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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): January 4, 2018**

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**SEMGROUP CORPORATION**  
(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of Incorporation)

**1-34736**  
(Commission File Number)

**20-3533152**  
(IRS Employer Identification No.)

**Two Warren Place  
6120 S. Yale Avenue, Suite 1500  
Tulsa, OK 74136-4231**  
(Address of Principal Executive Offices) (Zip Code)

**(918) 524-8100**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth 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.

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**Item 1.01 Entry into a Material Definitive Agreement.**

On January 5, 2018, two wholly-owned subsidiaries of SemGroup Corporation (the “Company”), SemMaterials, L.P., an Oklahoma limited partnership, and SemMexico, L.L.C., an Oklahoma limited liability company, entered into a Membership Interest Purchase Agreement (the “MIPA”) with Ergon Asfaltos Mexico HC, LLC, a Mississippi limited liability company (“EAMHC”), Ergon Mexico HC, LLC, a Mississippi limited liability company (“EMHC”), and Ergon Asphalt & Emulsions, Inc., a Mississippi corporation, pursuant to which, among other things, SemMaterials, L.P. and SemMexico, L.L.C. (each, a “Seller” and, collectively, the “Sellers”) agreed to sell their interest in all of the issued and outstanding membership interests (*partes sociales*) of SemMexico Materials HC, S. de R.L. de C.V., a Mexican limited liability company (“SMHC”), SemMaterials HC México, S. de R.L. de C.V., a Mexican limited liability company (“SHCM”), SemMaterials México, S. de R.L. de C.V., a Mexican limited liability company (“SM”), and SemMaterials SC México, S. de R.L. de C.V., a Mexican limited liability company (“SSCM” and, together with SMHC, SHCM and SM, “SemMexico”), to EAMHC and EMHC.

Pursuant to the MIPA, the Sellers have agreed to sell (i) 99.99% and 0.01% of the issued and outstanding membership interests (*partes sociales*) of SMHC owned by SemMaterials, L.P. and SemMexico, L.L.C., respectively, and (ii) 0.01% of the issued and outstanding membership interests of each of SHCM, SM and SSCM owned by SemMexico, L.L.C. (collectively, the “SemMexico Disposition”), in exchange for \$55.0 million U.S. dollars plus or minus the value of non-cash working capital as of closing plus the amount of certain permitted capital expenditures incurred between the execution of the MIPA and closing.

The SemMexico Disposition is expected to close early in the second quarter of 2018, subject to the receipt of certain governmental approvals and the satisfaction of other customary closing conditions.

The MIPA also contains various representations and warranties, covenants, indemnities, limitations of liability and other terms and conditions that are customary for transactions similar to the transactions contemplated by the MIPA.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.****(e) Amendment to Severance Agreements.**

As previously reported, the Company has entered into a severance agreement, as amended, with each of the following named executive officers of the Company: Robert N. Fitzgerald, Senior Vice President and Chief Financial Officer; and Timothy R. O’Sullivan, Vice President – Corporate Planning and Strategic Initiatives (each individually, a “Severance Agreement,” and collectively, the “Severance Agreements”). The terms of the Severance Agreements are described in the Company’s proxy statement for its 2017 Annual Meeting of Stockholders (the “2017 Proxy Statement”) under the caption “Executive Compensation – Potential Payments Upon Termination or Change in Control – Severance Agreements.” The 2017 Proxy Statement is available at <http://www.sec.gov> and on the Company’s website under the heading “Investors – Financial Information – SEC Filings.”

On January 4, 2018, the Company entered into an amendment to each of the Severance Agreements to extend the term of each Severance Agreement from a term ending on June 1, 2018 to a term ending on June 1, 2020.

**Item 7.01 Regulation FD Disclosure.**

On January 8, 2017, the Company issued a press release announcing the SemMexico Disposition. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01 and Exhibit 99.1 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01 Other Events.**

As previously disclosed, on July 17, 2017, the Company acquired 100% of the equity interests in Buffalo Parent Gulf Coast Terminals LLC, the parent company of Buffalo Gulf Coast Terminals LLC and HFOTCO LLC doing business as Houston Fuel Oil Terminal Company (the "HFOTCO Acquisition"). Item 9.01 of this Current Report on Form 8-K updates certain pro forma financial statements relating to the HFOTCO Acquisition, originally provided in a Current Report on Form 8-K/A filed on August 31, 2017.

Filed as Exhibit 99.2 to this Current Report on Form 8-K, and incorporated herein by reference, are unaudited pro forma condensed consolidated financial statements of the Company as of and for the nine months ended September 30, 2017. The unaudited pro forma condensed balance sheet at September 30, 2017 gives effect to the SemMexico Disposition described above under Item 1.01 as if it had occurred on that date. The unaudited pro forma combined condensed statements of operations for the nine months ended September 30, 2017 and the year ended December 31, 2016 give effect to the HFOTCO Acquisition and the SemMexico Disposition as if they had occurred on January 1, 2016. These unaudited pro forma condensed consolidated financial statements are provided for illustrative purposes only and do not purport to represent what the Company's actual results of operations or financial position would have been if the HFOTCO Acquisition and SemMexico Disposition had occurred on the dates indicated, nor are they necessarily indicative of the Company's future operating results or financial position.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1*	<a href="#">Press Release dated January 8, 2018, issued by SemGroup Corporation.</a>
99.2**	<a href="#">Unaudited Pro Forma Condensed Consolidated Financial Statements of the Company.</a>

\* Furnished herewith.

\*\* Filed herewith.

**SIGNATURES**

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 hereunto duly authorized.

SEMGROUP CORPORATION

Date: January 8, 2018

By: /s/ William H. Gault

William H. Gault  
Corporate Secretary



## SemGroup Corporation to Sell Mexican Asphalt Business for \$70 Million

**Tulsa, Okla. – Jan. 8, 2018** – SemGroup® Corporation (NYSE:SEMG) today announced that it has reached an agreement to sell its asphalt business, SemMaterials México, to Ergon Asfaltos México HC, LLC, for an estimated \$70 million including a reimbursement of approximately \$15 million of net working capital, subject to customary post-closing adjustments. SemGroup intends to use proceeds from the sale toward its capital raise plan associated with the acquisition of Houston Fuel Oil Terminal Company (HFOTCO) and to pre-fund capital growth projects.

“Divesting these non-core legacy assets is an important step as we raise capital and clearly define our portfolio of uniquely-advantaged midstream services on the Gulf Coast, Mid-Continent and in Canada,” said SemGroup President and Chief Executive Officer Carlin Conner. “As we enter 2018, we remain focused on executing our strategic plan, enhancing our balance sheet and paying the second HFOTCO payment.”

SemMaterials México provides asphalt products, technology and pavement services to the Mexico paving market. The business includes 14 in-country terminals and two national laboratories. It is the largest supplier of liquid asphalt cement products and product application services in the country and has a presence in every Mexican territory.

“I would like to thank the employees of SemMaterials for the many years they’ve committed to safety, sound operations and fiscal excellence,” said Conner. “They’ve built an impressive business that should be an excellent addition to Ergon’s portfolio.”

The SemMaterials México sale is expected to close early in the second quarter of 2018, subject to the receipt of certain governmental approvals and the satisfaction of other customary closing conditions.

“As Ergon has expanded our footprint from coast to coast in the U.S. over the past 36 years, we have been interested in moving into Mexico,” said Baxter Burns, President of Ergon Asphalt & Emulsions, Inc. “The similarities between Ergon and SemMaterials México, from company culture and focus on employees, technology, quality products and safety, made this a perfect fit. We look forward to working with their existing management team and current staff to take Ergon Asfaltos México to the next level.”

### About Ergon Asphalt & Emulsions, Inc.

Ergon Asphalt & Emulsions, Inc., is a subsidiary of Ergon, Inc., a group of privately held companies that operate under six primary business segments: Refining & Marketing, Asphalt & Emulsions, Transportation & Terminaling, Oil & Gas, Real Estate and Corporate & Other. Ergon is based in Jackson, Miss.

### About SemGroup

Based in Tulsa, Okla., SemGroup® Corporation (NYSE:SEMG) is a publicly traded midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace. SemGroup provides diversified services for end-users and consumers of crude oil, natural gas, natural gas liquids, refined products, residual fuel oil and asphalt. Services include purchasing, selling, processing, transporting, terminalling and storing energy.

SemGroup uses its Investor Relations website and social media outlets as channels of distribution of material company information. Such information is routinely posted and accessible on our Investor Relations website at [www.semgroupcorp.com](http://www.semgroupcorp.com), our Twitter account and LinkedIn account.

### Forward-Looking Statements

Certain matters contained in this Press Release include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 Press Release may constitute forward-looking statements. 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 the risk factors discussed from time to time in each of our documents and reports filed with the SEC.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Press Release, 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.

Investor Relations:

Alisa Perkins

918-524-8081

[investor.relations@semgroupcorp.com](mailto:investor.relations@semgroupcorp.com)

Media:

Tom Droege

918-524-8560

[tdroege@semgroupcorp.com](mailto:tdroege@semgroupcorp.com)

**SemGroup Corporation**  
**Unaudited Pro Forma Combined Condensed Financial Statements**

On July 17, 2017, SemGroup Corporation (“SemGroup”) completed the acquisition of Buffalo Parent Gulf Coast Terminals LLC (“BPGCT”), which owns and operates HFOTCO LLC doing business as Houston Fuel Oil Terminal Company (“HFOTCO”), for a purchase price paid, or to be paid, in two payments. The first payment made on July 17, 2017, consisted of \$297 million in cash (which is net of an estimated \$4.2 million preliminary adjustment for working capital, net indebtedness and capital expenditures), funded from our revolving credit facility, issuance of approximately 12.4 million shares of our Class A common stock and the assumption of existing HFOTCO net debt of approximately \$766 million. The second payment requires us to pay the sellers \$600 million in cash if paid on December 31, 2018 (the “Second Payment”). If paid prior to December 31, 2018, the amount payable will be discounted by 5% per annum. If not paid by December 31, 2018, the amount payable increases to \$680 million and is due by December 31, 2019, or earlier if requested by the sellers.

On January 5, 2018, SemGroup entered into a definitive agreement to sell its Mexican asphalt business for \$55 million in cash plus or minus non-cash working capital as of closing (subject to customary adjustments for capital expenditures). We expect to record a net pre-tax loss of approximately \$11 million upon close including recognition of a deferred foreign currency translation loss of \$27.4 million from accumulated other comprehensive income. The proceeds from the disposal will be used to repay debt.

The accompanying unaudited pro forma combined condensed financial statements of SemGroup have been prepared in accordance with Article 11 of Regulation S-X. The accompanying unaudited pro forma condensed balance sheet at September 30, 2017, reflects the disposal of the Mexican asphalt business as if it had occurred on that date. The BPGCT acquisition is already included in the SemGroup balance sheet at September 30, 2017. The accompanying unaudited pro forma combined condensed statements of operations for the nine months ended September 30, 2017 and the year ended December 31, 2016, reflect the acquisition and disposal as if they had occurred on January 1, 2016. The terms “we”, “our”, “us”, and similar language used in these unaudited pro forma combined condensed financial statements refer to SemGroup and its subsidiaries.

These unaudited pro forma combined condensed financial statements have been derived from our historical financial statements, which are included in our quarterly report on Form 10-Q for the quarter ended September 30, 2017 and our annual report on Form 10-K for the year ended December 31, 2016, and the historical financial statements of BPGCT, which were filed as Exhibit 99.2 to our current report on Form 8-K/A dated August 31, 2017, adjusted to include the period from July 1, 2017 to July 16, 2017. These unaudited pro forma combined condensed financial statements should be read in conjunction with our and BPGCT historical financial statements and related notes thereto.

These unaudited pro forma combined condensed financial statements are provided for illustrative purposes only and do not purport to represent what our actual results of operations would have been if the acquisition and disposal had occurred on the dates assumed, nor are they necessarily indicative of our future operating results. However, the pro forma adjustments shown in these unaudited pro forma combined condensed financial statements reflect estimates and assumptions that we believe to be reasonable.

**SEMGROUP CORPORATION**  
**Unaudited Pro Forma Condensed Balance Sheet**  
**September 30, 2017**  
(in thousands)

	<u>SemGroup Historical</u>	<u>Sale of Mexican asphalt business</u>	<u>Pro Forma Adjustments</u>	<u>SemGroup Pro Forma</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 68,013	\$ —	\$ —	\$ 68,013
Accounts receivable, net	474,795	(21,250)	—	453,545
Receivable from affiliates	5,531	—	—	5,531
Inventories	128,633	(9,936)	—	118,697
Other current assets	21,922	(1,376)	—	20,546
Total current assets	<u>698,894</u>	<u>(32,562)</u>	<u>—</u>	<u>666,332</u>
Property, plant and equipment, net	3,394,035	(30,990)	—	3,363,045
Equity method investments	433,805	—	—	433,805
Goodwill	262,059	(8,124)	—	253,935
Other intangible assets, net	413,730	(946)	—	412,784
Other noncurrent assets	162,402	(497)	—	161,905
Total assets	<u>\$5,364,925</u>	<u>\$(73,119)</u>	<u>\$ —</u>	<u>\$5,291,806</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 435,592	\$(12,459)	\$ —	\$ 423,133
Payable to affiliates	4,877	—	—	4,877
Accrued liabilities	106,045	(780)	—	105,265
Deferred revenue	9,230	(3,799)	—	5,431
Other current liabilities	4,242	—	—	4,242
Current portion of long-term debt	5,529	—	—	5,529
Total current liabilities	<u>565,515</u>	<u>(17,038)</u>	<u>—</u>	<u>548,477</u>
Long-term debt, net	3,009,429	—	(70,524) (a)	2,938,905
Deferred income taxes	57,476	(1,424)	—	56,052
Other noncurrent liabilities	38,614	(214)	—	38,400
Commitments and contingencies				
SemGroup owners' equity:				
Preferred stock, \$0.01 par value	—	—	—	—
Common stock, \$0.01 par value	785	—	—	785
Additional paid-in capital	1,804,277	—	—	1,804,277
Treasury stock, at cost	(7,919)	—	—	(7,919)
Accumulated deficit	(53,553)	—	16,081 (a)	(63,767)
			(26,295) (a)	
Accumulated other comprehensive loss	(49,699)	—	26,295 (a)	(23,404)
Total owners' equity	<u>1,693,891</u>	<u>—</u>	<u>16,081</u>	<u>1,709,972</u>
Total liabilities and owners' equity	<u>\$5,364,925</u>	<u>\$(18,676)</u>	<u>\$ (54,443)</u>	<u>\$5,291,806</u>

**SEMGROUP CORPORATION**  
**Unaudited Pro Forma Combined Condensed Statement of Operations**  
**Nine Months Ended September 30, 2017**  
**(in thousands, except per share amounts)**

	<u>SemGroup Historical</u>	<u>BPGCT Historical</u>	<u>Sale of Mexican asphalt business</u>	<u>Pro Forma Adjustments</u>		<u>SemGroup Pro Forma</u>
<b>Revenues:</b>						
Product	\$ 1,164,898	\$ —	\$(109,511)	\$ —		\$1,055,387
Service	261,967	77,837	(1,405)	—		338,399
Lease	2,646	6,941	—	—		9,587
Other	45,600	2,052	—	—		47,652
<b>Total revenues</b>	<b>1,475,111</b>	<b>86,830</b>	<b>(110,916)</b>	<b>—</b>		<b>1,451,025</b>
<b>Expenses:</b>						
Costs of products sold, exclusive of depreciation and amortization shown below	1,087,357	—	(93,460)	—		993,897
Operating	188,095	17,947	(5,905)	—		200,137
General and administrative	83,606	8,106	(5,833)	(20,339) (f)		65,540
Depreciation and amortization	100,336	15,351	(3,029)	24,402 (b)		137,060
Loss on disposal or impairment, net	43,801	—	228	—		44,029
<b>Total expenses</b>	<b>1,503,195</b>	<b>41,404</b>	<b>(107,999)</b>	<b>4,063</b>		<b>1,440,663</b>
Earnings from equity method investments	52,211	—	—	—		52,211
<b>Operating income</b>	<b>24,127</b>	<b>45,426</b>	<b>(2,917)</b>	<b>(4,063)</b>		<b>62,573</b>
<b>Other expenses (income), net:</b>						
Interest expense	60,055	15,811	(53)	32,792 (c)		105,696
				(2,909) (g)		
Loss on early extinguishment of debt	19,930	—	—	—		19,930
Foreign currency transaction gain	(1,758)	—	(202)	—		(1,960)
Other expense (income), net	(802)	23	647	—		(132)
<b>Total other expenses, net</b>	<b>77,425</b>	<b>15,834</b>	<b>392</b>	<b>29,883</b>		<b>123,534</b>
<b>Income (loss) from continuing operations before income taxes</b>	<b>(53,298)</b>	<b>29,592</b>	<b>(3,309)</b>	<b>(33,946)</b>		<b>(60,961)</b>
Income tax expense (benefit)	(33,529)	354	(1,099)	(1,641) (d)		(35,915)
<b>Net income (loss)</b>	<b>\$ (19,769)</b>	<b>\$ 29,238</b>	<b>\$ (2,210)</b>	<b>\$ (32,305)</b>		<b>\$ (25,046)</b>
<b>Net loss attributable to SemGroup per common share:</b>						
Basic	\$ (0.29)					\$ (0.32)
Diluted	\$ (0.29)					\$ (0.32)
<b>Weighted average common shares outstanding:</b>						
Basic	69,149			8,969 (e)		78,118
Diluted	69,149			8,969 (e)		78,118

**SEMGROUP CORPORATION**  
**Unaudited Pro Forma Combined Condensed Statement of Operations**  
**Year Ended December 31, 2016**  
(in thousands, except per share amounts)

	<u>SemGroup Historical</u>	<u>BPGCT Historical</u>	<u>Sale of Mexican asphalt business</u>	<u>Pro Forma Adjustments</u>	<u>SemGroup Pro Forma</u>
<b>Revenues:</b>					
Product	\$1,009,409	\$ —	\$(136,448)	\$ —	\$ 872,961
Service	265,030	142,647	(2,354)	—	405,323
Lease	—	12,825	—	—	12,825
Other	57,725	3,506	—	—	61,231
<b>Total revenues</b>	<b>1,332,164</b>	<b>158,978</b>	<b>(138,802)</b>	<b>—</b>	<b>1,352,340</b>
<b>Expenses:</b>					
Costs of products sold, exclusive of depreciation and amortization shown below	873,431	—	(111,308)	—	762,123
Operating	212,099	31,589	(7,700)	—	235,988
General and administrative	83,908	13,373	(9,789)	—	87,492
Depreciation and amortization	98,804	29,352	(3,752)	49,938 (b)	174,342
Loss on disposal or impairment, net	16,048	—	67	—	16,115
<b>Total expenses</b>	<b>1,284,290</b>	<b>74,314</b>	<b>(132,482)</b>	<b>49,938</b>	<b>1,276,060</b>
Earnings from equity method investments	73,757	—	—	—	73,757
Loss on issuance of common units by equity method investee	(41)	—	—	—	(41)
<b>Operating income</b>	<b>121,590</b>	<b>84,664</b>	<b>(6,320)</b>	<b>(49,938)</b>	<b>149,996</b>
<b>Other expenses (income), net:</b>					
Interest expense	62,650	31,787	(43)	60,540 (c)	151,055
				(3,879) (g)	
Foreign currency transaction loss	4,759	—	(498)	—	4,261
Loss on sale or impairment of equity method investment	30,644	—	—	—	30,644
Other expense (income), net	(994)	51	1,347	—	404
<b>Total other expenses, net</b>	<b>97,059</b>	<b>31,838</b>	<b>806</b>	<b>56,661</b>	<b>186,364</b>
Income (loss) from continuing operations before income taxes	24,531	52,826	(7,126)	(106,599)	(36,368)
Income tax expense (benefit)	11,268	572	(1,684)	(20,272) (d)	(10,116)
Income (loss) from continuing operations	13,263	52,254	(5,442)	(86,327)	(26,252)
Loss from discontinued operations, net of income taxes	(1)	—	—	—	(1)
<b>Net income (loss)</b>	<b>13,262</b>	<b>52,254</b>	<b>(5,442)</b>	<b>(86,327)</b>	<b>(26,253)</b>
Less: net income attributable to noncontrolling interests	11,167	—	—	—	11,167
<b>Net income (loss) attributable to SemGroup</b>	<b>\$ 2,095</b>	<b>\$ 52,254</b>	<b>\$ (5,442)</b>	<b>\$ (86,327)</b>	<b>\$ (37,420)</b>
<b>Net income (loss) attributable to SemGroup per common share:</b>					
Basic	\$ 0.04				\$ (0.58)
Diluted	\$ 0.04				\$ (0.58)
<b>Weighted average common shares outstanding:</b>					
Basic	51,889			12,384 (e)	64,273
Diluted	52,281			12,384 (e)	64,665

**SEMGROUP CORPORATION**  
**Notes to Unaudited Pro Forma Combined Condensed Financial Statements**

**1. Basis of presentation**

The historical consolidated financial information of SemGroup has been adjusted in the accompanying unaudited pro forma combined condensed financial information to give effect to pro forma events that are (i) directly attributable to the acquisition of BPGCT and the disposition of our Mexican asphalt business, (ii) factually supportable, and (iii) with respect to the unaudited pro forma combined condensed statements of operations, are expected to have a continuing impact on the results of operations.

The unaudited pro forma combined condensed financial information was prepared using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

**2. Pro forma adjustments**

These adjustments reflect the estimated consideration paid or to be paid by SemGroup to acquire BPGCT. The following table represents the preliminary purchase price allocation to the assets acquired and liabilities assumed from BPGCT. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma combined condensed financial statements. The final purchase price allocation may differ from these estimates and could differ materially from the preliminary allocation described below (in thousands):

<b>Consideration</b>	
Cash	\$ 296,622
Common shares	330,341
Second Payment	549,900
Liabilities assumed	
Accounts payable and accrued liabilities	7,824
Current portion of long-term debt	5,500
Fair value of long-term debt	760,500
Other noncurrent liabilities	13,884
<b>Total preliminary consideration</b>	<u>\$1,964,571</u>
<b>Allocation to assets acquired</b>	
Cash acquired	\$ 3,583
Accounts receivable	11,028
Other current assets	5,277
Property, plant and equipment	1,327,145
Finite-lived intangible assets	
Customer relationships	260,000
Customer contract	1,000
Non-compete agreement	30,000
Goodwill	253,935
Other noncurrent assets	72,603
<b>Total fair value of assets acquired</b>	<u>\$1,964,571</u>

(a) Adjustments to reflect proceeds on sale of Mexican asphalt business of \$55 million and an estimated \$15.5 million for working capital used to repay debt and the recognition of an estimated gain on disposal of \$16 million and the recognition of an accumulated foreign currency translation loss of \$26 million.

**SEMGROUP CORPORATION**
**Notes to Unaudited Pro Forma Combined Condensed Financial Statements**

(b) Adjustments to reflect increased depreciation and amortization expense due to increase in property, plant and equipment to fair value and the recognition of finite-lived intangible assets.

Property, plant and equipment is depreciated over periods of up to 25 years on a straight-line basis. Pro forma depreciation expense is based on the fair value of the assets at the acquisition date and is based on the expected useful life based on asset class and company policy. Adjustments to historical depreciation were made to bring total depreciation of BPGCT assets up to the following amounts (in thousands):

Period from January 1, 2017 to July 16, 2017	Year ended December 31, 2016
\$ 26,031	\$ 48,057

Finite-lived intangibles are amortized over their estimated useful lives. The non-compete agreement is effective for two years from the acquisition date and will be amortized straight-line over the two-year period. Customer relationships are being amortized over 20 years on an accelerated basis which matches the incremental cash flow models used to value the intangible assets and in consideration of a historical customer attrition rate of 5%. Customer contracts are being amortized over three years on a straight-line basis. Adjustments to amortization expense were made to remove historical amortization expense and reflect the following amounts of amortization expense related to the finite-lived intangibles recognized in the acquisition (in thousands):

Period from January 1, 2017 to July 16, 2017	Year ended December 31, 2016
\$ 13,722	\$ 31,233

Amortization of intangible assets for the five years following the acquisition is expected to be (in thousands):

	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Non-compete agreement	\$ 7,500	\$ 15,000	\$ 7,500	\$ —	\$ —
Customer relationships	10,900	10,000	22,300	21,800	22,000
Customer contracts	167	333	333	167	—
Total	\$ 18,567	\$ 25,333	\$ 30,133	\$ 21,967	\$ 22,000

(c) Adjustments to recognize interest expense related to the Second Payment which was discounted at 8% and SemGroup's \$300.8 million acquisition payment made from a borrowing on our revolving credit facility at 5.5%.

(d) Adjustments to recognize additional income tax expense based on SemGroup's historical blended statutory rate of 37.7%. BPGCT is a pass-through entity for income tax purposes and therefore it's historical financial statements only reflect Texas margins tax.

(e) Adjustment to reflect the 12.4 million common shares issued as consideration for the acquisition as if the acquisition had occurred on January 1, 2016. For the year to date period ended September 30, 2017, these shares were included in the historical results of SemGroup from the acquisition date at July 17, 2017. As such, the pro forma adjustment was reduced accordingly. Common shares issued were valued based on the acquisition date market price of \$26.68 per share.

(f) Adjustment to remove BPGCT acquisition costs included in the historical financial statements of SemGroup.

(g) Adjustment to reflect reduction of interest expense from use of Mexican asphalt business sales proceeds to pay down revolving credit facility borrowings, as required by SemGroup's credit agreement, at a rate of 5.5%.