission in a document that makes specific reference to this Section.

1.23 “Including” means including without limitation.

1.24 “Notice of Consideration” see Section 2.3(b)(ii).

1.25 “Notice of Termination” means a written notice of a Separation from Service, if applicable, given in accordance with Section 6.7 that sets forth: (a) the specific termination provision in this Agreement relied on by the party giving such notice, (b) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Separation from Service, and (c) if the Termination Date is other than the date of receipt of such Notice of Termination, the Termination Date.

- 1.26 “Person” means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.
- 1.27 “Post-Change Period” means the period commencing on the Change Date and ending on the earlier of the Termination Date or the second anniversary of the Change Date.
- 1.28 “Reorganization Transaction” see Section 1.16(c) of the definition of “Change in Control”.
- 1.29 “Restricted Shares” means shares of restricted stock, restricted stock units, deferred stock or similar awards.
- 1.30 “Section” means, unless the context otherwise requires, a section of this Agreement.
- 1.31 “SemGroup” see the introductory paragraph of this Agreement.
- 1.32 “SemGroup’s Incumbent Directors” means, determined as of any date by reference to any baseline date:
- (a) the members of the Board on the date of such determination who have been members of the Board since such baseline date, and
  - (b) the members of the Board on the date of such determination who were appointed or elected after such baseline date and whose election, or nomination for election by stockholders of SemGroup or the Surviving Corporation, as applicable, was approved by a vote or written consent of two-thirds of the directors comprising SemGroup’s Incumbent Directors on the date of such vote or written consent, but excluding each such member whose initial assumption of office was in connection with (i) an actual or threatened election contest, including a consent solicitation, relating to the election or removal of one or more members of the Board, (ii) a tender offer, or (iii) a proposed Reorganization Transaction.
- 1.33 “SemGroup Parties” means SemGroup and Executive’s Employer, with each being a “Company Party”.

- 1.34 “Securities Act” means Alberta’s *Securities Act*, RSA 2000, c S-4, as amended or replaced.
- 1.35 “Separation from Service” means an Executive’s resignation or termination from employment with SemGroup and its Subsidiaries.
- 1.36 “Stock Options” means stock options, stock appreciation rights or similar awards.
- 1.37 “Subsidiary” has the meaning set out in Section 4 of the *Securities Act* (Alberta).
- 1.38 “Surviving Corporation” means the parent corporation resulting from a Reorganization Transaction or, if securities representing at least 50% of the aggregate voting power of all Voting Securities of a corporation affected by a Change in Control, which is not a Reorganization Transaction, are directly or indirectly owned by another corporation, such other corporation.
- 1.39 “Target Annual Bonus” means, as of any date, the amount equal to the product of Executive’s Base Salary determined as of such date multiplied by the percentage of such Base Salary to which Executive would have been entitled immediately prior to such date under any Annual Bonus arrangement for the fiscal year for which the Annual Bonus is awarded if the performance goals established pursuant to such Annual Bonus were achieved at the 100% level as of the end of the fiscal year; provided, however, that if Executive’s Annual Bonus is discretionary and no 100% target level is formally established either under the Annual Bonus arrangement or otherwise, Executive’s “Target Annual Bonus” shall mean the amount equal to 100% of Executive’s Base Salary.
- 1.40 “Taxes” means federal, provincial, local and other income, employment and other taxes.
- 1.41 “Termination Date” means the date of the receipt of the Notice of Termination by Executive (if such notice is given by Executive’s Employer) or by Executive’s Employer (if such notice is given by Executive), or any later date, not more than 60 days after the giving of such notice, specified in such notice; provided, however, that:
- (a) if Executive’s employment is terminated by reason of death or Disability, the Termination Date shall be the date of Executive’s death or the date of deemed termination of employment due to Disability, as applicable, regardless of whether a Notice of Termination has been given; and

(b) if no Notice of Termination is given, the Termination Date shall be the last date on which Executive is employed by an Employer; and

(c) for purposes of ARTICLE IV (Restrictive Covenants) if the Executive does not have a Separation from Service, the Termination Date shall be the later of the date the entity that employs Executive ceases to be a Subsidiary, or, after a Disqualifying Disaggregation (as defined in Section 1.20), the date Executive's employment with the successor business unit terminates, whether such termination is initiated by such successor or by Executive.

1.42 "Voting Securities" of a corporation means securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

1.43 "Work Product" means any and all work product, including, but not limited to, documentation, tools, templates, processes, procedures, discoveries, inventions, innovations, technical data, concepts, know-how, methodologies, methods, drawings, prototypes, trade secrets, notebooks, reports, findings, business plans, recommendations and memoranda of every description, that Executive makes, conceives, discovers or develops alone or with others during the course of Executive's employment with SemGroup or during the one year period following Executive's Termination Date (whether or not protectable upon application by copyright, patent, trademark, trade secret or other proprietary rights).

1.44 "Performance Shares" means Restricted Shares, the value of which at the time they are payable is determined as a function of the extent to which corresponding performance criteria have been satisfied, or similar awards.

1.45 "Government Agency" means any federal, provincial or local governmental agency or administrative body.

## ARTICLE II THE COMPANY'S OBLIGATIONS UPON SEPARATION FROM SERVICE

2.1 If by Executive for Good Reason or an Employer Other Than for Cause, Disability, Death or Disqualifying Disaggregation During the Post-Change Period. If Executive has a Separation from Service for Good Reason or there is an Employer-initiated Separation from Service of the Executive

for any reason other than Cause, Disability, Death or a Disqualifying Disaggregation during the Post-Change Period, then in addition to payment of all Accrued Obligations and any other amounts required by applicable employment standards legislation, SemGroup's and the Employer's sole obligations to Executive under this ARTICLE II shall be as follows:

- (a) Severance Payments. Executive shall be paid a lump-sum cash amount equal to the greater of:
- (i) an amount equal to only that minimum pay in lieu of notice of termination, and any and all other minimum amounts and entitlements required by applicable employment standards legislation, as amended or replaced (including, but not limited to statutory severance pay, if and as applicable); or
  - (ii) an amount equal to the sum of:
    - A. Annual Bonus for Fiscal Year Prior to Year of Termination. If the Termination Date occurs after the end of a fiscal year but before the Annual Bonus with respect to such fiscal year is fully paid out, the Annual Bonus for such prior fiscal year shall be paid to Executive, but the payment shall be reduced (but not below zero) by the amount of any Annual Bonus previously paid to Executive with respect to such prior fiscal year; and
    - B. Multiple of Salary and Bonus. An amount equal to two (2) times the sum of: (A) Base Salary plus (B) the Target Annual Bonus, each determined as of the Termination Date, provided, however, that any reduction in Executive's Base Salary or Target Annual Bonus that would qualify as Good Reason shall be disregarded for this purpose.
- (b) Equity Awards. All of Executive's equity awards then outstanding shall only vest and payout in accordance with the applicable award agreements for such equity awards, including, but not limited to, Stock Options, Restricted Shares, Restricted Units and Performance Shares.
- (c) Benefits Continuation. To the extent permitted by applicable plan terms, benefits and all other benefits and other amounts or entitlements required by applicable employment

standards legislation will continue for any minimum period required by applicable employment standards legislation, if any.

(d) Outplacement. Executive shall be reimbursed for reasonable fees and costs for outplacement services incurred by Executive within six months after the Separation from Service, promptly upon presentation of reasonable documentation of such fees and costs, subject to a maximum of \$10,000. All requests of Executive for reimbursement must be submitted to SemGroup within one year of Separation from Service and SemGroup shall make the reimbursement of reasonable requests no later than 30 days after such request, but in all events within 15 months of Separation from Service.

(e) Directors' and Officers' Liability Insurance. For a period of six (6) years after the Termination Date (or for any known longer applicable statute of limitations period), the Executive shall be entitled to coverage under a directors' and officers' liability insurance policy in an amount no less than, and on the same terms as those provided to peer executive officers and directors of the Employer.

2.2 If by an Employer Other Than for Cause, Disability or Death Prior to the Post- Change Period. If there is an Employer-initiated Separation from Service of the Executive for any reason other than Cause, Disability or Death other than during a Post-Change Period, then in addition to payment of all Accrued Obligations, which shall be payable no later than 30 business days after the Termination Date, SemGroup's and the Employer's sole obligations to Executive under this ARTICLE II shall be as follows:

(a) Severance Payments. Executive shall be paid a lump-sum cash amount equal to the greater of:

(i) an amount equal to only that minimum pay in lieu of notice of termination, and any and all other minimums and entitlements required by applicable employment standards legislation, as amended or replaced (including, but not limited to statutory severance pay, if and as applicable); or

(ii) an amount equal to the sum of:

A. Annual Bonus for Fiscal Year Prior to Year of Termination. If the Termination Date occurs after the end of a fiscal year but before the Annual

Bonus with respect to such fiscal year is fully paid out, the Annual Bonus for such prior fiscal year shall be paid to Executive, but the payment shall be reduced (but not below zero) by the amount of any Annual Bonus previously paid to Executive with respect to such prior fiscal year; and

B. Multiple of Salary and Bonus. An amount equal to one (1) times the sum of: (A) Base Salary plus (B) the Target Annual Bonus, each determined as of the Termination Date.

(b) Benefits Continuation. To the extent permitted by applicable plan terms, benefits and all other benefits and other amounts or entitlements required by applicable employment standards legislation will continue for any minimum period required by applicable employment standards legislation, if any.

(c) Equity Awards. All of Executive's equity awards then outstanding shall only vest and payout in accordance with the applicable award agreements for such equity awards, including, but not limited to, Stock Options, Restricted Shares, Restricted Units and Performance Shares.

(d) Outplacement. Executive shall be reimbursed for reasonable fees and costs for outplacement services incurred by Executive within six months after the Separation from Service, promptly upon presentation of reasonable documentation of such fees and costs, subject to a maximum of \$10,000. All requests of Executive for reimbursement must be submitted to SemGroup within one year of Separation from Service and SemGroup shall make the reimbursement of reasonable requests no later than 30 days after such request, but in all events within 15 months of Separation from Service.

(e) Directors' and Officers' Liability Insurance. For a period of six (6) years after the Termination Date (or for any known longer applicable statute of limitations period), the Executive shall be entitled to coverage under a directors' and officers' liability insurance policy in an amount no less than, and on the same terms as those provided to peer executive officers and directors of the Employer.

### 2.3 If by an Employer for Cause.

- (a) Termination for Cause. If the Executive has a Separation from Service for Cause, SemGroup Parties' sole obligation to Executive under this ARTICLE II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date, and any other minimum amounts required by applicable employment standards legislation.
- (b) Change in Control: Procedural Requirements for Termination for Cause. For any Separation from Service for Cause during any part of a Post-Change Period, SemGroup Parties shall strictly observe each of the following substantive and procedural provisions:
- (i) The Board shall call a meeting for the stated purpose of determining whether Executive's acts or omissions satisfy the requirements of the definition of "Cause" and, if so, whether to terminate Executive's employment for Cause.
  - (ii) Not less than 15 days prior to the date of such meeting, the Board shall provide or cause to be provided Executive and each member of the Board written notice (a "Notice of Consideration") of: (A) a detailed description of the acts or omissions alleged to constitute Cause, (B) the date of such meeting of the Board, and (C) Executive's rights under clauses (iii) and (iv) below.
  - (iii) Executive shall have the opportunity to present to the Board a written response to the Notice of Consideration, but shall not have the right to appear in person or by counsel before the Board.
  - (iv) Executive's employment may be terminated for Cause only if: (A) the acts or omissions specified in the Notice of Consideration did in fact occur and such actions or omissions do constitute Cause as defined in this Agreement, (B) the Board, by affirmative vote of a simple majority of its members, makes a specific determination to such effect and to the effect that Executive's employment should be terminated for Cause ("Cause Determination"), and (C) SemGroup thereafter provides Executive with a Notice of Termination that specifies in specific detail the basis of such Separation from Service for Cause and which Notice shall be consistent with the reasons set forth in the Notice of Consideration.



(v) In the event that the existence of Cause shall become an issue in any action or proceeding between Executive, on the one hand, and any one or more of the Company Parties, on the other hand, the Cause Determination shall be final and binding on all parties, except as provided in Section 2.3(c) below.

Nothing in this Section 2.3(b) shall preclude the Board, by majority vote, from suspending Executive from his duties, with pay, at any time.

(c) Change in Control: Standard of Review. In the event that the existence of Cause during a Post-Change Period shall become an issue in any action or proceeding between Executive, on the one hand, and any one or more of SemGroup Parties on the other hand, SemGroup Parties, as applicable, shall, notwithstanding the Cause Determination, have the burden of establishing that the actions or omissions specified in the Notice of Consideration did in fact occur and do constitute Cause and that SemGroup Parties have satisfied all applicable substantive and procedural requirements of this Section.

2.4 If Voluntarily by the Executive Other Than for Good Reason. If the Executive has a Separation from Service initiated by the Executive other than for Good Reason, the Executive may voluntarily terminate this Agreement and the employment of the Executive by providing SemGroup Parties with sixty (60) days' prior written notice of the same. After receiving such notice from the Executive, SemGroup Parties may either require the Executive to continue to perform the Executive's duties or dismiss the Executive at any time by paying the Executive the amounts which otherwise would have been payable to the Executive throughout the remainder of the sixty (60) day notice period by the Executive to the Company Parties, and any other amount required by applicable employment standards legislation.

2.5 If by Death or Disability. If Executive dies or if Executive has a Separation from Service by reason of Executive's Disability, the Company Parties' sole obligation to Executive under this ARTICLE II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date and any other amounts or entitlements required by applicable employment standards legislation, except that if the termination of the Executive's employment would impair the Executive's ability to receive long term disability benefits in whole or in part the Executive shall, in lieu of termination, be placed on an unpaid leave of absence, it being understood that the Executive shall not be entitled to re-employment by SemGroup Parties after such leave of absence or when the Executive ceases to be in receipt of such benefits. The Executive agrees that if SemGroup

Parties terminate the Executive for Disability, this Agreement will have been frustrated and, in any event, that accommodating a Disability would impose undue hardship on SemGroup Parties.

2.6 SemCAMS Disaggregation. In the event there is a SemCAMS Disaggregation and, for certainty, SemCAMS or its successor or any of their affiliates does not assume all of SemGroup or its Affiliates' obligations under this Agreement then, provided Executive does not continue employment (other than in circumstance where Cause exists) with SemGroup or its Affiliates, or SemCAMS or its successor or any of their affiliates for one (1) year following such SemCAMS Disaggregation, Executive shall receive those amounts and entitlements set out in Section 2.2.

2.7 Waiver and Release. Notwithstanding anything herein to the contrary, and subject to compliance with applicable employment standards legislation, in the event that Executive's employment terminates pursuant to Section 2.1 or 2.2, no Company Party shall have any obligation to Executive under Sections 2.1(a)-(e) or 2.2(a)-(d), as the case may be, unless and until Executive executes and delivers to SemGroup within 60 days after Separation from Service a release and waiver of SemGroup, the Employer and their Affiliates, in a form acceptable to SemGroup.

2.8 Breach of Covenants. If a court determines that Executive has breached any non-competition, non-solicitation, non-disparagement, confidential information or intellectual property covenant entered into at any time between Executive (on the one hand) and SemGroup, the Employer, or any Affiliate (on the other hand), including the Restrictive Covenants in ARTICLE IV, then, except for any minimum amounts or entitlements required by applicable employment standards legislation, and to the extent permitted by applicable law, (a) no Company Party shall have any obligation to pay or provide any severance or benefits under ARTICLE II (b) all of Executive's unexercised Stock Options shall terminate as of the date of the breach, (c) all of Executive's unvested Restricted Shares, Restricted Units and Performance Shares shall be forfeited as of the date of the breach, (d) Executive shall reimburse a Company Party for any amount already paid under ARTICLE II, and (e) Executive shall repay to SemGroup an amount equal to the aggregate "spread" (as defined below) on all Stock Options, if any, exercised in the one year period prior to the first date on which Executive breached any such covenant ("Breach Date"). For purposes of this Section 2.8, "spread" in respect of any Stock Option shall mean the product of the number of shares as to which such Stock Option has been exercised during the one year period prior to the Breach Date multiplied by the difference between the closing price of the Class A common stock on the exercise date (or if the Class A common stock did not trade on the exercise date on the principal stock exchange on which the Class A common stock is then listed

or if not so listed in the over-the-counter market, the most recent date on which the Class A common stock did so trade) and the exercise price of the Stock Options. The Executive agrees that the foregoing provisions represent a bona fide estimate of damage that SemGroup will suffer if the Executive breaches the Executive's obligations as set out above, and are not and are not to be construed as a penalty clause.

**ARTICLE III  
NO SET-OFF OR MITIGATION**

3.1 No Set-off by SemGroup. Executive's right to receive when due the payments and other benefits provided for under this Agreement is absolute, unconditional and subject to no set-off, counterclaim, recoupment, or other claim, right or action that any Company Party may have against Executive or others, except as expressly provided in this Section or as specifically otherwise provided in this Agreement. Notwithstanding the prior sentence, any Company Party shall have the right to deduct any amounts outstanding on any loans or other extensions of credit to Executive from a Company Party from Executive's payments and other benefits (if any) provided for under this Agreement. Notwithstanding any provision of this Agreement to the contrary, Executive acknowledges that any incentive-based compensation paid to the Executive under this Agreement may be subject to recovery by SemGroup Party under any clawback policy which a Company Party may adopt from time to time, including, without limitation, any policy which a Company Party may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the SEC thereunder or the requirements of any national securities exchange on which a Company Party's common stock may be listed. The Executive agrees to promptly return any such incentive-based compensation which a Company Party determines it is required to recover from the Executive under any such clawback policy. Time is of the essence in the performance by SemGroup Parties of their respective obligations under this Agreement. Notwithstanding any of the foregoing, the Executive shall not receive less than the minimum amounts and other entitlements required by applicable employment standards legislation.

3.2 No Mitigation. Executive shall not have any duty to mitigate the amounts payable by any Company Party under this Agreement by seeking new employment or self-employment following termination. Except as specifically otherwise provided in this Agreement, all amounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Executive as the result of Executive's employment by another employer or self-employment.

**ARTICLE IV**  
**RESTRICTIVE COVENANTS**

4.1 Confidential and Proprietary Information. The Executive acknowledges that in the course of performing services for SemGroup and its Affiliates, Executive may create (alone or with others), learn of, have access to, or receive Confidential and Proprietary Information (as defined in Section 1.18). The Executive recognizes that all such Confidential and Proprietary Information is the sole and exclusive property of SemGroup and its Affiliates or of third parties to which SemGroup or an Affiliate owes a duty of confidentiality, that it is SemGroup's policy to safeguard and keep confidential all such Confidential and Proprietary Information, and that disclosure of Confidential and Proprietary Information to an unauthorized third party would cause irreparable damage to SemGroup and its Affiliates. Executive agrees that, except as required by the duties of Executive's employment with SemGroup or any of its Affiliates and except in connection with enforcing Executive's rights under this Agreement or if compelled by a court or governmental agency, in each case provided, to the extent permitted by applicable law, that prior written notice is given to SemGroup, Executive will not, without the written consent of SemGroup, willfully disseminate or otherwise disclose, directly or indirectly, any Confidential and Proprietary Information disclosed to Executive or otherwise obtained by Executive during his employment with SemGroup or its Affiliates, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity (whether or not such individual or entity is employed or engaged by, or is otherwise affiliated with, SemGroup or any Affiliate), and will use the Confidential and Proprietary Information solely for the benefit of SemGroup and its Affiliates and will not use the Confidential and Proprietary Information for the benefit of any other Person nor permit its use for the benefit of Executive. These obligations shall continue during and after the termination of Executive's employment for any reason and for so long as the Confidential and Proprietary Information remains Confidential and Proprietary Information. In addition, the Executive shall deliver all documents, notes, drawings and analyses containing or reflecting such Confidential and Proprietary Information to SemGroup or its Affiliates at any time upon request of SemGroup or its Affiliates, and in any event shall deliver all such documents, notes, drawings and analyses to SemGroup or its Affiliates upon the termination of the Executive's employment regardless of whether or not expressly requested to do so at the time employment or engagement pursuant to this Agreement ceases. The Executive may, however, use or disclose:

- (a) Confidential and Proprietary Information (except personal information) that (i) is or becomes public, other than through a breach of this Agreement; or (ii) is known to the Executive

prior to employment or engagement by SemGroup and with respect to which the Executive does not have any obligation of confidentiality; or

(b) Confidential and Proprietary Information that is required to be disclosed, or the disclosure of which to regulators is protected, by law, whether under an order of a court or government tribunal, statutory provision or other legal process, provided that, where such disclosure is required of the Executive, the Executive informs the Company of such requirement as soon as the Executive becomes aware of the requirement and in sufficient time to allow SemGroup to take such steps as are lawfully available to SemGroup to avoid or limit such disclosure by the Executive.

4.2 Non-Competition. During the period beginning on the Agreement Date and ending on the first anniversary of the Termination Date, regardless of the reason for Executive's Separation from Service, whether with or without cause or by resignation, the Executive shall not, directly or indirectly, within Canada:

(a) engage or participate in, becoming employed by, serve as a director of, or render advisory or consulting or other services in connection with, any Competitive Business; provided, however, that after Executive's Separation from Service, this Section 4.2 shall not preclude Executive from: (i) being an employee of, or consultant to, any business unit of a Competitive Business if: (A) such business unit does not qualify as a Competitive Business in its own right, and (B) Executive does not have any direct or indirect involvement in, or responsibility for, any operations of such Competitive Business that cause it to qualify as a Competitive Business, or (ii) with the approval of SemGroup, being a consultant to, an advisor to, a director of, or an employee of a Competitive Business; or

(b) make or retain any financial investment, whether in the form of equity or debt, or own any interest, in any Competitive Business. Nothing in this subsection (b) shall, however, restrict Executive from making an investment in any Competitive Business if such investment does not: (i) represent more than 1% of the aggregate market value of the outstanding capital stock or debt (as applicable) of such Competitive Business, (ii) give Executive any right or ability, directly or indirectly, to control or influence the policy decisions or management of such Competitive Business, or (iii) create a conflict of interest between Executive's duties to SemGroup and its Affiliates or under this Agreement and his interest in such investment.

4.3 Non-Solicitation. During the period beginning on the Agreement Date and ending on the first anniversary of the Termination Date, regardless of the reason for Executive's Separation from Service, whether with or without Cause or by resignation, Executive shall not, directly or indirectly:

- (a) other than in connection with the good-faith performance of his duties as an officer of SemGroup or its Affiliates, cause or attempt to cause any employee, director or consultant of SemGroup or an Affiliate (or who was an employee, director or consultant of SemGroup or an Affiliate within the prior 12 months to the Termination Date) to terminate his relationship with SemGroup or an Affiliate;
- (b) solicit the employment or engagement as a consultant or adviser, of any employee of SemGroup or an Affiliate (or who was an employee, consultant or adviser of SemGroup or an Affiliate within the prior 12 months to the Termination Date), other than by SemGroup or its Affiliates, or cause or attempt to cause any Person to do any of the foregoing;
- (c) solicit, approach, contact, call upon or canvass (or attempt to do any of the foregoing), in connection with any undertaking that is in whole or in part a Competitive Business, any customer, client or distributor of SemGroup or an Affiliate to whom, at any time within the 12 month period prior to the Termination Date, the Executive in the course of performing the Executive's duties had direct and personal contact if the purpose or effect or intended effect of such solicitation would be/is to reduce the actual or potential business of SemGroup to/from/with such customer, client or distributor.

4.4 Intellectual Property.

- (a) During the period of Executive's employment with SemGroup or any Affiliate, and thereafter upon SemGroup's request, regardless of the reason for Executive's Separation from Service, Executive shall disclose immediately to SemGroup all Work Product that: (i) relates to the business of SemGroup or any Affiliate or any customer or supplier to SemGroup or an Affiliate or any of the products or services being developed, manufactured, sold or otherwise provided by SemGroup or an Affiliate or that may be used in relation therewith; or (ii) results from tasks or projects assigned to Executive by SemGroup or an Affiliate; or (iii) results from the use of the premises or personal property (whether tangible or intangible) owned, leased

or contracted for by SemGroup or an Affiliate. Executive agrees that any Work Product shall be the property of SemGroup. Executive hereby assigns, and agrees to assign, to SemGroup all right, title and interest in and to the Work Product and all copies thereof, and all copyrights, patent rights, trademark rights, trade secret rights and all other proprietary and intellectual property rights in the Work Product, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of Executive.

(b) Notwithstanding the foregoing, SemGroup agrees and acknowledges that the provisions of Section 4.4(a) relating to ownership and disclosure of Work Product do not apply to any inventions or other subject matter for which no equipment, supplies, facility, or trade secret information of SemGroup or an Affiliate was used and that are developed entirely on Executive's own time, unless: (i) the invention or other subject matter relates: (A) to the business of SemGroup or an Affiliate, or (B) to the actual or demonstrably anticipated research or development of SemGroup or any Affiliate, or (ii) the invention or other subject matter results from any work performed by Executive for SemGroup or any Affiliate.

(c) Executive agrees that, upon disclosure of Work Product to SemGroup, Executive will, during his employment by SemGroup or an Affiliate and at any time thereafter, at the request and cost of SemGroup, execute all such documents and perform all such acts as SemGroup or an Affiliate (or their respective duly authorized agents) may reasonably require: (i) to apply for, obtain and vest in the name of SemGroup alone (unless SemGroup otherwise directs) letters patent, copyrights or other intellectual property protection in any country throughout the world, and when so obtained or vested to renew and restore the same; and (ii) to prosecute or defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other intellectual property protection, or otherwise in respect of the Work Product.

(d) In the event that SemGroup is unable, after reasonable effort, to secure Executive's execution of such documents as provided in Section 4.4(c), whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints SemGroup and its duly authorized officers and agents as his agent and attorney-in-fact, to act for and on his behalf to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution, issuance

and protection of letters patent, copyright and other intellectual property protection with the same legal force and effect as if personally executed by Executive.

#### 4.5 Non-Disparagement.

(a) Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that: (i) accuses or implies that SemGroup and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of SemGroup, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the business or reputation of SemGroup and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(b) SemGroup agrees not to authorize any statement, observation or opinion, or communicate any information (whether oral or written, direct or indirect) that: (i) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment or termination thereof with SemGroup, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

(c) Notwithstanding anything contained herein to the contrary, nothing herein shall be deemed to preclude or limit (i) Executive or SemGroup from providing truthful testimony or information pursuant to subpoena, court order or other similar legal or regulatory process, provided, that to the extent permitted by applicable law, Executive will promptly inform SemGroup of any such obligation prior to participating in any such proceedings or (ii) Executive from (A) filing a charge or complaint with any Government Agency, (B) communicating with any Government Agency or otherwise participating in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to SemGroup, or (C) receiving an award for information provided to any Government Agency.

#### 4.6 Reasonableness of Restrictive Covenants.



(a) Executive acknowledges that the covenants contained in this Agreement are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect SemGroup's legitimate interests in its Confidential and Proprietary Information, its proprietary work, and in its relationships with its employees, customers, suppliers and agents.

(b) SemGroup has, and Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. Executive acknowledges that his observance of the covenants contained herein will not deprive Executive of the ability to earn a livelihood or to support his dependents.

(c) Executive understands he is bound by the terms of this ARTICLE IV, whether or not he receives severance payments under this Agreement or otherwise.

#### 4.7 Right to Injunction: Survival of Undertakings.

(a) In recognition of the confidential nature of the Confidential and Proprietary Information, and in recognition of the necessity of the limited restrictions imposed by this Agreement, Executive and SemGroup agree that it would be impossible to measure solely in money the damages which SemGroup would suffer if Executive were to breach any of his obligations hereunder. Executive acknowledges that any breach of any provision of this Agreement would irreparably injure SemGroup. Accordingly, Executive agrees that if he breaches any of the provisions of this Agreement, SemGroup shall be entitled, in addition to any other remedies to which SemGroup may be entitled under this Agreement or otherwise, to an injunction, without having to prove damages, to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of this Agreement by the Executive, or by any or all of the Executive's partners, employers, employees, servants, agents, representatives and any other Persons directly or indirectly acting for, or on behalf of, or with, the Executive, without the necessity of posting a bond or other security therefor. Executive hereby waives any right to assert any claim or defense that SemGroup has an adequate remedy at law for any such breach and agrees that SemGroup shall be entitled to all of its costs and expenses incurred in obtaining such relief. If any covenant or provision of this ARTICLE IV is determined to be void or unenforceable in whole or in part, for any reason,

it shall be deemed not to affect or impair the validity of any other covenant or provision of this Agreement, which shall remain in full force and effect. Further, to the extent any covenant or provision of this ARTICLE IV is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part because of such covenant's duration or geographical or other scope, then such court shall have the power to modify the duration or scope of such provision, as the case may be, so as to cause such covenant as so modified to be enforceable.

(b) All of the provisions of this Agreement shall survive any Separation from Service of Executive, without regard to the reasons for such termination. Notwithstanding Section 2.8, in addition to any other rights it may have, neither SemGroup nor any Affiliate shall have any obligation to pay or provide severance or other benefits (except as may be required under applicable law) after the Termination Date if Executive has materially breached any of Executive's obligations under this Agreement.

**ARTICLE V  
NON-EXCLUSIVITY OF RIGHTS**

5.1 Waiver of Certain Other Rights. Executive agrees that, for as long as this Agreement is in force, the severance payments and severance benefits set out in ARTICLE II, or otherwise within this Agreement, shall govern all of Executive's entitlements on separation of employment from Employer or SemGroup or its Affiliates, howsoever caused, and that except as set out in this Agreement or otherwise required by applicable employment standards legislation, Executive has no further right to any severance payment, severance benefits, notice of termination, or pay in lieu of notice of termination pursuant to the common law or any other agreement.

5.2 Other Rights. Except as expressly provided in Section 5.1 and as provided in the Recitals to this Agreement, this Agreement shall not prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plan, program, policy, practice or procedure provided by a Company Party and for which Executive may qualify, nor shall this Agreement limit or otherwise affect such rights as Executive may have under any other agreements with a Company Party. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, program, policy, practice or procedure and any other payment or benefit required by law at or after the Termination Date shall be payable in accordance with such plan, program, policy, practice or procedure or applicable law except as expressly modified by this Agreement.

5.3 No Right to Continued Employment. Nothing in this Agreement shall guarantee the right of Executive to continue in employment, and SemGroup and the Employer retain the right to terminate Executive's employment at any time for any reason or for no reason.

**ARTICLE VI  
MISCELLANEOUS**

6.1 No Assignability. This Agreement shall be binding on the Executive and their respective heirs, administrators and executors. The Executive shall not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of the Employee's rights or obligations under this Agreement without the prior consent of SemGroup, which may be arbitrarily withheld.

6.2 Successors. This Agreement shall inure to the benefit of and be binding upon SemGroup and its successors and assigns. SemGroup will require any successor (whether direct or indirect, by

purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of SemGroup (or the Employer during any Post-Change Period) to assume expressly and agree to perform this Agreement in the same manner and to the same extent that SemGroup (or, if applicable, the Employer) would be required to perform it if no such succession had taken place. If Executive's employment is transferred from SemGroup to a Subsidiary, or from a Subsidiary to SemGroup or another Subsidiary, the rights and obligations of the Employer (determined prior to such transfer) shall automatically become the rights and obligations of the Employer (determined immediately following such transfer), without requiring the consent of Executive.

6.3 Payments to Beneficiary. If Executive dies before receiving amounts to which Executive is entitled under this Agreement, such amounts shall be paid in a lump sum to one or more beneficiaries designated in writing by Executive (each, a "Beneficiary"). An Executive's Beneficiary for receipt of any payment made under this Agreement in the event of Executive's death shall be the person(s) designated as the Executive's Beneficiary(ies) for life insurance benefits under SemGroup's fully company-paid life insurance benefits plan unless Executive designates a different Beneficiary on the form prescribed by SemGroup. If no Beneficiary is designated, Executive's estate shall be his Beneficiary.

6.4 Non-Alienation of Benefits. Except where required by applicable law, benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by Executive, and any such attempt to dispose of any right to benefits payable under this Agreement shall be void.

6.5 Severability. If any one or more Articles, Sections or other portions of this Agreement are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful or invalid. Any Article, Section or other portion so declared to be unlawful or invalid shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid.

6.6 Amendments. No amendment of this Agreement shall be effective unless made in writing and signed by the parties.

6.7 Notices. All notices and other communications under this Agreement shall be in writing and delivered by hand, by nationally-recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

**If to Executive:**

to Executive at his most recent home address on file with SemGroup.

**If to SemGroup or Employer:**

SemGroup Corporation  
Two Warren Place  
6120 S. Yale Avenue, Suite 1500  
Tulsa, OK 74136

Attention: General Counsel or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective when actually received by the addressee.

6.8 Joint and Several Liability. In the event that the Employer incurs any obligation to Executive pursuant to this Agreement, such Employer, SemGroup and each Subsidiary, if any, of which such Employer is a subsidiary shall be jointly and severally liable with such Employer for such obligation.

6.9 Counterparts. This Agreement may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

6.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Alberta contract.

6.11 Currency. Unless otherwise provided, all dollar amounts referred to in this Agreement are in lawful money of Canada.

6.12 Captions. The captions of this Agreement are not a part of the provisions hereof and shall have no force or effect.

6.13 Rules of Construction. Reference to a specific law shall include such law, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

6.14 Number and Gender. Wherever appropriate, the singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine.

6.15 Tax Withholding. SemGroup may withhold from any amounts payable under this Agreement or otherwise payable to Executive any Taxes SemGroup determines to be required under applicable law or regulation and may report all such amounts payable to such authority as is required by any applicable law or regulation.

6.16 Entire Agreement. This Agreement and the documents expressly referred to herein contain the entire understanding of SemGroup and Executive with respect to severance or benefits in relation to a Change in Control or Separation from Service, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect to severance or benefits in relation to a Change in Control or Separation from Service.

**ARTICLE VII  
EXECUTIVE’S ACKNOWLEDGMENT**

7.1 Acknowledgement. The Executive acknowledges that:

- (a) the Executive has had sufficient time to review the Agreement thoroughly;
- (b) the Executive has read and understands the terms of the Agreement and the obligations hereunder; and
- (c) the Executive has been given an opportunity to obtain independent legal advice concerning the interpretation and effect of the Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement

**Executive:**

\_\_\_\_\_  
WITNESS (Signature) [Executive Name]

\_\_\_\_\_  
WITNESS (Print Name)                      Date: \_\_\_\_\_

**SEMGROUP CORPORATION:**

By: \_\_\_\_\_  
Name:  
Title:

## SemGroup Corporation

## Equity Incentive Plan

## PERFORMANCE SHARE UNIT AWARD AGREEMENT

Pursuant to your Performance Share Unit Award Notice (the “**Award Notice**”) and this Performance Share Unit Award Agreement (this “**Agreement**”), SemGroup Corporation (the “**Company**”) has granted to you performance share units indicated in your Award Notice in accordance with the following:

## R E C I T A L S:

WHEREAS, the Company has adopted the SemGroup Corporation Equity Incentive Plan, as amended (the “**Plan**”), and, pursuant to and in accordance with the Plan, has approved performance-based awards granted under the Plan which are reflected in relevant part in this Agreement, which Plan, as may be amended from time to time, is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share units (“**Performance Share Units**” or “**PSUs**”) provided for herein to the Participant pursuant to the Plan and the terms set forth herein, each PSU representing the right to receive one Share (“**Performance Share**”) upon achievement of the goals and satisfaction of the other terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Target Award Grant. Subject to the terms and conditions of the Plan, this Agreement and the Award Notice, the Company hereby grants to the Participant PSUs (the “**Target Award**”). The Target Award will vest and become payable as an equal number of Performance Shares based on the Company’s achievement of the Target Goal as of the end of the applicable Performance Period, all as more fully described below. The Participant may earn up to two hundred percent (200%) of the Target Award if the Company achieves the Maximum Goal established by the Committee for the Target Award. Notwithstanding anything to the contrary, except as provided in Section 4(b) hereof, all PSUs shall be forfeited (whether vested or unvested) and no Performance Shares shall be issued under this Agreement, if the Committee does not certify in writing that the Company has achieved the Performance Goal pursuant to Section 3 hereof. PSUs shall be subject to vesting and become nonforfeitable in accordance with Section 4 and Section 5 hereof.

2. Payment of Awards; Certificates/Book Entry.

(a) Payment. Except for PSUs that vest upon an involuntary termination without Cause as provided in Section 4(b)(i) hereof or upon a Change of Control as provided in Section 4(b)(ii), Section 4(c) or Section 4(d) hereof, on or before \_\_\_\_\_, the Company shall deliver one or more certificates representing Performance Shares or



confirmation of the issuance of such Performance Shares through book entry procedures for PSUs that have vested pursuant to Section 4 and Section 5 hereof to the Participant. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to an involuntary termination without Cause pursuant to Section 4(b)(i) hereof within sixty (60) days of such involuntary termination without Cause. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to a Change of Control pursuant to Section 4(b)(ii), Section 4(c) or Section 4(d) hereof to the Participant on the sixtieth (60<sup>th</sup>) day following the Change of Control.

(b) Certificates/Book Entry. A certificate or certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures shall be issued by the Company and registered in the name of the Participant on the stock transfer books of the Company as payment to the Participant of Performance Shares issuable hereunder. Each certificate or book entry representing Performance Shares issued under this Agreement shall bear such legends or be subject to such stop transfer orders or other restrictions, if any, that the Company determines in accordance with Section 8 hereof.

3. Certification of Achievement of Performance Goal. The Committee shall (a) determine whether the Company has achieved the Performance Goal for the period beginning \_\_\_\_\_, and ending \_\_\_\_\_ (the “**Three-Year Performance Period**”), or the date of a Change of Control (the “**COC Performance Period**”) (collectively the “**Performance Period**”) which determination shall be made on an objective and nondiscretionary basis by the Committee based on the Company’s audited financial statements and (b) certify in writing that the Performance Goal has been attained within the period prescribed by the Committee (the “**Certification Date**”). For purposes of clarification, no certification is required with respect to an involuntary termination without Cause under Section 4(b)(i) hereof.

4. Vesting of PSUs.

(a) Achievement of Three-Year Performance Goal. Subject to Section 5(b) hereof, if (i) the Participant remains employed by the Company on the Certification Date and (ii) the Committee determines and certifies in writing in accordance with Section 3 hereof that the Company has achieved the Three-Year Performance Goal for the Three-Year Performance Period as described in Section 5 hereof, that number of PSUs determined under Section 5 hereof will vest and become nonforfeitable as of the final date of the Three-Year Performance Period and be paid in accordance with Section 2 hereof.

(b) Involuntary Termination; Change of Control.

(i) Involuntary Termination without Cause. If the Participant’s Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period and the Participant’s Service is involuntarily terminated by the Company without Cause prior to the end of the Three-Year Performance Period, then the number of PSUs that vest and become nonforfeitable is the number

of PSUs determined under Section 5 hereof as if the Company had achieved the Target Goal.

(ii) Change of Control. If the Company experiences a Change of Control during the Three-Year Performance Period while the Participant's Service is continuing, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof with respect to the Company's actual achievement of the Performance Goal, determined as of the end of the COC Performance Period, and such achievement has been certified in writing by the Committee in accordance with Section 3 hereof.

(c) Death or Disability. If the Participant dies or becomes Disabled prior to the end of the Three-Year Performance Period and the Committee determines and certifies in accordance with Section 3 hereof that the Company has met the Performance Goal as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant or, in the case of death, to the Participant's beneficiary, at the time and in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of the full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such death or Disability and the denominator of which is 1,095. Notwithstanding the foregoing, if following the Participant's death or Disability, a Change of Control occurs during the Three-Year Performance Period, the number of PSUs that will vest and be paid to the Participant, or in the case of death, to the Participant's beneficiary, shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(d) Retirement. If (i) the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period, (ii) the Participant's Service terminates prior to the end of the Performance Period due to the Participant's Retirement (as defined below) and (iii) and the Committee determines and certifies in accordance with Section 3 hereof that the Company has met the Performance Goal for the Three-Year Performance Period as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such Retirement and the denominator of which is 1,095. Notwithstanding the foregoing, if (x) prior to the Participant's Retirement, the Participant had not less than twelve (12) consecutive months of Service and (y) following the Participant's Retirement, a Change of Control occurs during the Three-Year Performance Period, then the number of PSUs that will vest and become nonforfeitable shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(e) Termination of Service. If the Participant's Service is terminated prior to the end of the Three-Year Performance Period for any reason, other than as described

in Section 4(b), Section 4(c) or Section 4(d) hereof, all PSUs granted hereunder shall be forfeited by the Participant without any consideration.

(f) Forfeiture and Cancellation of PSUs. Any PSUs that remain unvested after the earlier of (i) the Certification Date or (ii) a Change of Control, shall be forfeited and cancelled.

5. Performance Metrics and Goal.

(a) Target Award. Vesting and payment of the Target Award shall be subject to achievement by the Company as of the last trading day prior to the end of the applicable Performance Period of the Performance Goal with respect to CAFD/Share, as defined and calculated in accordance with Section 11 hereof, according to the following table:

Performance Goal	CAFD/Share Achievement Level	Percentage of Target Award Vesting
Threshold Goal	\$ _____	50%
Target Goal	\$ _____	100%
Maximum Goal	\$ _____	200%

The number of PSUs that will vest if the Committee determines and certifies the Company's achievement of a CAFD/Share performance level between CAFD/Share Performance Goals will be determined by linear interpolation.

(b) Discretion. The Committee retains the discretion to reduce the amount of an Award paid to the Participant based on such factors as it determines; provided, that no Award shall be increased above the amount that vests and becomes nonforfeitable based on the Company's performance as set forth in this Section 5.

6. No Right to Continued Service. The granting of the PSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.

7. No Rights as a Stockholder. The Participant shall have none of the rights of a Stockholder of the Company prior to the time the PSUs vest and are paid as Performance Shares.

8. Securities Laws; Certificates; Legends. The issuance and delivery of PSUs and Performance Shares shall comply with all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. If the Company deems it necessary to ensure that the issuance of PSUs and Performance Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such PSUs would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may request which satisfies such requirements. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the Participant certificates representing Performance Shares, and instead such

Performance Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or Plan administrator). Any certificates representing Performance Shares and all Performance Shares issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates or associated with any such book entry to make appropriate reference to such restrictions.

9. Transferability.

(a) Before Vesting. Prior to becoming fully vested and issuable as Performance Shares, the PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company and all Affiliates; provided, that the designation of a beneficiary for receipt of any PSUs shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the PSUs to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

(b) Before and After Vesting. In addition to other restrictions imposed hereunder or otherwise by the Committee or by law, transferability of Performance Shares shall be subject to the SemGroup Corporation Executive Equity Ownership Policy.

10. Adjustment of PSUs or Performance Goal. Adjustments to the PSUs shall be made in accordance with Articles 12 and 13 of the Plan. The Committee reserves the right to make adjustments to the Performance Goal as the Committee determines in good faith is appropriate to take into account the effect of: (i) any material transactions or extraordinary events during a Performance Period, (ii) any events during the relevant period outside of the ordinary course, (iii) with respect to the CAFD/Share Performance Goal, any inclusion or exclusion of additional equity issuances or repurchases, as the case may be (other than issuances or repurchases under employee benefit plans of the Company, including, but not limited to, its Employee Stock Purchase Plan, now or hereafter existing), which the Committee determines, at or following the time the issuance or repurchase is approved, are necessary or desirable to properly measure the CAFD/Share, including, but not limited to, issuances of equity with respect to merger and acquisition activities of the Company, and (iv) any change in accounting standards used to calculate the Performance Goal. Any such adjustments shall be final, conclusive and binding on the Participant.

11. Definitions. The following terms shall have the meanings set forth below:

“**Adjusted EBITDA**” means consolidated earnings before interest, taxes, depreciation and amortization, adjusted for selected items that the Company believes impact the comparability of financial results between reporting periods.

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Award Notice**” has the meaning set forth in the preamble hereof.

“**CAFD/Share**” or “**Cash Available for Distributions Per Share**” means the quotient of: (a) Adjusted EBIDTA less cash interest expense, maintenance capital expenditures, preferred stock cash dividends, cash income taxes paid and similar amounts attributable to non-controlling interests for the final year of the applicable Performance Period, as adjusted for selected items; divided by (b) a number equal to (i) the outstanding Shares at the end of the applicable Performance Period less (ii) any Shares issued as the result of the conversion of Series A Cumulative Perpetual Convertible Stock to Shares.

“**Cause**” shall mean, with respect to the Participant, one or more of the following: (a) the plea of guilty or nolo contendere to, or conviction of, the commission of a felony offense, (b) any act of willful fraud, dishonesty or moral turpitude that causes a material harm to the Company or any Subsidiary or Affiliate, (c) gross negligence or gross misconduct with respect to the Company or any Subsidiary or Affiliate, (d) willful and deliberate failure to perform his or her employment duties in any material respect, or (e) breach of a material written employment policy of the Company or any Subsidiary or Affiliate; provided, however, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Cause” is defined, “Cause” shall be determined in accordance with such definition.

“**Certification Date**” has the meaning set forth in Section 3 hereof.

“**COC Performance Period**” has the meaning set forth in Section 3 hereof.

“**Company**” has the meaning set forth in the preamble hereof.

“**Disabled or Disability**” has the meaning set forth in the Company’s long-term disability plan.

“**Maximum Goal**” means the CAFD/Share performance level that the Company must achieve in order for two hundred percent (200%) of the Target Award to vest and become nonforfeitable.

“**Performance Goal**” means the Threshold Goal, the Target Goal and the Maximum Goal described under Section 5 hereof.

“**Performance Period**” has the meaning set forth in Section 3 hereof.

“**Performance Share**” has the meaning set forth in the second Recital hereof.

“**Performance Share Units**” or “**PSUs**” have the meaning set forth in the second Recital hereof.

“**Plan**” has the meaning set forth in the first Recital hereof.

“**Retirement**” shall mean a termination of the Participant’s Service when (i) the Participant is age sixty-five (65) or older or (ii) the Participant is age fifty-nine and half (59 ½) or older but not yet age sixty-five (65) and has not less than five (5) full years of Service.

“**Section 409A**” has meaning set forth in Section 23 hereof.

“**Target Award**” has the meaning set forth in Section 1 hereof.

“**Target Goal**” means the CAFD/Share performance level that the Company must achieve in order for one hundred percent (100%) of the Target Award to vest and become nonforfeitable.

“**Three-Year Performance Period**” has the meaning set forth in Section 3 hereof.

“**Threshold Goal**” means the minimum CAFD/Share performance level that the Company must achieve in order for fifty percent (50%) of the Target Award to vest and become nonforfeitable.

12. Withholding.

(a) Participant’s Payment Obligation. The Participant agrees that (i) he or she will pay to the Company or any applicable Subsidiary, as the case may be, or make arrangements satisfactory to the Company or such Subsidiary for the payment of any foreign, federal, state, or local taxes of any kind required by law to be withheld by the Company or such Subsidiary with respect to the PSUs and the Performance Shares, and (ii) the Company, or such Subsidiary, shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Participant any foreign, federal, state, or local taxes of any kind required by law to be withheld with respect to the PSUs and the Performance Shares.

(b) Withholding Performance Shares. With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the PSUs awarded and the Performance Shares issued, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any applicable Subsidiary withhold Performance Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be withheld on the transaction (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under the Plan and applicable withholding rules promulgated by the Internal Revenue Service or other applicable governmental entity). All such elections shall be irrevocable, made electronically or in writing by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

13. Notices. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service (or in the case of a non-U.S. Participant, the foreign postal service of the country in which the Participant resides), by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

14. Entire Agreement. This Agreement, the Award Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

15. Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

16. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the PSUs pursuant to this Agreement.

17. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

18. Choice of Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF OR HERSELF AND IN RESPECT OF ITS, HIS OR HER PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

19. Performance Shares Subject to the Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Performance Shares are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Participant has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of the Plan, the Award Notice and this Agreement.

20. Amendment. The Committee may amend or alter this Agreement or the PSUs granted hereunder at any time; provided, that, subject to Article 10, Article 11 and Article 12 of the Plan, no such amendment or alteration shall be made without the consent of the Participant if such action would materially diminish any of the rights of the Participant under this Agreement or with respect to such PSUs and Performance Shares.

21. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to the PSUs and Performance Shares. The Committee and the Company make no guarantees regarding the tax treatment of such PSUs or Performance Shares. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the Code, including all regulations, guidance, compliance programs, and other interpretative authority under such Section of the Code (“**Section 409A**”), under Section 457A of the Code, including all regulations, guidance, compliance programs and other interpretive authority under such Section of the Code, or otherwise, and none of the Company, any Subsidiary or Affiliate, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

24. Compliance with Section 409A. The Company intends that the PSUs be structured in compliance with, or to satisfy an exception from, Section 409A, such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the PSUs. In the event the PSUs are subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 12.1 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a “specified employee” (as defined under Section 409A) as a result of his or her separation from Service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from Service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a “termination,” “termination of Service” or like terms shall mean “separation from service.”

25. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by signing this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from the Participant under any such clawback policy.



[SIGNATURE REQUIRED ONLINE THROUGH COMPANY PROVIDED THIRD-PARTY VENDOR SERVICE]

**SemGroup Corporation****Equity Incentive Plan****RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to your Restricted Stock Unit Award Notice (the “Award Notice”) and this Restricted Stock Unit Award Agreement (this “Agreement”), SemGroup Corporation (the “Company”) has granted to you restricted stock units indicated in your Award Notice in accordance with and subject to the following:

## R E C I T A L S:

WHEREAS, the Company has adopted the SemGroup Corporation Equity Incentive Plan (the “**Plan**”), and, pursuant to and in accordance with the Plan, has approved Restricted Stock Unit awards granted under the Plan which are reflected in relevant part in this Agreement, which Plan, as may be amended from time to time, is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock units provided for herein to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Restricted Stock Unit Award. Subject to the terms and conditions of the Plan, this Agreement and the Award Notice, the Company hereby grants to the Participant Restricted Stock Units (the “**RSUs**”). Each RSU represents one notional Share.

2. Settlement of RSUs. On each Vesting Date (as defined below) or as soon as practicable, but no later than sixty (60) days thereafter, the Company shall deliver to the Participant one or more certificates representing the number of Shares equal to the number of RSUs which vested on such Vesting Date or confirmation of the issuance of such Shares through book entry procedures. Prior to settlement, the Participant shall make arrangements with the Committee for the satisfaction of any federal, State, local or foreign withholding obligations that may arise in connection with such settlement in accordance with the terms of the Plan. Notwithstanding anything to the contrary in the Plan, any Shares delivered pursuant to this Agreement shall be either original issuance or treasury Shares.

3. Vesting of RSUs.

(a) Vesting Schedule. Subject to the Participant's continued Service through the applicable Vesting Date (as defined below), the RSUs shall vest on the date or dates set forth in the Award Notice (the "Vesting Date"), in accordance with this Agreement.

(b) Change of Control. If the Participant's Service is terminated by the Company without Cause or by the Participant for Good Reason after or, as determined by the Committee, in connection with a Change of Control, all then-unvested RSUs shall immediately vest in full and shall be settled in accordance with Section 2 hereof. Notwithstanding the foregoing, in the event of a settlement in connection with a Change of Control and for the purposes of preserving the Participant's intended benefits hereunder, in lieu of Shares, the Committee may, in its sole discretion, provide the Participant with the right to elect to settle the RSUs with a cash payment; provided, that, if the Participant fails to make such an election the RSUs shall be settled in Shares.

(c) Death or Disability. If the Participant's Service is terminated due to the Participant's death or Disability during the Vesting Period before the Participant's Service otherwise terminates, all then-unvested RSUs shall immediately vest in full upon such death or termination of Service due to Disability and shall be settled in accordance with Section 2 hereof.

(d) Involuntary Termination of Service. If the Participant's Service is involuntarily terminated by the Company, as the direct result of a divestiture or otherwise, in each case without Cause, then any unvested RSUs shall become fully vested upon such termination of Service.

(e) Other Termination of Service. If the Participant's Service is terminated for any reason, other than as described in Section 3(b), Section 3(c) or Section (d) above, the RSUs, to the extent not then-vested, shall be forfeited by the Participant without any consideration.

4. Dividend Equivalents. With respect to each RSU the Participant shall have the right to receive an amount equal to the per Share dividend (if any) paid by the Company during the period between the Date of Grant and the RSU's settlement, termination or forfeiture, subject to the remainder of this Section 4. When dividends are paid by the Company, the Participant shall be credited with an amount determined by multiplying the number of the Participant's unvested RSUs by the dividend per Share, which amount shall be held by the Company and subject to forfeiture until the related RSUs vest in accordance with Section 3 hereof. Such dividends shall be paid to the Participant as soon as administratively practicable, but not later than the time of delivery to the Participant, in accordance with Section 2 above, of certificates or confirmations of book entries representing the Shares issued upon settlement of the RSUs to which the dividends relate.

5. No Right to Continued Service or Participation.

(a) The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or service nor impose an obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.

(b) Nothing in the Plan, this Agreement shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in the Plan, or to compensation or damages in lieu of participation, whether up termination of the Participant's employment or otherwise. The Company does not assume responsibility for the personal income tax liability or other tax consequences for the Participant and he or she is advised to consult his or her own tax advisor.

6. Rights as a Stockholder. The Participant shall have none of the rights of a Stockholder of the Company unless and until the RSUs are settled for Shares.

7. Securities Laws; Certificates; Legends. The issuance and delivery of RSUs and Shares shall comply with all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, applicable Canadian securities laws, the regulations of any stock exchange or other securities market on which the Company's securities may then be traded and the Company's constating documents, and neither the Company nor any transfer agent of the Company will register any transfers of such securities not made in compliance with such restrictions on resale. If the Company deems it necessary to ensure that the issuance of RSUs and Shares under the Plan is not required to be registered under any applicable securities laws, including Canadian securities laws, each Participant to whom such Shares would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may request which satisfies such requirements. The Participant acknowledges and agrees that, if required by application securities legislation, regulations, rules, policies or orders or by a securities commission, stock exchange or other regulatory authority, the Participant will execute, deliver, file and otherwise assist the Company in filing such reports, undertakings and other documents with respect to the issue of the RSUs or the Shares acquired upon settlement of the RSUs. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the Participant certificates representing Shares, and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or Plan administrator). Any certificates representing the Shares an all Shares issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions, including resale restrictions, as the Committee may deem reasonably advisable or in accordance with applicable securities laws, and the Committee may cause a legend or legends to be put on any such certificates or associated with any such book entry to make appropriate reference to such restrictions.

8. Transferability. The RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the RSUs to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

9. Adjustment of RSUs. Adjustments to the RSUs shall be made in accordance with Article 12 of the Plan.

10. Definitions. The following terms shall have the meanings set forth below:

“**Cause**” shall mean, with respect to the Participant, one or more of the following: (a) the plea of guilty or nolo contendere to, or conviction of, the commission of a felony offense (b) any act of willful fraud, dishonesty or moral turpitude that causes a material harm to the Company or any Subsidiary or Affiliate, (c) gross negligence or gross misconduct with respect to the Company or any Subsidiary or Affiliate, (d) willful and deliberate failure to perform his or her employment duties in any material respect, or (e) breach of a material written employment policy of the Company or any Subsidiary or Affiliate, provided, however, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Cause” is defined, “Cause” shall be determined in accordance with such definition.

“**Good Reason**” shall mean the occurrence of one or more of the following without the consent of the Participant: (a) a material reduction in the Participant’s base salary or incentive compensation opportunity (other than a general reduction that affects all similarly situated Participants equally) (b) a material reduction of Participant’s duties and responsibilities or an adverse change in Participant’s title, or (c) a transfer of Participant’s primary workplace by more than thirty-five (35) miles from the location of Participant’s current primary workplace, provided, that, Participant shall first have given the Company written notice that an event or condition constituting Good Reason has occurred and specifying in reasonable detail the circumstances constituting such Good Reason within thirty (30) days after such occurrence, and the Company shall have a period of thirty (30) days after receiving such written notice to effectively cure or remedy such occurrence, and provided, further, that, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Good Reason” is defined, “Good Reason” shall be determined in accordance with such definition.

“**Disability**” or “**Disabled**” shall have the meaning set forth in the Company’s long-term disability plan.

11. Withholding.

(a) The Participant agrees that (i) he or she will pay to the Company or any applicable subsidiary, as the case may be, or make arrangements satisfactory to the Company or such subsidiary regarding the payment of any foreign, federal, state, or local taxes of any kind required by law to be withheld by the Company or such subsidiary with respect to the RSUs or Shares, and (ii) the Company, or such subsidiary, shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Participant any foreign, federal, state, or local taxes of any kind required by law to be withheld with respect to the RSUs or Shares.

(b) With respect to withholding required upon the settlement of the RSUs or upon any other taxable event arising as a result of the RSUs awarded or the Shares issued upon settlement of the RSUs, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any applicable subsidiary withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be withheld on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

12. Notices. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service (or in the case of a non-U.S. Participant, the foreign postal service of the country in which the Participant resides), by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

13. Entire Agreement. This Agreement, the Award Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

14. Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

15. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the RSUs pursuant to this Agreement.

16. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

17. Choice of Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF OR HERSELF AND IN RESPECT OF ITS, HIS OR HER PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

18. RSUs and Shares Subject to Plan. By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and acknowledges that the RSUs granted hereunder and the Shares are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Participant has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of the Plan, this Agreement and the Award Notice.

19. Amendment. The Committee may amend, alter or terminate this Agreement and the RSUs granted hereunder and the Plan at any time; provided, that, subject to Article 10, Article 11 and Article 12 of the Plan, no such amendment or alteration shall be made without the consent of the Participant if such action would materially diminish any of the rights of the Participant under this Agreement or with respect to the RSUs and the Shares and subject to required regulatory and other approvals (including the approval of the holders of the Shares as may be required by the rules of any stock exchange or exchanges on which the Shares are then listed and posted for trading).

20. Fractional Shares. Fractional shares shall not be issued and any rights thereto shall be forfeited without consideration.

21. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to the RSUs. The Committee and the Company make no guarantees regarding the tax treatment of the RSUs. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the Code or Section 457A of the Code or otherwise and none of the Company, any Subsidiary or Affiliate, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

24. Compliance with Section 409A. The Company intends that the RSUs and dividend equivalents be structured in compliance with, or to satisfy an exemption from, Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder (“**Section 409A**”), such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the RSUs or dividend equivalents. In the event the RSUs or dividend equivalents are subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 11.1 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a “specified employee” (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of the Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a “termination,” “termination of Service” or like terms shall mean “separation from service.”

25. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by signing this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules



and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from the Participant under any such clawback policy.

26. Compliance with Laws. The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If, at any time, the Committee determines that the listing, registration or qualification of the RSUs or Shares subject to the Plan and this Agreement upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body or securities exchange is necessary or desirable, as a condition of, or in connection with, the crediting or grant of RSUs or the issue of Shares hereunder, the Company shall be under no obligation to credit RSUs or issue Shares hereunder unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

27. No Prospectus. The Participant acknowledges that nothing in the Plan, this Agreement, the Award Notice, the LTIP or the RSUs shall (a) obligate the Company to take any action to register or qualify any of its securities or any trade of any of its securities or prepare a prospectus or offering memorandum with respect to any of its securities, (b) obligate the Company to establish or maintain any office or director or officer in any jurisdiction or (c) subject the Company to any reporting or other requirement in any jurisdiction.

[SIGNATURE REQUIRED ONLINE THROUGH COMPANY PROVIDED THIRD-PARTY VENDOR SERVICE]

**SemGroup Corporation**  
**Equity Incentive Plan**  
**PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Pursuant to your Performance Share Unit Award Notice (the “**Award Notice**”) and this Performance Share Unit Award Agreement (this “**Agreement**”), SemGroup Corporation (the “**Company**”) has granted to you performance share units indicated in your Award Notice in accordance with the following:

R E C I T A L S:

WHEREAS, the Company has adopted the SemGroup Corporation Equity Incentive Plan (the “**Plan**”), and, pursuant to and in accordance with the Plan, has approved performance-based awards granted under the Plan which are reflected in relevant part in this Agreement, which Plan, as may be amended from time to time, is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share units (“**Performance Share Units**” or “**PSUs**”) provided for herein to the Participant pursuant to the Plan and the terms set forth herein, each PSU representing the right to receive one Share (“**Performance Share**”) upon achievement of the goals and satisfaction of the other terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Target Award Grant. Subject to the terms and conditions of the Plan, this Agreement and the Award Notice, the Company hereby grants to the Participant PSUs (the “**Target Award**”). Thirty percent (30%) of the Target Award will vest and become payable as an equal number of Performance Shares based on the Company’s achievement of the Target Goal with respect to the Total Shareholder Return (“**TSR**”) component of the Target Award (the “**TSR Target Award**”) as of the end of the applicable Performance Period, all as more fully described below. The remaining seventy percent (70%) of the Target Award will vest and become payable as an equal number of Performance Shares based on the Company’s achievement of the Target Goal with respect to the Cash Available for Distributions Per Share (“**CAFD**”) component of the Target Award (the “**CAFD Target Award**”) as of the end of the applicable Performance Period, all as more fully described below. The Participant may earn up to two hundred percent (200%) of the Target Award if the Company achieves the Maximum Goal established by the Committee for both the TSR and the CAFD components of the Target Award. Notwithstanding anything to the contrary, except as provided in Section 4(b) hereof, all PSUs shall be forfeited (whether vested or unvested) and no Performance Shares shall be issued under this Agreement, if the Committee does not certify in writing that the Company has achieved a

Performance Goal pursuant to Section 3 hereof. PSUs shall be subject to vesting and become nonforfeitable in accordance with Section 4 and Section 5 hereof.

2. Payment of Awards; Certificates/Book Entry.

(a) Payment. Except for PSUs that vest upon an involuntary termination without Cause as provided in Section 4(b)(i) hereof or upon a Change of Control as provided in Section 4(b)(ii), Section 4(c) or Section 4(d) hereof, on or before \_\_\_\_\_, the Company shall deliver one or more certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures for PSUs that have vested pursuant to Section 4 and Section 5 hereof to the Participant. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to an involuntary termination without Cause pursuant to Section 4(b)(i) hereof within sixty (60) days of such involuntary termination without Cause. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to a Change of Control pursuant to Section 4(b)(ii), Section 4(c) or Section 4(d) hereof to the Participant on the sixtieth (60<sup>th</sup>) day following the Change of Control.

(b) Certificates/Book Entry. A certificate or certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures shall be issued by the Company and registered in the name of the Participant on the stock transfer books of the Company as payment to the Participant of Performance Shares issuable hereunder. Each certificate or book entry representing Performance Shares issued under this Agreement shall bear such legends or be subject to such stop transfer orders or other restrictions, if any, that the Company determines in accordance with Section 8 hereof.

3. Certification of Achievement of Performance Goal. The Committee shall (a) determine whether the Company has achieved one of the Performance Goals for the period beginning \_\_\_\_\_, and ending \_\_\_\_\_ (the “**Three-Year Performance Period**”), or the date of a Change of Control (the “**COC Performance Period**”) (collectively the “**Performance Period**”) which determination shall be made on an objective and nondiscretionary basis by the Committee based on the Company’s audited financial statements and (b) certify in writing that a Performance Goal has been attained within the period prescribed by the Committee (the “**Certification Date**”). For purposes of clarification, no certification is required with respect to an involuntary termination without Cause under Section 4(b)(i) hereof.

4. Vesting of PSUs.

(a) Achievement of Three-Year Performance Goals. Subject to Section 5(d) hereof, if (i) the Participant remains employed by the Company on the Certification Date and (ii) the Committee determines and certifies in writing in

accordance with Section 3 hereof that the Company has achieved a Three-Year Performance Goal for the Three-Year Performance Period as described in Section 5 hereof, that number of PSUs determined under Section 5 hereof will vest and become nonforfeitable as of the final date of the Three-Year Performance Period and be paid in accordance with Section 2 hereof.

(b) Involuntary Termination; Change of Control.

(i) Involuntary Termination without Cause. If the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period and the Participant's Service is involuntarily terminated by the Company without Cause prior to the end of the Three-Year Performance Period, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof as if the Company had achieved the Target Goal.

(ii) Change of Control. If the Company experiences a Change of Control during the Three-Year Performance Period while the Participant's Service is continuing, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof with respect to the Company's actual achievement of a Performance Goal, determined as of the end of the COC Performance Period, and such achievement has been certified in writing by the Committee in accordance with Section 3 hereof.

(c) Death or Disability. If the Participant dies or becomes Disabled prior to the end of the Three-Year Performance Period and the Committee determines and certifies in accordance with Section 3 hereof that the Company has met a Performance Goal as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant or, in the case of death, to the Participant's beneficiary, at the time and in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of the full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such death or Disability and the denominator of which is 1,095. Notwithstanding the foregoing, if following the Participant's death or Disability, a Change of Control occurs during the Three-Year Performance Period, the number of PSUs that will vest and be paid to the Participant, or in the case of death, to the Participant's beneficiary, shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(d) Retirement. If (i) the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period, (ii) the

Participant's Service terminates prior to the end of the Performance Period due to the Participant's Retirement (as defined below) and (iii) and the Committee determines and certifies in accordance with Section 3 hereof that the Company has met a Performance Goal for the Three-Year Performance Period as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such Retirement and the denominator of which is 1,095. Notwithstanding the foregoing, if (x) prior to the Participant's Retirement, the Participant had not less than twelve (12) consecutive months of Service and (y) following the Participant's Retirement, a Change of Control occurs during the Three-Year Performance Period, then the number of PSUs that will vest and become nonforfeitable shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(e) Termination of Service. If the Participant's Service is terminated prior to the end of the Three-Year Performance Period for any reason, other than as described in Section 4(b), Section 4(c) or Section 4(d) hereof, all PSUs granted hereunder shall be forfeited by the Participant without any consideration.

(f) Forfeiture and Cancellation of PSUs. Any PSUs that remain unvested after the earlier of (i) the Certification Date or (ii) a Change of Control, shall be forfeited and cancelled.

5. Performance Metrics and Goals.

(a) TSR. Vesting and payment of the TSR Target Award shall be subject to achievement by the Company as of the last trading day prior to the end of the applicable Performance Period of the TSR Target Goal, as defined and calculated in accordance with Section 11 hereof, according to the following table:

<b>TSR Performance Goal</b>	<b>Rank of Company TSR Achievement Level Relative to Peer Group</b>	<b>Percentage of TSR Target Award Vesting</b>
Threshold Goal	Not less than the 25th percentile	50%
Target Goal	Not less than the 50th percentile	100%
Maximum Goal	Not less than the 75th percentile	200%

The number of PSUs that will vest if the Committee determines and certifies the Company's achievement of a TSR performance level between TSR Performance Goals will be determined by linear interpolation.

(b) Determination of Percentile Ranking. The Company's percentile ranking relative to members of the Peer Group is determined by listing the Company and members of the Peer Group from highest to lowest TSR achieved by the respective

company and counting down from the company with the highest TSR to the Company's position within such list.

(c) CAFD. Vesting and payment of the CAFD Target Award shall be subject to achievement by the Company as of the last trading day prior to the end of the applicable Performance Period of a Performance Goal with respect to CAFD, as defined and calculated in accordance with Section 11 hereof, according to the following table:

CAFD Performance Goal	CAFD Achievement Level	Percentage of CAFD Target Award Vesting
Threshold Goal	\$ _____	50%
Target Goal	\$ _____	100%
Maximum Goal	\$ _____	200%

The number of PSUs that will vest if the Committee determines and certifies the Company's achievement of a CAFD performance level between CAFD Performance Goals will be determined by linear interpolation.

(d) Discretion. The Committee retains the discretion to reduce the amount of an Award paid to the Participant based on such factors as it determines; provided, that no Award shall be increased above the amount that vests and becomes nonforfeitable based on the Company's performance as set forth in this Section 5.

6. No Right to Continued Service. The granting of the PSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.

7. No Rights as a Stockholder. The Participant shall have none of the rights of a Stockholder of the Company prior to the time the PSUs vest and are paid as Performance Shares.

8. Securities Laws; Certificates; Legends. The issuance and delivery of PSUs and Performance Shares shall comply with all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. If the Company deems it necessary to ensure that the issuance of PSUs and Performance Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such PSUs would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may request which satisfies such requirements. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the participant certificates representing Performance Shares, and instead such Performance Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or Plan administrator). Any certificates

representing Performance Shares and all Performance Shares issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates or associated with any such book entry to make appropriate reference to such restrictions.

9. Transferability.

(a) Before Vesting. Prior to becoming fully vested and issuable as Performance Shares, the PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company and all Affiliates; provided, that the designation of a beneficiary for receipt of any PSUs shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the PSUs to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

(b) Before and After Vesting. In addition to other restrictions imposed hereunder or otherwise by the Committee or by law, transferability of Performance Shares shall be subject to the SemGroup Corporation Executive Equity Ownership Policy.

10. Adjustment of PSUs or Performance Goals. Adjustments to the PSUs shall be made in accordance with Article 12 of the Plan. The Committee reserves the right to make adjustments to the Performance Goals as the Committee determines in good faith is appropriate to take into account the effect of: (i) any material transactions or extraordinary events during a Performance Period, (ii) any events during the relevant period outside of the ordinary course, (iii) with respect to the CAFD Performance Goal, any inclusion or exclusion of additional equity issuances or repurchases, as the case may be, which the Committee determines, at or following the time the issuance or repurchase is approved, are necessary or desirable to properly measure the CAFD, including, but not limited to, issuances of equity with respect to merger and acquisition activities of the Company, and (iv) any change in accounting standards used to calculate the Performance Goals. Any such adjustments shall be final, conclusive and binding on the Participant.

11. Definitions. The following terms shall have the meanings set forth below:

“**Adjusted EBITDA**” means consolidated earnings before interest, taxes, depreciation and amortization, adjusted for selected items that the Company believes impact the comparability of financial results between reporting periods.

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Award Notice**” has the meaning set forth in the preamble hereof.

“**Cause**” shall mean, with respect to the Participant, one or more of the following: (a) the plea of guilty or nolo contendere to, or conviction of, the commission of a felony offense, (b) any act of willful fraud, dishonesty or moral turpitude that causes a material harm to the Company or any Subsidiary or Affiliate, (c) gross negligence or gross misconduct with respect to the Company or any Subsidiary or Affiliate, (d) willful and deliberate failure to perform his or her employment duties in any material respect, or (e) breach of a material written employment policy of the Company or any Subsidiary or Affiliate; provided, however, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Cause” is defined, “Cause” shall be determined in accordance with such definition.

“**Certification Date**” has the meaning set forth in Section 3 hereof.

“**COC Performance Period**” has the meaning set forth in Section 3 hereof.

“**Company**” has the meaning set forth in the preamble hereof.

“**CAFD**” or “**Cash Available for Distributions Per Share**” means Adjusted EBIDTA less cash interest expense, maintenance capital expenditures, and cash income taxes paid at the end of the applicable Performance Period; divided by the number of outstanding Shares at the end of the applicable Performance Period.

“**CAFD Target Award**” has the meaning set forth in Section 1 hererof.

“**Disability**” has the meaning set forth in the Company’s long-term disability plan.

“**Maximum Goal**” means, as to either the TSR or CAFD performance level that the Company must achieve in order for two hundred percent (200%) of the TSR Target Award or the CAFD Target Award, as the case may be, to vest and become nonforfeitable.

“**Peer Group**” means the entities listed on Exhibit A attached hereto. A company that ceases to be publicly traded at any time prior to the end of the applicable Performance Period shall cease to qualify as a member of the Peer Group.

“**Performance Goal**” means, as to either the TSR or the CAFD, the Threshold Goal, the Target Goal and the Maximum Goal described under Section 5 hereof.

“**Performance Period**” has the meaning set forth in Section 3 hereof.

“**Performance Share**” has the meaning set forth in the second Recital hereof.

“**Performance Share Units**” or “**PSUs**” have the meaning set forth in the second Recital hereof.



“**Plan**” has the meaning set forth in the first Recital hereof.

“**Retirement**” shall mean a termination of the Participant’s Service when (i) the Participant is age sixty-five (65) or older or (ii) the Participant is age fifty-nine and half (59 ½) or older but not yet age sixty-five (65) and has not less than five (5) full years of Service.

“**Section 409A**” has meaning set forth in Section 23 hereof.

“**Target Award**” has the meaning set forth in Section 1 hereof.

“**Target Goal**” means, as to either the TSR or CAFD performance level that the Company must achieve in order for one hundred percent (100%) of the TSR Target Award or the CAFD Target Award, as the case may be, to vest and become nonforfeitable.

“**Three-Year Performance Period**” has the meaning set forth in Section 3 hereof.

“**Threshold Goal**” means, as to either the minimum TSR or CAFD performance level that the Company must achieve in order for fifty percent (50%) of the TSR Target Award or the CAFD Target Award, as the case may be, to vest and become nonforfeitable.

“**TSR**” or “**Total Shareholder Return**” for the Company or any member of the Peer Group for the applicable Performance Period means, the percentage (to the third decimal place) derived from a fraction (a) the numerator of which is the change (positive or negative) in the average price of a share of the entity’s publicly-traded stock during the applicable Performance Period based on comparing the average closing price of such share for the twenty (20) trading days preceding the first trading day of the applicable Performance Period (the “**Beginning Period**”) with the average closing price of such share for the twenty (20) trading days ending on the last trading day of the applicable Performance Period, plus any dividends paid on the share during the Beginning Period or the applicable Performance Period, as the case may be (assuming such dividends are reinvested into additional shares of such stock as of the ex-dividend date of such dividend), and as further adjusted for splits in such stock during the Beginning Period or the applicable Performance Period, as the case may be, and (b) the denominator of which is the average closing price of the share for the Beginning Period, plus any dividends paid on the share during the Beginning Period (assuming such dividends are reinvested into additional shares of such stock as of the ex-dividend date of such dividend), and as further adjusted for splits in such stock during the Beginning Period.

“**TSR Target Award**” has the meaning set forth in Section 1 hereof.

12. Withholding.

(a) Participant’s Payment Obligation. The Participant agrees that (i) he or she will pay to the Company or any applicable Subsidiary, as the case may be, or make arrangements satisfactory to the Company or such Subsidiary for the payment of any foreign, federal, state, or local taxes of any kind required by law to be withheld by

the Company or such Subsidiary with respect to the PSUs and the Performance Shares, and (ii) the Company, or such Subsidiary, shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Participant any foreign, federal, state, or local taxes of any kind required by law to be withheld with respect to the PSUs and the Performance Shares.

(b) Withholding Performance Shares. With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the PSUs awarded and the Performance Shares issued, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any applicable Subsidiary withhold Performance Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be withheld on the transaction (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under the Plan and applicable withholding rules promulgated by the Internal Revenue Service or other applicable governmental entity). All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

13. Notices. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service (or in the case of a non-U.S. Participant, the foreign postal service of the country in which the Participant resides), by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

14. Entire Agreement. This Agreement, the Award Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

15. Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

16. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the PSUs pursuant to this Agreement.

17. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the

Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

18. Choice of Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF OR HERSELF AND IN RESPECT OF ITS, HIS OR HER PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

19. Performance Shares Subject to the Plan. By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Performance Shares are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Participant has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of the Plan, the Award Notice and this Agreement.

20. Amendment. The Committee may amend or alter this Agreement or the PSUs granted hereunder at any time; provided, that, subject to Article 10, Article 11 and Article 12 of the Plan, no such amendment or alteration shall be made without the consent of the Participant if such action would materially diminish any of the rights of the Participant under this Agreement or with respect to such PSUs and Performance Shares.

21. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to the PSUs and Performance Shares. The Committee and the Company make no guarantees regarding the tax treatment of such PSUs or Performance Shares. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the Code, including all regulations, guidance, compliance programs and other interpretative authority under such Section of the Code (“**Section 409A**”), under Section 457A of the Code, including all regulations, guidance, compliance programs and other interpretive authority under such Section of the Code, or otherwise, and none of the Company, any Subsidiary or Affiliate, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

24. Compliance with Section 409A. The Company intends that the PSUs be structured in compliance with, or to satisfy an exemption from, Section 409A, such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the PSUs. In the event the PSUs are subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 11.1 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a “specified employee” (as defined under Section 409A) as a result of his or her separation from Service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from Service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a “termination,” “termination of Service” or like terms shall mean “separation from service.”

25. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by signing this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from the Participant under any such clawback policy.

[SIGNATURE REQUIRED ONLINE THROUGH COMPANY PROVIDED THIRD-PARTY VENDOR SERVICE]

**TSR Peer Group**

**SemGroup Corporation****Equity Incentive Plan****PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Pursuant to your Performance Share Unit Award Notice (the “**Award Notice**”) and this Performance Share Unit Award Agreement (this “**Agreement**”), SemGroup Corporation (the “**Company**”) has granted to you performance share units indicated in your Award Notice in accordance with the following:

## R E C I T A L S:

WHEREAS, the Company has adopted the SemGroup Corporation Equity Incentive Plan (the “**Plan**”), and, pursuant to and in accordance with the Plan, has approved performance-based awards granted under the Plan which are reflected in relevant part in this Agreement, which Plan, as may be amended from time to time, is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share units (“**Performance Share Units**” or “**PSUs**”) provided for herein to the Participant pursuant to the Plan and the terms set forth herein, each PSU representing the right to receive one Share (“**Performance Share**”) upon achievement of the goals and satisfaction of the other terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Target Award Grant. Subject to the terms and conditions of the Plan, this Agreement and the Award Notice, the Company hereby grants to the Participant PSUs (the “**Target Award**”). The Target Award will vest and become payable as an equal number of Performance Shares based on the Company’s achievement of the Target Goal as of the end of the applicable Performance Period, all as more fully described below. The Participant may earn up to two hundred percent (200%) of the Target Award if the Company achieves the Maximum Goal established by the Committee for the Target Award. Notwithstanding anything to the contrary, except as provided in Section 4(b) hereof, all PSUs shall be forfeited (whether vested or unvested) and no Performance Shares shall be issued under this Agreement, if the Committee does not certify in writing that the Company has achieved the Performance Goal pursuant to Section 3 hereof. PSUs shall be subject to vesting and become nonforfeitable in accordance with Section 4 and Section 5 hereof.

2. Payment of Awards; Certificates/Book Entry.

(a) Payment. Except for PSUs that vest upon an involuntary termination without Cause as provided in Section 4(b)(i) hereof or upon a Change of

Control as provided in Section 4(b)(ii), Section 4(c) or Section 4(d) hereof, on or before \_\_\_\_\_, the Company shall deliver one or more certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures for PSUs that have vested pursuant to Section 4 and Section 5 hereof to the Participant. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to an involuntary termination without Cause pursuant to Section 4(b)(i) hereof within sixty (60) days of such involuntary termination without Cause. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to a Change of Control pursuant to Section 4(b)(ii), Section 4(c) or Section 4(d) hereof to the Participant on the sixtieth (60<sup>th</sup>) day following the Change of Control.

(b) Certificates/Book Entry. A certificate or certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures shall be issued by the Company and registered in the name of the Participant on the stock transfer books of the Company as payment to the Participant of Performance Shares issuable hereunder. Each certificate or book entry representing Performance Shares issued under this Agreement shall bear such legends or be subject to such stop transfer orders or other restrictions, if any, that the Company determines in accordance with Section 8 hereof.

3. Certification of Achievement of Performance Goal. The Committee shall (a) determine whether the Company has achieved the Performance Goal for the period beginning \_\_\_\_\_, and ending \_\_\_\_\_ (the “**Three-Year Performance Period**”), or the date of a Change of Control (the “**COC Performance Period**”) (collectively the “**Performance Period**”) which determination shall be made on an objective and nondiscretionary basis by the Committee based on the Company’s audited financial statements and (b) certify in writing that the Performance Goal has been attained within the period prescribed by the Committee (the “**Certification Date**”). For purposes of clarification, no certification is required with respect to an involuntary termination without Cause under Section 4(b)(i) hereof.

4. Vesting of PSUs.

(a) Achievement of Three-Year Performance Goals. Subject to Section 5(d) hereof, if (i) the Participant remains employed by the Company on the Certification Date and (ii) the Committee determines and certifies in writing in accordance with Section 3 hereof that the Company has achieved the Three-Year Performance Goal for the Three-Year Performance Period as described in Section 5 hereof, that number of PSUs determined under Section 5 hereof will vest and become nonforfeitable as of the final date of the Three-Year Performance Period and be paid in accordance with Section 2 hereof.

(b) Involuntary Termination; Change of Control.

(i) Involuntary Termination without Cause. If the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period and the Participant's Service is involuntarily terminated by the Company without Cause prior to the end of the Three-Year Performance Period, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof as if the Company had achieved the Target Goal.

(ii) Change of Control. If the Company experiences a Change of Control during the Three-Year Performance Period while the Participant's Service is continuing, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof with respect to the Company's actual achievement of the Performance Goal, determined as of the end of the COC Performance Period, and such achievement has been certified in writing by the Committee in accordance with Section 3 hereof.

(c) Death or Disability. If the Participant dies or becomes Disabled prior to the end of the Three-Year Performance Period and the Committee determines and certifies in accordance with Section 3 hereof that the Company has met a Performance Goal as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant or, in the case of death, to the Participant's beneficiary, at the time and in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of the full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such death or Disability and the denominator of which is 1,095. Notwithstanding the foregoing, if following the Participant's death or Disability, a Change of Control occurs during the Three-Year Performance Period, the number of PSUs that will vest and be paid to the Participant, or in the case of death, to the Participant's beneficiary, shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(d) Retirement. If (i) the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period, (ii) the Participant's Service terminates prior to the end of the Performance Period due to the Participant's Retirement (as defined below) and (iii) the Committee determines and certifies in accordance with Section 3 hereof that the Company has met the Performance Goal for the Three-Year Performance Period as described under Section 5 hereof, a pro rata number of PSUs will vest and be paid to the Participant in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof



times a fraction the numerator of which is equal to the number of full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such Retirement and the denominator of which is 1,095. Notwithstanding the foregoing, if (x) prior to the Participant's Retirement, the Participant had not less than twelve (12) consecutive months of Service and (y) following the Participant's Retirement, a Change of Control occurs during the Three-Year Performance Period, then the number of PSUs that will vest and become nonforfeitable shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(e) Termination of Service. If the Participant's Service is terminated prior to the end of the Three-Year Performance Period for any reason, other than as described in Section 4(b), Section 4(c) or Section 4(d) hereof, all PSUs granted hereunder shall be forfeited by the Participant without any consideration.

(f) Forfeiture and Cancellation of PSUs. Any PSUs that remain unvested after the earlier of (i) the Certification Date or (ii) a Change of Control, shall be forfeited and cancelled.

5. Performance Metrics and Goals.

(a) Target Award. Vesting and payment of the Target Award shall be subject to achievement by the Company as of the last trading day prior to the end of the applicable Performance Period of the Performance Goal with respect to CAFD, as defined and calculated in accordance with Section 11 hereof, according to the following table:

Performance Goal	Adjusted CAFD Growth Achievement Level	Percentage of Target Award Vesting
Threshold Goal	___%	50%
Target Goal	___%	100%
Maximum Goal	___%	200%

The number of PSUs that will vest if the Committee determines and certifies the Company's achievement of an Adjusted CAFD Growth performance level between Adjusted CAFD Growth Performance Goals will be determined by linear interpolation.

(b) Discretion. The Committee retains the discretion to reduce the amount of an Award paid to the Participant based on such factors as it determines; provided, that no Award shall be increased above the amount that vests and becomes nonforfeitable based on the Company's performance as set forth in this Section 5.

6. No Right to Continued Service. The granting of the PSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.

7. No Rights as a Stockholder. The Participant shall have none of the rights of a Stockholder of the Company prior to the time the PSUs vest and are paid as Performance Shares.

8. Securities Laws; Certificates; Legends. The issuance and delivery of PSUs and Performance Shares shall comply with all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. If the Company deems it necessary to ensure that the issuance of PSUs and Performance Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such PSUs would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may request which satisfies such requirements. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the Participant certificates representing Performance Shares, and instead such Performance Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or Plan administrator). Any certificates representing Performance Shares and all Performance Shares issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates or associated with any such book entry to make appropriate reference to such restrictions.

9. Transferability.

(a) Before Vesting. Prior to becoming fully vested and issuable as Performance Shares, the PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company and all Affiliates; provided, that the designation of a beneficiary for receipt of any PSUs shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the PSUs to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

(b) Before and After Vesting. In addition to other restrictions imposed hereunder or otherwise by the Committee or by law, transferability of Performance Shares shall be subject to the SemGroup Corporation Executive Equity Ownership Policy.

10. Adjustment of PSUs or Performance Goal. Adjustments to the PSUs shall be made in accordance with Article 12 of the Plan. The Committee reserves the right to

make adjustments to the Performance Goal as the Committee determines in good faith is appropriate to take into account the effect of: (i) any material transactions or extraordinary events during a Performance Period, (ii) any events during the relevant period outside of the ordinary course, (iii) any inclusion or exclusion of additional equity issuances or repurchases, as the case may be, which the Committee determines, at or following the time the issuance or repurchase is approved, are necessary or desirable to properly measure the Adjusted CAFD Growth, including, but not limited to, issuances of equity with respect to merger and acquisition activities of the Company, and (iv) any change in accounting standards used to calculate the Performance Goal. Any such adjustments shall be final, conclusive and binding on the Participant.

11. **Definitions.** The following terms shall have the meanings set forth below:

**“Adjusted CAFD”** means Adjusted EBIDTA less cash interest expense, maintenance capital expenditures, cash income taxes, required debt payments, and preferred stock dividends paid at the end of the applicable Performance Period; divided by the number of outstanding Shares at the end of the applicable Performance Period.

**“Adjusted CAFD Growth”** means the increase in the Adjusted CAFD of the Company during the Performance Period.

**“Adjusted EBITDA”** means consolidated earnings before interest, taxes, depreciation and amortization, adjusted for selected items that the Company believes impact the comparability of financial results between reporting periods.

**“Agreement”** has the meaning set forth in the preamble hereof.

**“Award Notice”** has the meaning set forth in the preamble hereof.

**“CAFD”** means Cash Available for Dividends.

**“Cause”** shall mean, with respect to the Participant, one or more of the following: (a) the plea of guilty or nolo contendere to, or conviction of, the commission of a felony offense, (b) any act of willful fraud, dishonesty or moral turpitude that causes a material harm to the Company or any Subsidiary or Affiliate, (c) gross negligence or gross misconduct with respect to the Company or any Subsidiary or Affiliate, (d) willful and deliberate failure to perform his or her employment duties in any material respect, or (e) breach of a material written employment policy of the Company or any Subsidiary or Affiliate; provided, however, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Cause” is defined, “Cause” shall be determined in accordance with such definition.

**“Certification Date”** has the meaning set forth in Section 3 hereof.

**“COC Performance Period”** has the meaning set forth in Section 3 hereof.

**“Company”** has the meaning set forth in the preamble hereof.

“**Disabled**” or “**Disability**” has the meaning set forth in the Company’s long-term disability plan.

“**Maximum Goal**” means the Adjusted CAFD Growth performance level that the Company must achieve in order for two hundred percent (200%) of the Target Award to vest and become nonforfeitable.

“**Performance Goal**” means the Threshold Goal, the Target Goal and the Maximum Goal described under Section 5 hereof.

“**Performance Period**” has the meaning set forth in Section 3 hereof.

“**Performance Share**” has the meaning set forth in the second Recital hereof.

“**Performance Share Units**” or “**PSUs**” have the meaning set forth in the second Recital hereof.

“**Plan**” has the meaning set forth in the first Recital hereof.

“**Retirement**” shall mean a termination of the Participant’s Service when (i) the Participant is age sixty-five (65) or older or (ii) the Participant is age fifty-nine and half (59 ½) or older but not yet age sixty-five (65) and has not less than five (5) full years of Service.

“**Section 409A**” has meaning set forth in Section 23 hereof.

“**Target Award**” has the meaning set forth in Section 1 hereof.

“**Target Goal**” means the Adjusted CAFD Growth performance level that the Company must achieve in order for one hundred percent (100%) of the Target Award to vest and become nonforfeitable.

“**Three-Year Performance Period**” has the meaning set forth in Section 3 hereof.

“**Threshold Goal**” means the Adjusted CAFD Growth performance level that the Company must achieve in order for fifty percent (50%) of the Target Award to vest and become nonforfeitable.

## 12. Withholding.

(a) Participant’s Payment Obligation. The Participant agrees that (i) he or she will pay to the Company or any applicable Subsidiary, as the case may be, or make arrangements satisfactory to the Company or such Subsidiary for the payment of any foreign, federal, state, or local taxes of any kind required by law to be withheld by the Company or such Subsidiary with respect to the PSUs and the Performance Shares, and (ii) the Company, or such Subsidiary, shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Participant any

foreign, federal, state, or local taxes of any kind required by law to be withheld with respect to the PSUs and the Performance Shares.

(b) Withholding Performance Shares. With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the PSUs awarded and the Performance Shares issued, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any applicable Subsidiary withhold Performance Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be withheld on the transaction (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under the Plan and applicable withholding rules promulgated by the Internal Revenue Service or other applicable governmental entity). All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

13. Notices. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service (or in the case of a non-U.S. Participant, the foreign postal service of the country in which the Participant resides), by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

14. Entire Agreement. This Agreement, the Award Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

15. Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

16. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the PSUs pursuant to this Agreement.

17. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

18. Choice of Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF OR HERSELF AND IN RESPECT OF ITS, HIS OR HER PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

19. Performance Shares Subject to the Plan. By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Performance Shares are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Participant has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of the Plan, the Award Notice and this Agreement.

20. Amendment. The Committee may amend or alter this Agreement or the PSUs granted hereunder at any time; provided, that, subject to Article 10, Article 11 and Article 12 of the Plan, no such amendment or alteration shall be made without the consent of the Participant if such action would materially diminish any of the rights of the Participant under this Agreement or with respect to such PSUs and Performance Shares.

21. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to the PSUs and Performance Shares. The Committee and the Company make no guarantees regarding the tax treatment of such PSUs

or Performance Shares. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the Code, including all regulations, guidance, compliance programs and other interpretative authority under such Section of the Code (“**Section 409A**”), under Section 457A of the Code, including all regulations, guidance, compliance programs and other interpretive authority under such Section of the Code, or otherwise, and none of the Company, any Subsidiary or Affiliate, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

24. Compliance with Section 409A. The Company intends that the PSUs be structured in compliance with, or to satisfy an exception from, Section 409A, such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the PSUs. In the event the PSUs are subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 11.1 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a “specified employee” (as defined under Section 409A) as a result of his or her separation from Service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from Service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a “termination,” “termination of Service” or like terms shall mean “separation from service.”

25. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by signing this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from the Participant under any such clawback policy.

[SIGNATURE REQUIRED ONLINE THROUGH COMPANY PROVIDED THIRD-PARTY VENDOR SERVICE]

**SemGroup Corporation**  
**Equity Incentive Plan**  
**PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Pursuant to your Performance Share Unit Award Notice (the “**Award Notice**”) and this Performance Share Unit Award Agreement (this “**Agreement**”), SemGroup Corporation (the “**Company**”) has granted to you performance share units indicated in your Award Notice in accordance with the following:

R E C I T A L S:

WHEREAS, the Company has adopted the SemGroup Corporation Equity Incentive Plan, as amended (the “**Plan**”), and, pursuant to and in accordance with the Plan, has approved performance-based awards granted under the Plan which are reflected in relevant part in this Agreement, which Plan, as may be amended from time to time, is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share units (“**Performance Share Units**” or “**PSUs**”) provided for herein to the Participant pursuant to the Plan and the terms set forth herein, each PSU representing the right to receive one Share (“**Performance Share**”) upon achievement of the goals and satisfaction of the other terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Target Award Grant. Subject to the terms and conditions of the Plan, this Agreement and the Award Notice, the Company hereby grants to the Participant PSUs (the “**Target Award**”). The Target Award will vest and become payable as an equal number of Performance Shares based on the achievement of the Target Goal as of the end of the applicable Performance Period, all as more fully described below. The Participant may earn up to two hundred percent (200%) of the Target Award if the Maximum Goal established by the Committee for the Target Award is achieved. Notwithstanding anything to the contrary, except as provided in Section 4(b) hereof, all PSUs shall be forfeited (whether vested or unvested) and no Performance Shares shall be issued under this Agreement, if the Committee does not certify in writing that the Performance Goal pursuant to Section 3 hereof has been achieved. PSUs shall be subject to vesting and become nonforfeitable in accordance with Section 4 and Section 5 hereof.

2. Payment of Awards; Certificates/Book Entry.

(a) Payment. Except for PSUs that vest upon an involuntary termination without Cause as provided in Section 4(b)(i) hereof or upon a Change of Control as provided in Section 4(b)(ii), Section 4(c) or Section 4(d) hereof, on or before



\_\_\_\_\_, the Company shall deliver one or more certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures for PSUs that have vested pursuant to Section 4 and Section 5 hereof to the Participant. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to an involuntary termination without Cause pursuant to Section 4(b)(i) hereof within sixty (60) days of such involuntary termination without Cause. The Company shall deliver certificates for Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures representing PSUs that vest due to a Change of Control pursuant to Section 4(b)(ii), Section 4(c) or Section 4(d) hereof to the Participant on the sixtieth (60<sup>th</sup>) day following the Change of Control.

(b) Certificates/Book Entry. A certificate or certificates representing Performance Shares or confirmation of the issuance of such Performance Shares through book entry procedures shall be issued by the Company and registered in the name of the Participant on the stock transfer books of the Company as payment to the Participant of Performance Shares issuable hereunder. Each certificate or book entry representing Performance Shares issued under this Agreement shall bear such legends or be subject to such stop transfer orders or other restrictions, if any, that the Company determines in accordance with Section 8 hereof.

3. Certification of Achievement of Performance Goal. The Committee shall (a) determine whether the Performance Goal for the period beginning \_\_\_\_\_, and ending \_\_\_\_\_ (the “**Three-Year Performance Period**”) has been achieved, or the date of a Change of Control (the “**COC Performance Period**”) (collectively the “**Performance Period**”) which determination shall be made on an objective and nondiscretionary basis by the Committee based on the Company’s audited financial statements and (b) certify in writing that the Performance Goal has been attained within the period prescribed by the Committee (the “**Certification Date**”). For purposes of clarification, no certification is required with respect to an involuntary termination without Cause under Section 4(b)(i) hereof.

4. Vesting of PSUs.

(a) Achievement of Three-Year Performance Goals. Subject to Section 5(d) hereof, if (i) the Participant remains employed by the Company or an Affiliate on the Certification Date and (ii) the Committee determines and certifies in writing in accordance with Section 3 hereof that the Three-Year Performance Goal for the Three-Year Performance Period as described in Section 5 hereof has been achieved, that number of PSUs determined under Section 5 hereof will vest and become nonforfeitable as of the final date of the Three-Year Performance Period and be paid in accordance with Section 2 hereof.

(b) Involuntary Termination; Change of Control.

(i) Involuntary Termination without Cause. If the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period and the Participant's Service is involuntarily terminated by the Company or an Affiliate without Cause prior to the end of the Three-Year Performance Period, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof as if the Company had achieved the Target Goal had been achieved.

(ii) Change of Control. If the Company experiences a Change of Control during the Three-Year Performance Period while the Participant's Service is continuing, then the number of PSUs that vest and become nonforfeitable is the number of PSUs determined under Section 5 hereof with respect to the Company's actual achievement of the Performance Goal, determined as of the end of the COC Performance Period, and such achievement has been certified in writing by the Committee in accordance with Section 3 hereof.

(c) Death or Disability. If the Participant dies or becomes Disabled prior to the end of the Three-Year Performance Period and the Committee determines and certifies in accordance with Section 3 hereof that the Performance Goal as described under Section 5 hereof has been achieved, a pro rata number of PSUs will vest and be paid to the Participant or, in the case of death, to the Participant's beneficiary, at the time and in the manner set forth in Section 2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of the full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such death or Disability and the denominator of which is 1,095. Notwithstanding the foregoing, if following the Participant's death or Disability, a Change of Control occurs during the Three-Year Performance Period, the number of PSUs that will vest and be paid to the Participant, or in the case of death, to the Participant's beneficiary, shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(d) Retirement. If (i) the Participant's Service continues for not less than twelve (12) consecutive months during the Three-Year Performance Period, (ii) the Participant's Service terminates prior to the end of the Performance Period due to the Participant's Retirement (as defined below) and (iii) and the Committee determines and certifies in accordance with Section 3 hereof that the Performance Goal for the Three-Year Performance Period as described under Section 5 hereof has been met, a pro rata number of PSUs will vest and be paid to the Participant in the manner set forth in Section

2 and Section 3 hereof, such pro rata number to be determined by multiplying the total number of PSUs that vest in accordance with Section 4(a) and Section 5 hereof times a fraction the numerator of which is equal to the number of full and partial days of consecutive Service by the Participant during the Three-Year Performance Period prior to such Retirement and the denominator of which is 1,095. Notwithstanding the foregoing, if (x) prior to the Participant's Retirement, the Participant had not less than twelve (12) consecutive months of Service and (y) following the Participant's Retirement, a Change of Control occurs during the Three-Year Performance Period, then the number of PSUs that will vest and become nonforfeitable shall equal the number of PSUs that vest and become nonforfeitable under Section 4(b) hereof.

(e) Termination of Service. If the Participant's Service is terminated prior to the end of the Three-Year Performance Period for any reason, other than as described in Section 4(b), Section 4(c) or Section 4(d) hereof, all PSUs granted hereunder shall be forfeited by the Participant without any consideration.

(f) Forfeiture and Cancellation of PSUs. Any PSUs that remain unvested after the earlier of (i) the Certification Date or (ii) a Change of Control, shall be forfeited and cancelled.

5. Performance Metrics and Goals.

(a) Target Award. Vesting and payment of the Target Award shall be subject to achievement by SemCAMS as of the last trading day prior to the end of the applicable Performance Period of the Performance Goal with respect to CAFD, as defined and calculated in accordance with Section 11 hereof, according to the following table:

<b>Performance Goal</b>	<b>CAFD Achievement Level (\$CAD millions)</b>	<b>Percentage of Target Award Vesting</b>
Threshold Goal	\$_____	50%
Target Goal	\$_____	100%
Maximum Goal	\$_____	200%

The number of PSUs that will vest if the Committee determines and certifies the achievement of a CAFD performance level between CAFD Performance Goals will be determined by linear interpolation.

(b) Discretion. The Committee retains the discretion to reduce the amount of an Award paid to the Participant based on such factors as it determines; provided, that no Award shall be increased above the amount that vests and becomes nonforfeitable based on SemCAMS performance as set forth in this Section 5.

6. No Right to Continued Service. The granting of the PSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to

continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.

7. No Rights as a Stockholder. The Participant shall have none of the rights of a Stockholder of the Company prior to the time the PSUs vest and are paid as Performance Shares.

8. Securities Laws; Certificates; Legends. The issuance and delivery of PSUs and Performance Shares shall comply with all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. If the Company deems it necessary to ensure that the issuance of PSUs and Performance Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such PSUs would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may request which satisfies such requirements. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the Participant certificates representing Performance Shares, and instead such Performance Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or Plan administrator). Any certificates representing Performance Shares and all Performance Shares issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates or associated with any such book entry to make appropriate reference to such restrictions.

9. Transferability.

(a) Before Vesting. Prior to becoming fully vested and issuable as Performance Shares, the PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company and all Affiliates; provided, that the designation of a beneficiary for receipt of any PSUs shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the PSUs to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

(b) Before and After Vesting. In addition to other restrictions imposed hereunder or otherwise by the Committee or by law, transferability of Performance Shares shall be subject to the SemGroup Corporation Executive Equity Ownership Policy.

10. Adjustment of PSUs or Performance Goal. Adjustments to the PSUs shall be made in accordance with Articles 12 and 13 of the Plan. The Committee reserves the right to make adjustments to the Performance Goal as the Committee determines in good faith is appropriate to take into account the effect of: (i) any material transactions or extraordinary events during a Performance Period, (ii) any events during the relevant period outside of the ordinary course, (iii) any inclusion or exclusion of additional equity issuances or repurchases, as the case may be, which the Committee determines, at or following the time the issuance or repurchase is approved, are necessary or desirable to properly measure the CAFD, including, but not limited to, issuances of equity with respect to merger and acquisition activities of the Company or its Affiliates, and (iv) any change in accounting standards used to calculate the Performance Goal. Any such adjustments shall be final, conclusive and binding on the Participant.

11. Definitions. The following terms shall have the meanings set forth below:

“**Adjusted EBITDA**” means consolidated earnings of SemCAMS before interest, taxes, depreciation and amortization, adjusted for selected items that the Company believes impact the comparability of financial results between reporting periods.

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Award Notice**” has the meaning set forth in the preamble hereof.

“**CAFD**” or “Cash Available for Distribution” means Consolidated Adjusted EBITDA less cash interest expense, maintenance capital expenditures, preferred stock cash dividends and income tax expense paid at the end of the applicable Performance Period, as adjusted for certain items.

“**Cause**” shall mean, with respect to the Participant, one or more of the following: (a) the plea of guilty or nolo contendere to, or conviction of, the commission of a felony offense, (b) any act of willful fraud, dishonesty or moral turpitude that causes a material harm to the Company or any Subsidiary or Affiliate, (c) gross negligence or gross misconduct with respect to the Company or any Subsidiary or Affiliate, (d) willful and deliberate failure to perform his or her employment duties in any material respect, or (e) breach of a material written employment policy of the Company or any Subsidiary or Affiliate; provided, however, that in the case of a Participant who has an employment agreement with the Company or any Subsidiary or Affiliate in which “Cause” is defined, “Cause” shall be determined in accordance with such definition.

“**Certification Date**” has the meaning set forth in Section 3 hereof.

“**COC Performance Period**” has the meaning set forth in Section 3 hereof.

“**Company**” has the meaning set forth in the preamble hereof.

“**Disabled**” or “**Disability**” has the meaning set forth in the Company’s long-term disability plan.

“**Maximum Goal**” means the CAFD performance level SemCAMS must achieve in order for two hundred percent (200%) of the Target Award to vest and become nonforfeitable.

“**Performance Goal**” means the Threshold Goal, the Target Goal and the Maximum Goal described under Section 5 hereof.

“**Performance Period**” has the meaning set forth in Section 3 hereof.

“**Performance Share**” has the meaning set forth in the second Recital hereof.

“**Performance Share Units**” or “**PSUs**” have the meaning set forth in the second Recital hereof.

“**Plan**” has the meaning set forth in the first Recital hereof.

“**Retirement**” shall mean a termination of the Participant’s Service when (i) the Participant is age sixty-five (65) or older or (ii) the Participant is age fifty-nine and half (59 ½) or older but not yet age sixty-five (65) and has not less than five (5) full years of Service.

“**Section 409A**” has meaning set forth in Section 23 hereof.

“SemCAMS” means SemCAMS Midstream ULC, an Alberta unlimited liability corporation.

“**Target Award**” has the meaning set forth in Section 1 hereof.

“**Target Goal**” means the CAFD performance level that SemCAMS must achieve in order for one hundred percent (100%) of the Target Award to vest and become nonforfeitable.

“**Three-Year Performance Period**” has the meaning set forth in Section 3 hereof.

“**Threshold Goal**” means the CAFD performance level that the Company must achieve in order for fifty percent (50%) of the Target Award to vest and become nonforfeitable.

## 12. Withholding.

(a) Participant’s Payment Obligation. The Participant agrees that (i) he or she will pay to the Company or any applicable Subsidiary or Affiliate, as the case may be, or make arrangements satisfactory to the Company or such Subsidiary or Affiliate for the payment of any foreign, federal, state, or local taxes of any kind required by law to be withheld by the Company or such Subsidiary or Affiliate with respect to the PSUs and the Performance Shares, and (ii) the Company, or such Subsidiary, shall,

to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Participant any foreign, federal, state, or local taxes of any kind required by law to be withheld with respect to the PSUs and the Performance Shares.

(b) Withholding Performance Shares. With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the PSUs awarded and the Performance Shares issued, the Participant may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any applicable Subsidiary or Affiliate withhold Performance Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be withheld on the transaction (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under the Plan and applicable withholding rules promulgated by the Internal Revenue Service or other applicable governmental entity). All such elections shall be irrevocable, made in writing or electronically by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

13. Notices. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service (or in the case of a non-U.S. Participant, the foreign postal service of the country in which the Participant resides), by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

14. Entire Agreement. This Agreement, the Award Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

15. Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

16. Participant Undertaking. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the PSUs pursuant to this Agreement.

17. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and agreed in writing to be joined herein and be bound by the terms hereof.

18. Choice of Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF OR HERSELF AND IN RESPECT OF ITS, HIS OR HER PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

19. Performance Shares Subject to the Plan. By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Performance Shares are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Participant has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of the Plan, the Award Notice and this Agreement.

20. Amendment. The Committee may amend or alter this Agreement or the PSUs granted hereunder at any time; provided, that, subject to Article 10, Article 11 and Article 12 of the Plan, no such amendment or alteration shall be made without the consent of the Participant if such action would materially diminish any of the rights of the Participant under this Agreement or with respect to such PSUs and Performance Shares.

21. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to the PSUs and Performance Shares.



The Committee and the Company make no guarantees regarding the tax treatment of such PSUs or Performance Shares. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the Code, including all regulations, guidance, compliance programs and other interpretative authority under such Section of the Code (“**Section 409A**”), under Section 457A of the Code, including all regulations, guidance, compliance programs and other interpretive authority under such Section of the Code, or otherwise, and none of the Company, any Subsidiary or Affiliate, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

24. Compliance with Section 409A. The Company intends that the PSUs be structured in compliance with, or to satisfy an exception from, Section 409A, such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the PSUs. In the event the PSUs are subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 12.1 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a “specified employee” (as defined under Section 409A) as a result of his or her separation from Service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from Service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a “termination,” “termination of Service” or like terms shall mean “separation from service.”

25. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by signing this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from the Participant under any such clawback policy.

[SIGNATURE REQUIRED ONLINE THROUGH COMPANY PROVIDED THIRD-PARTY VENDOR SERVICE]

**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Carlin G. Conner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SemGroup Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ Carlin G. Conner

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Carlin G. Conner

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert N. Fitzgerald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SemGroup Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ Robert N. Fitzgerald

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Robert N. Fitzgerald

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of SemGroup Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carlin G. Conner, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Carlin G. Conner

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Carlin G. Conner

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of SemGroup Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert N. Fitzgerald, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Robert N. Fitzgerald

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Robert N. Fitzgerald

Executive Vice President and Chief Financial Officer