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 September 30, 2012

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	**20-3533152**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**

Two Warren Place
6120 S. Yale Avenue, Suite 700
Tulsa, OK 74136-4216
(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files): **Yes** ☒ **No** ☐

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

Large accelerated filer ☒ **Accelerated filer** ☐ **Non-accelerated filer** ☐ **Smaller reporting company** ☐

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court: **Yes** ☒ **No** ☐

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

Class		Outstanding at October 31, 2012	
Class A	Common stock, $0.01 par	41,883,447	Shares
Class B	Common stock, $0.01 par	28,235	Shares

SemGroup Corporation

TABLE OF CONTENTS

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, the anticipated performance of NGL Energy Partners LP, management’s plans and objectives for future operations, 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 that we file with the Securities and Exchange Commission (“SEC”), and the following:

- Our ability to generate sufficient cash flow from operations to enable us to pay our debt obligations or to fund our other liquidity needs;
- Our ability to comply with the covenants contained in, and maintain certain financial ratios required by, our credit facilities;
- Our ability to obtain additional capital on terms that are favorable to us;
- The ability of our subsidiary, Rose Rock Midstream, L.P., to make minimum quarterly distributions to its unitholders, including us;
- The operations of NGL Energy Partners LP, which we do not control;
- The possibility that our hedging activities may result in losses or may have a negative impact on our financial results;
- Any sustained reduction in demand for the petroleum products we gather, transport, process and store;
- Our ability to obtain new sources of supply of petroleum products;
- Our failure to comply with new or existing environmental laws or regulations or cross border laws or regulations;
- The possibility that the construction or acquisition of new assets may not result in the corresponding anticipated revenue increases;
- The effects of having filed for, and emerged from, bankruptcy protection;
- Any future impairment to goodwill resulting from the loss of customers or business;
- Changes in currency exchange rates; and
- 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.

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.

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 liquid asphalt cement, collectively, as “petroleum products” or “products.”

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SEMGROUP CORPORATION
Condensed Consolidated Balance Sheets
(Dollars in thousands)

	(Unaudited) September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 67,461	$ 73,613
Restricted cash	34,912	39,543
Accounts receivable (net of allowance of $4,416 and $3,623 at September 30, 2012 and December 31, 2011, respectively)	335,795	209,781
Receivable from affiliates	5,786	6,408
Inventories	34,479	31,994
Other current assets	17,998	28,396
Total current assets	496,431	389,735
Property, plant and equipment (net of accumulated depreciation of $119,547 and $83,481 at September 30, 2012 and December 31, 2011, respectively)	800,231	733,925
Equity method investments	378,522	327,243
Goodwill	9,956	9,453
Other intangible assets (net of accumulated amortization of $6,272 and $4,336 at September 30, 2012 and December 31, 2011, respectively)	8,181	8,950
Other assets, net	17,744	21,875
Total assets	$ 1,711,065	$ 1,491,181
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable	$ 237,357	$ 145,203
Payable to affiliates	1,577	6,314
Accrued liabilities	73,943	53,675
Payables to pre-petition creditors	32,944	37,800
Deferred revenue	15,127	23,031
Other current liabilities	3,495	4,430
Current portion of long-term debt	2,096	26,058
Total current liabilities	366,539	296,511
Long-term debt	189,569	83,277
Deferred income taxes	76,581	73,784
Other noncurrent liabilities	77,024	58,944
Commitments and contingencies (Note 9)		
SemGroup owners' equity:		
Common stock (Note 10)	419	418
Additional paid-in capital	1,036,978	1,032,365
Treasury stock, at cost (Note 10)	(242)	—
Accumulated deficit	(166,768)	(167,812)
Accumulated other comprehensive income (loss)	1,055	(13,875)
Total SemGroup owners' equity	871,442	851,096
Noncontrolling interests in consolidated subsidiaries	129,910	127,569
Total owners' equity	1,001,352	978,665
Total liabilities and owners' equity	$ 1,711,065	$ 1,491,181

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)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenues:				
Product	$ 209,202	$ 335,331	$ 708,408	$ 962,879
Service	29,800	28,565	86,727	96,782
Other	38,850	27,626	126,525	75,426
Total revenues	277,852	391,522	921,660	1,135,087
Expenses:				
Costs of products sold, exclusive of depreciation and amortization shown below	189,830	313,490	651,283	896,871
Operating	52,367	41,772	172,750	116,384
General and administrative	16,680	16,883	53,073	56,443
Depreciation and amortization	12,081	12,894	35,687	38,355
Gain on disposal or impairment of long-lived assets, net	(3,615)	—	(3,496)	(136)
Total expenses	267,343	385,039	909,297	1,107,917
Earnings from equity method investments	3,116	4,016	22,903	10,166
Operating income	13,625	10,499	35,266	37,336
Other expenses (income):				
Interest expense	1,992	6,013	7,763	49,321
Foreign currency transaction (gain) loss	355	(2,874)	358	(3,430)
Other (income) expense, net	9,354	(8,973)	16,783	(14,564)
Total other (income) expenses, net	11,701	(5,834)	24,904	31,327
Income from continuing operations before income taxes	1,924	16,333	10,362	6,009
Income tax expense	2,091	1,308	985	3,202
Income (loss) from continuing operations	(167)	15,025	9,377	2,807
Loss from discontinued operations, net of income taxes	(265)	(686)	(456)	(735)
Net income (loss)	(432)	14,339	8,921	2,072
Less: net income attributable to noncontrolling interests	2,336	—	7,915	—
Net income (loss) attributable to SemGroup	$ (2,768)	$ 14,339	$ 1,006	$ 2,072
Net income (loss)	$ (432)	$ 14,339	$ 8,921	$ 2,072
Other comprehensive income (loss), net of income taxes	12,072	(18,103)	14,930	(11,465)
Comprehensive income (loss)	11,640	(3,764)	23,851	(9,393)
Less: comprehensive income attributable to noncontrolling interests	2,336	—	7,915	—
Comprehensive income (loss) attributable to SemGroup	$ 9,304	$ (3,764)	$ 15,936	$ (9,393)
Net income (loss) per common share (Note 11):				
Basic	$ (0.07)	$ 0.34	$ 0.02	$ 0.05
Diluted	$ (0.07)	$ 0.34	$ 0.02	$ (0.15)

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)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities:		
Net income	$ 8,921	$ 2,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Net unrealized (gain) loss related to derivative instruments	(432)	(9,394)
Depreciation and amortization	36,123	39,556
Gain on disposal or impairment of long-lived assets, net	(3,496)	(137)
Equity earnings from investments	(22,903)	(10,166)
Distributions from equity investments	25,053	10,166
Amortization and write down of debt issuance costs	2,078	23,235
Deferred tax benefit	(3,738)	(4,019)
Non-cash equity compensation	4,832	3,949
Provision for uncollectible accounts receivable, net of recoveries	(828)	(5,340)
Currency (gain) loss	358	(3,430)
Changes in operating assets and liabilities (Note 12)	5,790	(54,726)
Net cash provided by (used in) operating activities	51,758	(8,234)
Cash flows from investing activities:		
Capital expenditures	(82,123)	(50,879)
Proceeds from sale of long-lived assets	347	1,093
Investments in non-consolidated subsidiaries	(63,999)	(2,863)
Proceeds from the sale of non-consolidated affiliate	3,500	—
Distributions in excess of equity in earnings of affiliates	10,569	9,745
Net cash used in investing activities	(131,706)	(42,904)
Cash flows from financing activities:		
Debt issuance costs	(694)	(10,639)
Borrowings on debt and other obligations	260,500	153,434
Principal payments on debt and other obligations	(179,001)	(115,425)
Distributions to noncontrolling interests	(5,754)	—
Repurchase of stock-based awards for payment of statutory taxes due on stock-based compensation	(242)	—
Net cash provided by financing activities	74,809	27,370
Effect of exchange rate changes on cash and cash equivalents	(977)	1,005
Change in cash and cash equivalents	(6,116)	(22,763)
Change in cash and cash equivalents included in discontinued operations	(36)	(1,206)
Change in cash and cash equivalents from continuing operations	(6,152)	(23,969)
Cash and cash equivalents at beginning of period	73,613	87,821
Cash and cash equivalents at end of period	$ 67,461	$ 63,852

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. SemGroup Corporation is the successor entity of SemGroup, L.P., which was an Oklahoma limited partnership. 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, SemGroup, L.P., and their subsidiaries.

On July 22, 2008 (the “Petition Date”), SemGroup, L.P. and certain subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Also on July 22, 2008, SemGroup, L.P.’s Canadian subsidiaries filed applications for creditor protection in Canada under the Companies’ Creditors Arrangement Act. Later during 2008, certain other U.S. subsidiaries filed petitions for reorganization.

During the reorganization process, SemGroup, L.P. filed a Plan of Reorganization with the court, which was confirmed on October 28, 2009. The Plan of Reorganization determined, among other things, how pre-Petition Date obligations would be settled, the equity structure of the reorganized company upon emergence and the financing arrangements upon emergence. SemGroup Corporation emerged from bankruptcy on November 30, 2009 (the “Emergence Date”).

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and the rules and regulations of the Securities and Exchange Commission. 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.

The accompanying condensed consolidated financial statements are unaudited. The condensed consolidated balance sheet at December 31, 2011 is derived from audited financial statements.

Our condensed consolidated financial statements include the accounts of our controlled subsidiaries. All significant transactions between our consolidated subsidiaries have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 nine months ended September 30, 2012 , are not necessarily indicative of the results to be expected for the full year ending December 31, 2012 .

Pursuant to the rules and regulations of the Securities and Exchange Commission, the accompanying condensed consolidated financial statements do not include all of the information and notes normally included with financial statements prepared in accordance with accounting principles generally accepted in the United States. 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, 2011 , which are included in our Annual Report on Form 10-K for the year ended December 31, 2011 , filed with the Securities and Exchange Commission.

Certain reclassifications have been made to conform previously reported balances to the current presentation, including the reclass of prior periods to reflect the SemStream segment's Arizona operations as discontinued operations and classify assets and liabilites as held for sale. On September 12, 2012, we entered into an agreement to sell the Arizona operations, subject to regulatory approval.

Our significant accounting policies are consistent with those described in our Annual Report on Form 10-K for the year ended December 31, 2011 .

Recent accounting pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”), which creates common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. We adopted this guidance on January 1, 2012. The impact of adoption was not material.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

1. OVERVIEW, Continued

During June 2011, the FASB issued ASU No. 2011-05, “Presentation of Comprehensive Income”. This ASU is designed to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The amendments require that all non-owner changes in stockholders’ equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU No. 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05,” which deferred certain presentation requirements in ASU No. 2011-05 for items reclassified out of accumulated other comprehensive income. We adopted this guidance on January 1, 2012. The impact of adoption was not material.

During September 2011, the FASB issued ASU No. 2011-08, “Testing Goodwill for Impairment”. This ASU is designed to simplify how entities test goodwill for impairment. Under the new standard, an entity may first assess qualitative factors to determine whether it is more likely than not that the fair value of an asset group is less than the carrying amount, for the purpose of determining whether it is necessary to estimate the fair value of the asset group to which the goodwill relates. We adopted this guidance on January 1, 2012, and will test goodwill for impairment on October 1 st in accordance with SemGroup Corporation’s policy.

2. ROSE ROCK MIDSTREAM, L.P.

On December 14, 2011, our subsidiary Rose Rock Midstream, L.P. (“Rose Rock”) completed an initial public offering (“IPO”) of 7 million common units representing limited partner interests (NYSE: RRMS). We control the operations of Rose Rock through our ownership of the general partner interest, and we continue to consolidate Rose Rock. Our ownership interest in Rose Rock as of September 30, 2012 (unaudited) and December 31, 2011 is shown in the table below:

General partner interest	2%
Limited partner interest (a)	57%
Total ownership interest	59%

(a) Represents 1.4 million common units and 8.4 million subordinated units

Outside ownership interests in Rose Rock are reflected in “noncontrolling interests in consolidated subsidiaries” on our condensed consolidated balance sheets at September 30, 2012 and December 31, 2011 . The portion of Rose Rock’s net income attributable to outside owners is reflected within “net income attributable to noncontrolling interests” in our condensed consolidated statements of operations and comprehensive income (loss) for the three months and nine months ended September 30, 2012 .

We receive distributions from Rose Rock on our common and subordinated units and our two percent general partner interest, which includes our incentive distribution rights. Rose Rock intends to pay a minimum quarterly distribution of $0.3625 per unit, to the extent it has sufficient available cash, as defined in Rose Rock’s partnership agreement. Rose Rock’s partnership agreement requires Rose Rock to distribute all of its available cash each quarter in the following manner:

	Total Quarterly Distributions Per Unit Target Amount				Marginal Percentage Interest in Distributions		
					Unitholders	General Partner	Incentive Distribution Rights
Minimum Quarterly Distributions				$ 0.362500	98.0%	2.0%	—
First Target Distribution	above	$ 0.362500	up to	$ 0.416875	98.0%	2.0%	—
Second Target Distribution	above	$ 0.416875	up to	$ 0.453125	85.0%	2.0%	13.0%
Third Target Distribution	above	$ 0.453125	up to	$ 0.543750	75.0%	2.0%	23.0%
Thereafter			above	$ 0.543750	50.0%	2.0%	48.0%

The following table shows the distributions paid or expected to be paid (in thousands, except for per unit amounts):

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

2. ROSE ROCK MIDSTREAM, L.P. , Continued

				Distributions Paid/To Be Paid					
				SemGroup					
Quarter Ended	Record Date	Payment Date	Distri-bution Per Unit	General Partner	Incentive Distri-butions	Common Units	Subord-inated Units	Noncontrolling Interest Common Units	Total Distributions
December 31, 2011 *	February 3, 2012	February 13, 2012	$ 0.0670 *	$ 23	$ —	$ 93	$ 561	$ 470	$ 1,147
March 31, 2012	May 7, 2012	May 15, 2012	$ 0.3725	$ 128	$ —	$ 517	$ 3,125	$ 2,607	$ 6,377
June 30, 2012	August 6, 2012	August 14, 2012	$ 0.3825	$ 131	$ —	$ 532	$ 3,209	$ 2,678	$ 6,549
September 30, 2012	November 5, 2012	November 14, 2012 **	$ 0.3925 **	$ 134	$ —	$ 545	$ 3,293	$ 2,748	$ 6,720

*Minimum quarterly distribution for quarter ended December 31, 2011 was prorated for the period beginning immediately after the closing of Rose Rock's IPO, December 14, 2011 through December 31, 2011.

**Expected payment date and amounts for distributions related to the quarter ended September 30, 2012 .Certain summarized balance sheet information of Rose Rock is shown below (in thousands):

	(unaudited) September 30, 2012	December 31, 2011
Cash	$ 13,498	$ 9,709
Other current assets	236,144	156,873
Property, plant and equipment, net	285,244	276,246
Other noncurrent assets, net	2,665	2,666
Total assets	$ 537,551	$ 445,494
Current liabilities	$ 227,131	$ 140,553
Long-term debt	69	87
Partners' capital attributable to SemGroup	180,441	177,323
Partners' capital attributable to noncontrolling interests	129,910	127,531
Total liabilities and partners' capital	$ 537,551	$ 445,494

Certain summarized income statement information of Rose Rock for the three months and nine months ended September 30, 2012 and September 30, 2011 is shown below (in thousands):

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	$ 131,554	$ 104,616	$ 468,687	$ 299,121
Cost of products sold	$ 111,790	$ 90,660	$ 412,847	$ 252,804
Operating, general and administrative expenses	$ 9,779	$ 6,570	$ 25,976	$ 20,202
Depreciation and amortization expense	$ 3,066	$ 3,122	$ 9,032	$ 8,505
Net income	$ 6,469	$ 3,830	$ 19,353	$ 16,407

SEMGROUP CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

3. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

White Cliffs

We account for our 51% ownership of White Cliffs Pipeline, L.L.C. ("White Cliffs") under the equity method, as the other owners have substantive rights to participate in its management. Under the equity method, we do not report the individual assets and liabilities of White Cliffs on our condensed consolidated balance sheets. Instead, our ownership interest is reflected in one line as a noncurrent asset on our condensed consolidated balance sheets. Certain summarized income statement information of White Cliffs for the three months and nine months ended September 30, 2012 and September 30, 2011 is shown below (in thousands):

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	$ 28,522	$ 17,515	$ 76,910	$ 47,878
Operating, general and administrative expenses	$ 3,857	$ 3,824	$ 11,382	$ 10,029
Depreciation and amortization expense	$ 4,995	$ 5,214	$ 14,964	$ 15,622
Net income	$ 19,670	$ 8,477	$ 50,564	$ 22,227
Distributions paid to SemGroup	$ (10,794)	$ (7,239)	$ (30,561)	$ (19,912)

The equity in earnings of White Cliffs for the three months and nine months ended September 30, 2012 and September 30, 2011 reported in our condensed consolidated statement of operations and comprehensive income (loss) is less than 51% of the net income of White Cliffs for the same period. 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. Such expenses are recorded by White Cliffs, and are allocated to our ownership interest. White Cliffs recorded $24.0 thousand and $0.6 million of such general and administrative expense for the three months ended September 30, 2012 and September 30, 2011 , respectively. White Cliffs recorded $1.5 million and $2.4 million of such general and administrative expense for the nine months ended September 30, 2012 and September 30, 2011 , respectively. The decrease in allocated costs from prior year is primarily due to revisions to our cost allocations based on a transfer pricing study completed in the third quarter for which year to date adjustments were booked in September 2012.

In September 2012, we received $3.5 million from the other owners of White Cliffs related to the September 2010 exercise of their rights to purchase additional ownership interests in White Cliffs. This gain is reported in gain on disposal or impairment of long-lived assets, net in the condensed consolidated statements of operations and comprehensive income (loss).

NGL Energy

We own 9,133,409 common units representing limited partner interests in NGL Energy Partners LP (NYSE: NGL) ("NGL Energy"), which represents approximately 18.0% of the total 50,669,109 limited partner units of NGL Energy outstanding at June 30, 2012, and a 6.42% interest in the general partner of NGL Energy. Our limited and general partner ownership interests reflect the dilution caused by an NGL Energy acquisition completed June 19, 2012. In conjunction with the June 2012 transaction, we received 201,378 additional common units.

At September 30, 2012 , the fair market value of our 9,133,409 common unit investment in NGL Energy was $219.6 million , based on a September 28, 2012 closing price of $24.04 per common unit. This does not reflect our interest in the general partner of NGL Energy. The excess of the recorded amount of our investment over the book value of our share of the underlying net assets primarily represents equity method goodwill. The fair value of our limited partner investment in NGL Energy is categorized as a Level 1 measurement as it is based on quoted market prices.

Our policy is to record our equity in earnings of NGL Energy on a one-quarter lag, as we do not expect information on the earnings of NGL Energy to always be available in time to consistently record the earnings in the quarter in which they are generated. Accordingly, we have recorded losses representing our equity in earnings of NGL Energy of $6.9 million and $2.2 million in our condensed consolidated statements of operations and comprehensive income (loss) for the three months and nine months ended September 30, 2012 , respectively, which relate to the earnings of NGL Energy for the three months and nine months ended June 30, 2012, prorated for the period of time we held our ownership interest in NGL Energy. We received cash distributions of $2.1 million and $5.1 million for the three months and nine months ended September 30, 2012 , respectively,

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

3. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES, Continued

related to these earnings from NGL Energy. The agreement to waive our distribution rights on approximately 3.9 million common units expired in the third quarter 2012 and any third quarter distributions declared related to these units will be received in the fourth quarter 2012.

Certain unaudited summarized income statement information of NGL Energy for the three months and nine months ended June 30, 2012 is shown below (in thousands):

	Three Months Ended June 30, 2012	Nine Months Ended June 30, 2012
Revenue	$ 326,436	$ 1,236,023
Cost of products sold	$ 298,985	$ 1,128,581
Operating, general and administrative expenses	$ 33,298	$ 76,015
Depreciation and amortization expense	$ 9,227	$ 21,260
Net income	$ (24,710)	$ (4,678)

Glass Mountain Pipeline LLC

In May 2012, we formed a joint venture, Glass Mountain Pipeline, LLC ("GMP"), to construct, maintain and operate a 210-mile crude oil pipeline system originating in Alva and Arnett, Oklahoma and terminating at Cushing, Oklahoma. Construction of the pipeline is expected to be completed by the end of 2013. Once the pipeline is in service, it will be operated by a subsidiary of Rose Rock. In September 2012, we acquired an additional 25% ownership interest in GMP. As of September 30, 2012, we have invested $62.5 million in GMP, including our capital contributions and amounts paid to acquire the additional ownership percentage. We also assumed the responsibility for future capital contributions related to the additional 25% ownership. Subsequent to this transaction, we have a 50% ownership interest in GMP and account for our investment in GMP using the equity method.

As of September 30, 2012 , we expect to make additional contributions of approximately $11.2 million and $51.6 million in 2012 and 2013, respectively.

4. SEGMENTS

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, other than White Cliffs, which has been included within the Crude segment. Our investment in NGL Energy is included within the SemStream segment. 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. 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. Certain general and administrative and interest expenses incurred at the corporate level are allocated to the segments, based on our allocation policies in effect at the time.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

4. SEGMENTS, Continued

	Three Months Ended September 30, 2012							
	Crude	SemStream	SemCAMS	SemGas	SemLogistics	SemMexico	Corporate and Other	Consolidated
	(dollars in thousands)							
Revenues:								
External	$ 131,616	$ —	$ 54,301	$ 27,627	$ 2,213	$ 62,095	$ —	$ 277,852
Intersegment	—	—	—	2,251	—	—	(2,251)	—
Total revenues	131,616	—	54,301	29,878	2,213	62,095	(2,251)	277,852
Expenses:								
Costs of products sold, exclusive of depreciation and amortization shown below	111,790	—	309	24,068	97	55,817	(2,251)	189,830
Operating	6,042	7	40,081	2,931	1,436	1,870	—	52,367
General and administrative	5,015	528	3,354	1,329	990	1,501	3,963	16,680
Depreciation and amortization	3,066	—	2,664	1,797	2,388	1,536	630	12,081
Gain on disposal or impairment of long-lived assets, net	(3,500)	—	—	(3)	—	(112)	—	(3,615)
Total expenses	122,413	535	46,408	30,122	4,911	60,612	2,342	267,343
Earnings from equity method investments	10,021	(6,905)	—	—	—	—	—	3,116
Operating income (loss)	19,224	(7,440)	7,893	(244)	(2,698)	1,483	(4,593)	13,625
Other expenses (income), net	(119)	(2,551)	3,419	(378)	337	(82)	11,075	11,701
Income (loss) from continuing operations before income taxes	$ 19,343	$ (4,889)	$ 4,474	$ 134	$ (3,035)	$ 1,565	$ (15,668)	$ 1,924
Total assets at September 30, 2012 (excluding intersegment receivables)	$ 747,200	$ 190,736	$ 298,867	$ 124,130	$ 175,269	$ 90,906	$ 83,957	$ 1,711,065

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

4. SEGMENTS, Continued

	Three Months Ended September 30, 2011							
	Crude	SemStream	SemCAMS	SemGas	SemLogistics	SemMexico	Corporate and Other	Consolidated
	(dollars in thousands)							
Revenues:								
External	$ 105,938	$ 168,051	$ 41,368	$ 15,192	$ 4,230	$ 56,743	$ —	$ 391,522
Intersegment	(1,322)	14,725	—	13,158	—	—	(26,561)	—
Total revenues	104,616	182,776	41,368	28,350	4,230	56,743	(26,561)	391,522
Expenses:								
Costs of products sold, exclusive of depreciation and amortization shown below	90,660	178,904	—	20,512	152	49,823	(26,561)	313,490
Operating	4,530	2,018	29,845	2,432	1,564	1,383	—	41,772
General and administrative	2,040	2,164	3,378	1,591	1,604	2,825	3,281	16,883
Depreciation and amortization	3,122	878	2,577	1,528	2,339	1,653	797	12,894
Loss (gain) on disposal or impairment of long-lived assets, net	—	(24)	—	4	—	20	—	—
Total expenses	100,352	183,940	35,800	26,067	5,659	55,704	(22,483)	385,039
Earnings from equity method investments	4,016	—	—	—	—	—	—	4,016
Operating income (loss)	8,280	(1,164)	5,568	2,283	(1,429)	1,039	(4,078)	10,499
Other expenses (income), net	(349)	(638)	1,990	82	312	479	(7,710)	(5,834)
Income (loss) from continuing operations before income taxes	$ 8,629	$ (526)	$ 3,578	$ 2,201	$ (1,741)	$ 560	$ 3,632	$ 16,333

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

4. SEGMENTS, Continued

	Nine Months Ended September 30, 2012							
	Crude	SemStream	SemCAMS	SemGas	SemLogistics	SemMexico	Corporate and Other	Consolidated
	(dollars in thousands)							
Revenues:								
External	$ 468,748	$ 7	$ 169,149	$ 81,917	$ 8,610	$ 193,229	$ —	$ 921,660
Intersegment	—	—	—	7,535	—	—	(7,535)	—
Total revenues	468,748	7	169,149	89,452	8,610	193,229	(7,535)	921,660
Expenses:								
Costs of products sold, exclusive of depreciation and amortization shown below	412,847	33	499	70,607	196	174,636	(7,535)	651,283
Operating	17,957	(18)	135,165	9,092	4,521	6,033	—	172,750
General and administrative	9,796	582	10,404	4,564	4,249	6,730	16,748	53,073
Depreciation and amortization	9,032	—	7,910	5,153	7,040	4,614	1,938	35,687
Gain on disposal or impairment of long-lived assets, net	(3,444)	—	—	(3)	—	(49)	—	(3,496)
Total expenses	446,188	597	153,978	89,413	16,006	191,964	11,151	909,297
Earnings from equity method investments	25,053	(2,150)	—	—	—	—	—	22,903
Operating income (loss)	47,613	(2,740)	15,171	39	(7,396)	1,265	(18,686)	35,266
Other expenses (income), net	(739)	(2,507)	13,974	924	1,805	233	11,214	24,904
Income (loss) from continuing operations before income taxes	$ 48,352	$ (233)	$ 1,197	$ (885)	$ (9,201)	$ 1,032	$ (29,900)	$ 10,362

4. SEGMENTS, Continued

	Nine Months Ended September 30, 2011							
	Crude	SemStream	SemCAMS	SemGas	SemLogistics	SemMexico	Corporate and Other	Consolidated
	(dollars in thousands)							
Revenues:								
External	$ 301,626	$ 492,938	$ 122,004	$ 42,923	$ 18,815	$ 156,024	$ 757	$ 1,135,087
Intersegment	(2,505)	44,249	—	31,753	—	—	(73,497)	—
Total revenues	299,121	537,187	122,004	74,676	18,815	156,024	(72,740)	1,135,087
Expenses:								
Costs of products sold, exclusive of depreciation and amortization shown below	252,804	528,356	10	52,150	152	136,378	(72,979)	896,871
Operating	13,683	6,390	80,611	6,282	5,129	4,231	58	116,384
General and administrative	6,508	6,727	12,737	4,829	5,276	8,983	11,383	56,443
Depreciation and amortization	8,505	3,501	7,746	4,410	6,943	4,912	2,338	38,355
Loss (gain) on disposal or impairment of long-lived assets, net	12	40	—	4	—	(186)	(6)	(136)
Total expenses	281,512	545,014	101,104	67,675	17,500	154,318	(59,206)	1,107,917
Earnings from equity method investments	10,166	—	—	—	—	—	—	10,166
Operating income (loss)	27,775	(7,827)	20,900	7,001	1,315	1,706	(13,534)	37,336
Other expenses (income), net	1,919	14,323	16,661	1,829	740	(145)	(4,000)	31,327
Income (loss) from continuing operations before income taxes	$ 25,856	$ (22,150)	$ 4,239	$ 5,172	$ 575	$ 1,851	$ (9,534)	$ 6,009

5. INVENTORIES

Inventories consist of the following (in thousands):

	September 30, 2012	December 31, 2011
Crude oil	$ 29,181	$ 21,803
Asphalt and other	5,298	10,191
	$ 34,479	$ 31,994

6. 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 these assets and liabilities at September 30, 2012 and December 31, 2011 (in thousands):

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

6. FINANCIAL INSTRUMENTS, Continued

	September 30, 2012					December 31, 2011				
	Level 1	Level 2	Level 3	Netting*	Total	Level 1	Level 2	Level 3	Netting*	Total
Assets:										
Commodity derivatives	$ 609	$ —	$ —	$ (15)	$ 594	$ 393	$ —	$ —	$ (231)	$ 162
Total assets	609	—	—	(15)	594	393	—	—	(231)	162
Liabilities:										
Commodity derivatives	$ 15	$ —	$ —	$ (15)	$ —	$ 231	$ —	$ —	$ (231)	$ —
Warrants	29,263	—	—	—	29,263	12,180	—	—	—	12,180
Interest rate swaps	—	—	—	—	—	—	358	—	—	358
Total liabilities	29,278	—	—	(15)	29,263	12,411	358	—	(231)	12,538
Net liabilities at fair value	$ (28,669)	$ —	$ —	$ —	$ (28,669)	$ (12,018)	$ (358)	$ —	$ —	$ (12,376)

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

"Level 1" measurements use as inputs 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. These also include common stock warrants (Note 10), beginning in September 2011, when the warrants began to be traded on the New York Stock Exchange.

"Level 2" measurements use as inputs market observable and corroborated prices for similar commodity derivative contracts. Assets and liabilities classified as Level 2 include over-the-counter ("OTC") traded forward contracts and swaps.

"Level 3" measurements use as inputs information from a pricing service and internal valuation models incorporating observable and unobservable market data. These 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. Level 3 measurements also included common stock warrants until September 2011, when the warrants began to be traded on the New York Stock Exchange. Prior to that point, we used a Black-Scholes pricing model to estimate the fair value of the warrants.

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.

There were no financial assets or liabilities classified as Level 3 during the three months and nine months ended September 30, 2012 . The following table summarizes changes in the fair value of our net financial assets (liabilities) classified as Level 3 in the fair value hierarchy (in thousands):

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

6. FINANCIAL INSTRUMENTS, Continued

	Three Months Ended September 30, 2012			Three Months Ended September 30, 2011		
	Warrants	Commodity Derivatives	Total	Warrants	Commodity Derivatives	Total
Net liabilities—beginning balance	$ —	$ —	$ —	$ (13,618)	$ (1,736)	$ (15,354)
Transfers out of Level 3(*)	—	—	—	8,934	6	8,940
Total gain (realized and unrealized) included in earnings(**)	—	—	—	4,684	3,156	7,840
Settlements	—	—	—	—	(1,884)	(1,884)
Net liabilities—ending balance	$ —	$ —	$ —	$ —	$ (458)	$ (458)
Amount of total gain included in earnings for the period attributable to the change in unrealized gain or loss relating to assets and liabilities still held at the reporting date	$ —	$ —	$ —	$ —	$ 3,156	$ 3,156

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	Warrants	Commodity Derivatives	Total	Warrants	Commodity Derivatives	Total
Net liabilities—beginning balance	$ —	$ —	$ —	$ (17,192)	$ (547)	$ (17,739)
Transfers out of Level 3(*)	—	—	—	8,934	(419)	8,515
Total gain (realized and unrealized) included in earnings(**)	—	—	—	8,258	2,783	11,041
Settlements	—	—	—	—	(2,275)	(2,275)
Net liabilities—ending balance	$ —	$ —	$ —	$ —	$ (458)	$ (458)
Amount of total gain included in earnings for the period attributable to the change in unrealized gain or loss relating to assets and liabilities still held at the reporting date	$ —	$ —	$ —	$ —	$ 2,783	$ 2,783

(*) In these tables, transfers in and transfers out are recognized as of the beginning of the reporting period for commodity derivatives and as of the transfer date for warrants.
(**) Gains and losses related to commodity derivatives are reported in product revenue and gains and losses related to warrants are recorded in other expense (income) in the condensed consolidated statements of operations and comprehensive income (loss).

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 crude oil to create back-to-back transactions that are intended to lock in positive margins based on the timing, location or quality of the crude oil purchased and delivered or (ii) derivative contracts. Our storage and transportation assets can also be used to mitigate location and time basis risk. All marketing activities are subject to our Comprehensive Risk Management Policy, which establishes limits in order to manage risk and mitigate financial exposure.

We contributed the primary operating assets of SemStream, L.P. ("SemStream) to NGL Energy on November 1, 2011, including all of SemStream's commodity derivatives. Prior to November 1, 2011, SemStream managed commodity price risk by limiting its net open positions subject to outright price risk and basis risk resulting from grade, location or time differences. SemStream did so by selling and purchasing similar quantities of natural gas liquids with purchase and sale transactions for current or future delivery, by entering into future delivery and purchase obligations with futures contracts or other commodity derivatives and employing its storage and transportation assets. SemStream, at times, hedged its natural gas liquids commodity

6. FINANCIAL INSTRUMENTS, Continued

price exposure with derivatives on commodities other than natural gas liquids due to the limited size of the market for natural gas liquids derivatives. In addition, physical transaction sale and purchase strategies were intended to lock in positive margins for SemStream, e.g., the sales price was sufficient to cover purchase costs, any other fixed and variable costs and SemStream's profit. All marketing activities were subject to our Comprehensive Risk Management Policy, which establishes limits to manage risk and mitigate financial exposure.

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

Swaps – Over the counter 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 – Over the counter 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 unaudited notional quantities for commodity derivative instruments entered into (in thousands of barrels):

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Sales	470	5,189	1,153	18,000
Purchases	380	4,344	1,066	17,716

We have not designated any of our commodity derivative instruments as accounting hedges. We record 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):

	September 30, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Commodity contracts	$ 594	$ —	$ 162	$ —

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

Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
$ (631)	$ 2,960	$ (342)	$ 62

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

6. FINANCIAL INSTRUMENTS, Continued

Warrants

As described in Note 10, upon emergence from bankruptcy, we issued certain common stock warrants. These warrants are recorded at fair value in other noncurrent liabilities on the condensed consolidated balance sheets, with changes in the fair value recorded to other expense (income). Beginning in September 2011, the warrants began to be traded on the New York Stock Exchange.

7. INCOME TAXES

Due to our emergence from bankruptcy and overall restructuring, we have recorded a full valuation allowance on all U.S. federal and state deferred tax assets. We have determined that no accruals related to uncertainty in tax positions are required. The effective tax rate was 109% for the three months ended September 30, 2012 , and 8% for the three months ended September 30, 2011 . The effective tax rate was 10% for the nine months ended September 30, 2012 , and 53% for the nine months ended September 30, 2011 . Significant items that impacted the effective tax rate for each period, as compared to the U.S. Federal statutory rate of 35% , include earnings in foreign jurisdictions taxed at lower rates and the full valuation allowance which was recorded against our deferred tax assets. Further, the foreign earnings are taxed in foreign jurisdictions as well as in the U.S., since they are disregarded entities for U.S. federal income tax purposes. For the three months and nine months ended September 30, 2012 , the rate is impacted by a noncontrolling interest in Rose Rock for which taxes are not provided. Deferred tax liabilities, with the exception of those related to certain long-lived assets, have been considered as a source of future taxable income in establishing the amount of the valuation allowance. These combined factors, and the magnitude of 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.

8. LONG-TERM DEBT

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

	September 30, 2012	December 31, 2011
SemGroup corporate revolving credit facility	$ 189,500	$ 82,000
Rose Rock credit facility	—	—
SemLogistics credit facility	—	23,180
SemMexico credit facility	2,072	4,046
Capital leases	93	109
Total long-term debt	$ 191,665	$ 109,335
less: current portion of long-term debt	2,096	26,058
Noncurrent portion of long-term debt	$ 189,569	$ 83,277

SemGroup corporate credit agreement

Our revolving credit facility had a capacity of $300 million at September 30, 2012 . The capacity was reduced from $320 million to $300 million during the first quarter of 2012 following the close of Rose Rock's IPO. This capacity may be used either for cash borrowings or letters of credit, although the maximum letter of credit capacity is $250 million . At September 30, 2012 , we had outstanding cash borrowings of $189.5 million on this facility and outstanding letters of credit of $2.1 million .

At September 30, 2012 , $90 million of our outstanding cash borrowings incurred interest at the Eurodollar rate and $99.5 million incurred interest at the alternate base rate ("ABR"). The interest rate in effect at September 30, 2012 , on $50 million of Eurodollar rate borrowings was 3.23% , calculated as LIBOR of 0.7334% plus a margin of 2.5% . The interest rate in effect at September 30, 2012 , on $40 million of Eurodollar rate borrowings was 2.96% , calculated as LIBOR of 0.46060% plus a margin of 2.5% . The interest rate in effect at September 30, 2012 , on the $99.5 million of ABR borrowings was 4.75% , calculated as the prime rate of 3.25% plus a margin of 1.5% .

At September 30, 2012 , the commitment rate in effect on letters of credit was 2.5% . In addition, a fronting fee of 0.25% is charged on outstanding letters of credit. A commitment fee of 0.5% is charged on any unused capacity on the revolving credit facility.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

8. LONG-TERM DEBT, Continued

At September 30, 2012 , $3.7 million in capitalized loan fees, net of accumulated amortization, was recorded in other noncurrent assets, which is being amortized over the life of the loan.

We recorded interest expense related to the SemGroup revolving credit facility of $1.7 million and $4.9 million for the three months and nine months ended September 30, 2012 , respectively, including amortization of debt issuance costs.

At September 30, 2012 , we were in compliance with the terms of the credit agreement.

Rose Rock credit facility

At September 30, 2012 , there were no revolving cash borrowings on Rose Rock's $150 million revolving credit facility. We had $38.2 million in outstanding letters of credit, and the rate in effect was 2.25% . In addition, a fronting fee of 0.25% is charged on outstanding letters of credit. A commitment fee that ranges from 0.375% to 0.50% , depending on a leverage ratio specified in the credit agreement, is charged on any unused capacity of the revolving credit facility. We had $8.4 million of Secured Bilateral Letters of Credit outstanding and the interest rate in effect on $2.7 million of Secured Bilateral Letters of Credit was 1.75% . The interest rate in effect on $5.7 million of Secured Bilateral Letters of Credit was 2.00% . Secured Bilateral Letters of Credit are external to the facility and do not reduce revolver availability. At September 30, 2012 , we were in compliance with the terms of the credit agreement.

In September 2012, we amended the credit agreement such that the revolving credit facility may under certain conditions be increased by up to an additional $400 million . The previous agreement provided for an increase of up to $200 million .

We recorded $0.5 million and $1.4 million of interest expense during the three months and nine months ended September 30, 2012 , respectively, including amortization of debt issuance costs.

At September 30, 2012 , $1.6 million in capitalized loan fees, net of accumulated amortization, was recorded in other noncurrent assets, which is being amortized over the life of the facility.

SemLogistics credit facilities

SemLogistics entered into a credit agreement in December 2010, which included a £15 million term loan and a £15 million revolving credit facility. This facility was terminated in March 2012.

At December 31, 2011, unamortized debt issuance costs of $0.8 million were included in other noncurrent assets. This balance was amortized to interest expense during first quarter 2012.

During February 2011, we entered into three interest swap agreements. The intent of the swaps was to offset a portion of the variability in interest payments due under the term loan. These swaps were terminated in March 2012 with a loss on closure of $0.4 million , including a reclass of $0.3 million from accumulated other comprehensive income to earnings.

SemMexico facilities

During 2010, SemMexico entered into a credit agreement that allowed SemMexico to borrow up to 80 million Mexican pesos at any time through June 2011. Borrowings on this facility are required to be repaid with monthly payments through May 2013 . At September 30, 2012 , borrowings of 26.7 million Mexican pesos (U.S. $2.1 million at the September 30, 2012 exchange rate) were outstanding on this facility. Borrowings are unsecured and bear interest at the bank prime rate in Mexico plus 1.5% . At September 30, 2012 , the interest rate in effect was 6.30% , calculated as 1.5% plus the bank prime rate of 4.80% .

SemMexico also has outstanding letters of credit of 292.8 million Mexican pesos at September 30, 2012 (U.S. $22.8 million at the September 30, 2012 exchange rate). Fees are generally charged on outstanding letters of credit at a rate of 0.46% .

On June 13, 2012, SemMexico entered into an additional revolving credit agreement that allows SemMexico to borrow up to 44 million Mexican pesos (U.S. $3.4 million at the September 30, 2012 exchange rate) at any time during the term of the facility, which matures in June 2015. Borrowings are unsecured and bear interest at the bank prime rate in Mexico plus 2.0% . At September 30, 2012 , there were no outstanding borrowings on this facility.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

8. LONG-TERM DEBT, Continued

On July 13, 2012, SemMexico entered into an additional credit agreement that allows SemMexico to borrow up to 56 million Mexican pesos (U.S. $4.4 million at the September 30, 2012 exchange rate) at any time during the term of the facility, which matures in July 2013 . Borrowings are unsecured and bear interest at the bank prime rate in Mexico plus 1.7% . At September 30, 2012 , there were no outstanding borrowings on this facility.

SemMexico recorded interest expense of $0.1 million and $0.2 million during the three months and nine months ended September 30, 2012 , respectively, related to these facilities. At September 30, 2012 , we were in compliance with the terms of these facilities.

Fair value

We estimate that the fair value of our long-term debt was not materially different than the recorded values at September 30, 2012 , and is categorized as a Level 3 measurement. It is our belief that neither the market interest rates nor our credit profile have changed significantly enough to have had a material impact on the fair value of our debt outstanding at September 30, 2012 .

9. COMMITMENTS AND CONTINGENCIES

Bankruptcy matters

(a) Confirmation order appeal

Luke Oil appeal. On October 21, 2009, Luke Oil Company, C&S Oil/Cross Properties, Inc., Wayne Thomas Oil and Gas and William R. Earnhardt Company (collectively, “Luke Oil”) filed an objection to the Plan of Reorganization “to the extent that the Plan of Reorganization may alter, impair, or otherwise adversely affect Luke Oil’s legal rights or other interests.” On October 28, 2009, the bankruptcy court overruled the Luke Oil objection and entered the confirmation order. On November 6, 2009, Luke Oil filed a notice of appeal. On December 23, 2009, Luke Oil’s appeal was docketed in the United States District Court for the District of Delaware. We filed a motion to dismiss the appeal as equitably moot. On May 21, 2012, the District Court entered an order granting our motion to dismiss Luke Oil’s appeal of the confirmation order. On June 18, 2012, Luke Oil filed its Notice of Appeal, notifying the District Court and the parties to the lawsuit that it was appealing the decision of the District Court to the United States Court of Appeals for the Third Circuit. While we believe that this action is without merit and are vigorously defending this matter on appeal, an adverse ruling on this action could have a material adverse impact on us.

(b) Investigations

Around the time of our bankruptcy filings, several governmental agencies launched investigations regarding the circumstances of the filings. The mandate and scope of these investigations were very broad and some of the investigations are ongoing.

Bankruptcy examiner. On October 14, 2008, the bankruptcy court appointed an examiner to (i) investigate the circumstances surrounding our trading strategy prior to bankruptcy filings; (ii) investigate the circumstances surrounding certain insider transactions and the formation of SemGroup Energy Partners L.P. (a former subsidiary); (iii) investigate the circumstances surrounding the potential improper use of borrowed funds and funds generated from operations and the liquidation of assets to satisfy margin calls related to our trading strategy and that of certain entities owned or controlled by former officers and directors of the general partner of SemGroup, L.P.; (iv) determine whether any directors, officers or employees of the general partner of SemGroup, L.P. participated in fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the management of our affairs; and (v) determine whether the SemGroup debtor estates have causes of action against current or former officers, directors or employees of the general partner of SemGroup, L.P. arising from such participation. The examiner’s report was filed with the bankruptcy court on April 15, 2009.

Certain current and prior employees of the general partner of SemGroup, L.P. are referenced in the examiner’s report and the report’s conclusions may suggest possible civil or criminal liability on their part. To the extent such claims exist, they are property of a litigation trust that was established for the benefit of pre-petition creditors pursuant to the Plan of Reorganization, and are not property of the reorganized SemGroup Corporation. This litigation trust is pursuing claims relating to findings in the examiner’s report, at its own expense. We may incur expenses, which are not expected to be material, related to information and document requests of the litigation trust related to such claims. Any indemnification obligations to former officers by SemGroup, L.P. were discharged under the Plan of Reorganization.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

9. COMMITMENTS AND CONTINGENCIES, Continued

CFTC . On June 19, 2008, we received a request for voluntary production from the Commodity Futures Trading Commission ("CFTC"). Subsequent to the bankruptcy filings, the CFTC sent other requests for voluntary production. The CFTC has also served subpoenas upon us requiring us to produce various documents and for the depositions of our representatives. We continue to comply with the CFTC's requests. We are unaware of any currently pending formal charges against us by the CFTC.

DOJ . On July 15, 2008, we received a subpoena from the Department of Justice ("DOJ") directing us to produce documents responsive to the subpoena. We contacted the DOJ regarding the subpoena and the DOJ verbally voluntarily stayed compliance with the subpoena. We have not produced any documents to the DOJ and, to our knowledge, the DOJ is not currently pursuing any such production. We are unaware of any currently pending formal charges against us by the DOJ.

(c) Claims reconciliation process

A large number of parties have made claims against us for obligations alleged to have been incurred prior to our bankruptcy filing. On September 15, 2010, the bankruptcy court entered an order estimating the contingent, unliquidated and disputed claims and authorizing distributions to holders of allowed claims. Pursuant to that order, we have begun making distributions to the claimants. We continue to attempt to settle unresolved claims.

Pursuant to the Plan of Reorganization, we committed to settle authorized and allowed bankruptcy claims by paying a specified amount of cash, issuing a specified number of warrants, and issuing a specified number of shares of SemGroup Corporation common stock. We do not believe the resolution of the remaining outstanding claims will exceed the total amount of consideration established under the Plan of Reorganization for all claimants; instead, the resolution of the remaining claims in some cases will impact the relative share of the established pool of common stock and warrants that certain claimants receive.

However, under certain circumstances we could be required to pay additional funds to settle the specified group of claims to be settled with cash. Pursuant to the Plan of Reorganization, a specified amount of restricted cash was set aside at the Emergence Date, which we expect to be sufficient to settle this group of claims. Since the Emergence Date, we have made significant progress in resolving these claims, and we continue to believe that the cash set aside at the Emergence Date will be sufficient to settle these claims. However, we have not yet reached a resolution of all of these claims, and if the total settlement amount of all of these claims exceeds the specified amount, we will be required to pay additional funds to satisfy the total settlement amount for this specified group of claims. If this were to become probable of occurring, we would be required to record a liability and a corresponding expense.

Blueknight claim

Blueknight Energy Partners, L.P. ("Blueknight"), which was formerly a subsidiary of SemGroup, together with other entities related to Blueknight, entered into a Shared Services Agreement on April 7, 2009, with SemCrude, L.P. and SemManagement, L.L.C. (which are currently subsidiaries of SemGroup). The services provided by SemCrude to Blueknight under this agreement included the coordination of movement of crude oil belonging to Blueknight's customers and the operation of Blueknight's Oklahoma pipeline system and its Cushing, Oklahoma terminal. Under the subsequent amendments to the agreements beginning in May 2010, certain of these services were phased out, and Blueknight began to manage the movement of its crude oil and the operation of its Cushing terminal.

In a letter dated August 18, 2011, Blueknight claimed that SemCrude owes Blueknight approximately 141,000 barrels of crude oil. We responded to Blueknight's letter denying their charges and requesting documentation from Blueknight of its claim. On February 14, 2012, after months of interaction between the parties through which we requested Blueknight to substantiate its claim, Blueknight filed suit against us in the District Court of Oklahoma County, Oklahoma. On May 1, 2012, the court approved our motion to transfer this case to Tulsa County, Oklahoma. On July 2, 2012, the Tulsa County District Court appointed a Special Master to conduct a review of whether Blueknight is missing 141,000 barrels of crude oil from operations occurring during the months of April through June, 2010. The Special Master will prepare an advisory report to the Court of her findings and conclusions. We believe this matter is without merit and will vigorously defend our position; however, we cannot predict the outcome.

Environmental

9. COMMITMENTS AND CONTINGENCIES, Continued

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 Crude and one owned by SemGas) that KDHE believes, based on their historical use, may have 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 and results indicate that four of the sites have limited amounts of soil contamination that will require remediation and ground water contamination that may require further delineation and/or ongoing monitoring. Work plans have been submitted to, and approved by, the KDHE. We do not anticipate any penalties or fines for these historical sites.

A water pipeline break occurred at a SemCAMS facility during August 2010. This resulted in a spill of material that was predominantly salt water containing a small amount of hydrocarbons. The incident was investigated by Environment Canada and Alberta Environment. On February 14, 2012, charges were filed against SemCAMS by the Federal Government of Canada (Department of Fisheries) and the Province of Alberta (Alberta Environment) in connection with this incident. We are currently reviewing disclosure received from the agencies and have engaged our expert to assist us in formulating our response. Although it is not possible to predict the outcome of these proceedings, we accrued a liability for estimated fines and environmental contributions of $0.4 million in December 2010, which we continue to carry on our books at September 30, 2012 .

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. We have recorded an asset retirement obligation liability of $39.7 million at September 30, 2012 , which is included within other noncurrent liabilities on our condensed consolidated balance sheets. This amount was calculated using the $109.1 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 do not believe the present value of such obligations under current laws and regulations, after taking into account the estimated lives of our facilities, is material to our financial position or results of operations.

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.

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

9. COMMITMENTS AND CONTINGENCIES, Continued

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 which 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 September 30, 2012 , such commitments included the following (in thousands):

	Volume (Barrels)	Value
Fixed price purchases	77	$ 6,922
Fixed price sales	88	$ 8,440
Floating price purchases	25,422	$ 2,397,146
Floating price sales	25,483	$ 2,411,393

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 SemGas segment has a take or pay contractual obligation related to the fractionation of natural gas liquids. This obligation began in July 2011 and continues through June 2015. At September 30, 2012 , approximately $0.1 million was due under the contract and the amount of future obligation is approximately $3.3 million . SemGas 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. In 2012, the majority of SemGas' revenues were generated from such contracts.

During the first quarter 2012, SemGas committed to purchasing equipment related to a 125 MMcf per day processing facility. At September 30, 2012 , the future obligation associated with this purchase is $6.6 million .

See Note 3 for commitments related to Glass Mountain Pipeline LLC.

10. EQUITY

Unaudited condensed consolidated statement of changes in owners' equity

The following table shows the changes in our consolidated owners' equity accounts from December 31, 2011 to September 30, 2012 (in thousands):

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Owners' Equity
Balance at December 31, 2011	$ 418	$ 1,032,365	$ —	$ (167,812)	$ (13,875)	$ 127,569	$ 978,665
Net income	—	—	—	1,006	—	7,915	8,921
Other comprehensive income, net of income taxes	—	—	—	—	14,930	—	14,930
Distributions to noncontrolling interests	—	—	—	—	—	(5,754)	(5,754)
Non-cash equity compensation	—	4,614	—	—	—	218	4,832
Issuance of common stock under compensation plans	1	(1)	—	—	—	—	—
Repurchase of common stock	—	—	(242)	—	—	—	(242)
Other	—	—	—	38	—	(38)	—
Balance at September 30, 2012	$ 419	$ 1,036,978	$ (242)	$ (166,768)	$ 1,055	$ 129,910	$ 1,001,352

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

10. EQUITY, Continued

Accumulated other comprehensive income (loss)

The following table presents the changes in the components of accumulated other comprehensive income (loss) from December 31, 2011 to September 30, 2012 (in thousands):

	Currency Translation	Employee Benefit Plans	Interest Rate Swaps	Total
Balance, December 31, 2011	$ (10,780)	$ (2,811)	$ (284)	$ (13,875)
Currency translation adjustment	14,531	—	—	14,531
Changes related to interest rate swaps	—	—	284	284
Changes related to benefit plans, net of income tax expense of $39	—	115	—	115
Balance, September 30, 2012	$ 3,751	$ (2,696)	$ —	$ 1,055

Common stock

Upon emergence from bankruptcy, we issued 40,882,496 shares of common stock. The Plan of Reorganization specified that we were to issue an additional 517,500 shares of common stock in settlement of pre-petition claims. As of September 30, 2012 , we have issued 198,616 shares of this stock and will issue the remainder as the process of resolving the claims progresses. The owners' equity balances on the condensed consolidated balance sheets include the shares that are required to be issued in settlement of pre-petition claims. The shares of common stock reflected on the condensed consolidated balance sheet at September 30, 2012 are summarized below:

Shares issued on Emergence Date	40,882,496
Shares subsequently issued in settlement of pre-petition claims	198,616
Remaining shares required to be issued in settlement of pre-petition claims	318,884
Issuance of shares under employee and director compensation programs(*)	549,732
Shares issued upon exercise of warrants	7
Total shares	41,949,735
Par value per share	$ 0.01
Common stock on September 30, 2012 balance sheet	$ 419,497

(*) These shares include 130,326 shares which vested during the nine months ended September 30, 2012 . Of these vested shares, recipients sold back to the Company 8,994 shares to satisfy tax withholding obligations which are being recognized at cost as treasury stock on the condensed consolidated balance sheet.

In addition to the shares in the table above, there are shares of unvested restricted stock outstanding at September 30, 2012 . The par value of these shares has not yet been reflected in common stock on the condensed consolidated balance sheet, as these shares have not yet vested. There are also shares of restricted stock that were returned to treasury upon forfeiture. The par value of these shares is not reflected in the condensed consolidated balance sheet, as no accounting recognition is given to forfeited shares.

The common stock includes Class A and Class B stock. Class A stock is eligible to be listed on an exchange, whereas Class B stock is not. Any share of Class B stock may be converted to Class A at the election of the holder. Both classes of stock have full voting rights. Both classes of stock have a par value of $0.01 per share. The total number of shares authorized for issuance is 90,000,000 shares of Class A stock and 10,000,000 shares of Class B stock.

Equity-based compensation

We have reserved common stock for issuance pursuant to director and employee compensation programs. At September 30, 2012 , there were approximately 485,000 unvested shares that have been granted under these programs. The par value of these shares is not reflected in common stock on the condensed consolidated balance sheet, as these shares have not yet vested. Shares of restricted stock awards that were forfeited were returned to treasury. The par value of these shares is not

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

10. EQUITY, Continued

reflected in the condensed consolidated balance sheet, as no accounting recognition is given to forfeited shares. 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 68,000 additional shares could vest.

Warrants

Upon emergence from bankruptcy, we issued 1,634,210 warrants. The Plan of Reorganization specified that we were to issue an additional 544,737 warrants in settlement of the pre-petition claims. As of September 30, 2012 , we have issued 209,056 of the warrants and will issue the remainder as the process of resolving the claims progresses. Beginning September 2011, the warrants began trading on the New York Stock Exchange under the ticker symbol, SEMGWS, and its fair value is classified as a Level 1 measurement. The warrants reflected on the condensed consolidated balance sheet at September 30, 2012 are summarized below:

Warrants issued on Emergence Date		1,634,210
Warrants subsequently issued in settlement of pre-petition claims		209,056
Remaining warrants to be issued in settlement of pre-petition claims		335,681
Warrants exercised		(7)
Total warrants at September 30, 2012		2,178,940
Fair value per warrant at September 30, 2012	$	13.43
Warrant value included within other noncurrent liabilities on September 30, 2012 consolidated balance sheet	$	29,263,164

Each warrant entitles the holder to purchase one share of common stock for $25 at any time before the November 30, 2014 expiration date. Upon exercise, a holder may elect a cashless exercise, whereby the number of shares to be issued to the holder is reduced, in lieu of a cash payment. The closing price of our common stock was $36.85 per share on September 28, 2012. In the event of a change in control of the Company, the holders of the warrants would have the right to sell the warrants to us, and we would have the right to purchase the warrants from the holders. In either case, the price to be paid for the warrants would be calculated using a standard pricing model with inputs specified in the warrant agreement.

11. EARNINGS PER SHARE

The following summarizes the calculation of basic earnings per share for the three months and nine months ended September 30, 2012 and September 30, 2011 (in thousands, except per share amounts):

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

11. EARNINGS PER SHARE, Continued

	Three Months Ended September 30, 2012			Three Months Ended September 30, 2011		
	Continuing Operations	Discontinued Operations	Net	Continuing Operations	Discontinued Operations	Net
Income (loss)	$ (167)	$ (265)	$ (432)	$ 15,025	$ (686)	$ 14,339
less: Income attributable to noncontrolling interests	2,336	—	2,336	—	—	—
Numerator	$ (2,503)	$ (265)	$ (2,768)	$ 15,025	$ (686)	$ 14,339
Common stock issued and to be issued pursuant to Plan of Reorganization	41,400	41,400	41,400	41,400	41,400	41,400
Weighted average common stock outstanding issued under compensation plans	549	549	549	242	242	242
Denominator	41,949	41,949	41,949	41,642	41,642	41,642
Basic earnings (loss) per share	$ (0.06)	$ (0.01)	$ (0.07)	$ 0.36	$ (0.02)	$ 0.34

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	Continuing Operations	Discontinued Operations	Net	Continuing Operations	Discontinued Operations	Net
Income (loss)	$ 9,377	$ (456)	$ 8,921	$ 2,807	$ (735)	$ 2,072
less: Income attributable to noncontrolling interests	7,915	—	7,915	—	—	—
Numerator	$ 1,462	$ (456)	$ 1,006	$ 2,807	$ (735)	$ 2,072
Common stock issued and to be issued pursuant to Plan of Reorganization	41,400	41,400	41,400	41,400	41,400	41,400
Weighted average common stock outstanding issued under compensation plans	530	530	530	221	221	221
Denominator	41,930	41,930	41,930	41,621	41,621	41,621
Basic earnings (loss) per share	$ 0.03	$ (0.01)	$ 0.02	$ 0.07	$ (0.02)	$ 0.05

SEMGROUP CORPORATION

Notes to Unaudited Condensed Consolidated Financial Statements

11. EARNINGS PER SHARE, Continued

The following summarizes the calculation of diluted earnings per share for the three months and nine months ended September 30, 2012 and September 30, 2011 (amounts in thousands, except per share amounts):

	Three Months Ended September 30, 2012			Three Months Ended September 30, 2011		
	Continuing Operations	Discontinued Operations	Net	Continuing Operations	Discontinued Operations	Net
Income (loss)	$ (167)	$ (265)	$ (432)	$ 15,025	$ (686)	$ 14,339
less: Income attributable to noncontrolling interests	2,336	—	2,336	—	—	—
Numerator	$ (2,503)	$ (265)	$ (2,768)	$ 15,025	$ (686)	$ 14,339
Common stock issued and to be issued pursuant to Plan of Reorganization	41,400	41,400	41,400	41,400	41,400	41,400
Weighted average common stock outstanding issued under compensation plans	549	549	549	242	242	242
Effect of dilutive securities	285	285	285	316	316	316
Denominator	42,234	42,234	42,234	41,958	41,958	41,958
Diluted earnings (loss) per share	$ (0.06)	$ (0.01)	$ (0.07)	$ 0.36	$ (0.02)	$ 0.34

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	Continuing Operations	Discontinued Operations	Net	Continuing Operations	Discontinued Operations	Net
Income (loss)	$ 9,377	$ (456)	$ 8,921	$ 2,807	$ (735)	$ 2,072
less: Income attributable to noncontrolling interests	7,915	—	7,915	—	—	—
less: Income resulting from change in fair value of warrants	—	—	—	8,258	—	8,258
Numerator	$ 1,462	$ (456)	$ 1,006	$ (5,451)	$ (735)	$ (6,186)
Common stock issued and to be issued pursuant to Plan of Reorganization	41,400	41,400	41,400	41,400	41,400	41,400
Weighted average common stock outstanding issued under compensation plans	530	530	530	221	221	221
Effect of dilutive securities	252	252	252	—	—	—
Denominator	42,182	42,182	42,182	41,621	41,621	41,621
Diluted earnings (loss) per share	$ 0.03	$ (0.01)	$ 0.02	$ (0.13)	$ (0.02)	$ (0.15)

During the three months and nine months ended September 30, 2012 , we recorded expenses of $9.5 million and $17.1 million , respectively, related to the change in fair value of the warrants. Because of this, the warrants would have been antidilutive and, therefore, were not included in the computation of diluted earnings per share. For the three months ended September 30, 2011 , the average price of our common stock was at or below the exercise price of the warrants, and therefore the warrants did not cause any dilution for this period.

12. 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

12. SUPPLEMENTAL CASH FLOW INFORMATION, Continued

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Decrease (increase) in restricted cash	$ 4,691	$ 19,963
Decrease (increase) in accounts receivable	(116,987)	(18,939)
Decrease (increase) in receivable from affiliates	622	(38)
Decrease (increase) in inventories	(1,804)	(27,497)
Decrease (increase) in derivatives and margin deposits	457	8,653
Decrease (increase) in other current assets	8,393	(199)
Decrease (increase) in other assets	2,457	(2,842)
Increase (decrease) in accounts payable and accrued liabilities	97,638	8,156
Increase (decrease) in payable to affiliates	(5,160)	3
Increase (decrease) in payables to pre-petition creditors	(4,541)	(35,652)
Increase (decrease) in other noncurrent liabilities	20,024	(6,334)
	$ 5,790	$ (54,726)

13. RELATED PARTY TRANSACTIONS

NGL Energy

As described in Note 3, we own interests in NGL Energy, which we account for under the equity method.

During the three months and nine months ended September 30, 2012 , we generated the following transactions with NGL Energy (in thousands):

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Revenues	$ 14,395	$ 41,945
Purchases	$ 6,009	$ 36,573
Reimbursements from NGL Energy for transition services	$ 28	$ 526

White Cliffs

As described in Note 3, we account for our ownership interest in White Cliffs under the equity method. During the three months ended September 30, 2012 and 2011, we generated revenue from White Cliffs of approximately $0.6 million and $0.6 million , respectively. We generated revenue from White Cliffs of approximately $1.8 million and $1.6 million during the nine months ended September 30, 2012 and 2011, respectively.

Legal services

The law firm of Conner & Winters, LLP, of which Mark D. Berman is a partner, performs legal services for us. Mr. Berman is the spouse of Candice L. Cheeseman, General Counsel and Secretary. Mr. Berman does not perform any legal services for us. SemGroup paid $0.5 million and $1.2 million in legal fees and related expenses to this law firm during the three months and nine months ended September 30, 2012 , respectively (of which $9,909 and $56,085 , respectively, was paid by White Cliffs). SemGroup paid $0.2 million and $1.3 million in legal fees and related expenses to this law firm during the three months and nine months ended September 30, 2011 , respectively (of which $29,280 and $124,001 , respectively, was paid by White Cliffs).

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, 2011 , filed with the SEC.

Overview of Business

We provide gathering, transportation, storage, distribution, marketing and other midstream services primarily to independent producers, refiners of petroleum products and other market participants located in the Midwest and Rocky Mountain regions of the United States of America (the "U.S."), Canada and the West Coast of the United Kingdom (the "U.K."). We, or our significant equity method investees, 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. We maintain and operate storage, terminal and marine facilities at Milford Haven in the U.K. that enable customers to supply petroleum products to markets in the Atlantic Basin. We also operate a network of liquid asphalt cement terminals throughout Mexico. Our business is conducted through six primary business segments – Crude, SemStream ®, SemCAMS, SemLogistics, SemMexico, and SemGas ®. Our assets include:

- A 51% interest in the White Cliffs Pipeline (a 527 -mile crude oil pipeline running from Platteville, CO to Cushing, OK), which Crude operates;
- A 2% general partner interest and a 57% limited partner interest in Rose Rock, which owns an approximately 640 -mile crude oil pipeline network in Kansas and Oklahoma and a crude oil storage facility in Cushing, Oklahoma with a capacity of 7.0 million barrels;
- 9.1 million common units of NGL Energy Partners LP ("NGL Energy") and a 6.42% interest in NGL Energy Holdings LLC, the general partner of NGL Energy;
- more than 1,560 miles of natural gas and NGL transportation, gathering and distribution pipelines in Kansas, Oklahoma, Texas and Alberta, Canada;
- 8.7 million barrels of owned multi-product storage capacity located in the United Kingdom;
- 12 liquid asphalt cement terminals and modification facilities and two emulsion distribution terminals in Mexico;
- three natural gas processing plants in the U.S., with 98 million cubic feet per day of capacity; and
- majority ownership interests in two sour gas and two sweet gas processing plants in Alberta, Canada, with combined operating capacity of 694 million cubic feet per day.

We believe that the variety of our petroleum product assets creates opportunities for us and our customers year round.

Recent Developments

Increased Ownership in Glass Mountain Pipeline LLC

On October 10, 2012, SemGroup and Gavilon Energy Holdings II, LLC ("Gavilon") announced that each had completed the acquisition of a 25% share of Glass Mountain Pipeline LLC ("GMP"), previously owned by an affiliate of Chesapeake Energy Corporation ("Chesapeake"). Following this purchase, SemGroup now owns 50% of GMP, with the remaining 50% owned by Gavilon. Chesapeake will maintain its long-term transportation agreement with GMP, providing the economic incentive for its construction.

Results of Operations

Consolidated Results of Operations

(in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	$ 277,852	$ 391,522	$ 921,660	$ 1,135,087
Expenses				
Costs of products sold	189,830	313,490	651,283	896,871
Operating	52,367	41,772	172,750	116,384
General and administrative	16,680	16,883	53,073	56,443
Depreciation and amortization	12,081	12,894	35,687	38,355
Gain on disposal or impairment	(3,615)	—	(3,496)	(136)
Total expenses	267,343	385,039	909,297	1,107,917
Earnings from equity method investments	3,116	4,016	22,903	10,166
Operating income	13,625	10,499	35,266	37,336
Other expense (income)				
Interest expense	1,992	6,013	7,763	49,321
Other (income) expense, net	9,709	(11,847)	17,141	(17,994)
Total other (income) expenses, net	11,701	(5,834)	24,904	31,327
Income from continuing operations before income taxes	1,924	16,333	10,362	6,009
Income tax expense	2,091	1,308	985	3,202
Income (loss) from continuing operations	(167)	15,025	9,377	2,807
Loss from discontinued operations	(265)	(686)	(456)	(735)
Net income (loss)	$ (432)	$ 14,339	$ 8,921	$ 2,072

Revenues and Expenses

Revenue and expenses before intercompany eliminations leading to operating income (loss) are analyzed by operating segment below.

Interest Expense

Interest expense decreased in the three months ended September 30, 2012 to $2.0 million from $6.0 million in the three months ended September 30, 2011 . Interest expense also decreased in the nine months ended September 30, 2012 to $7.8 million from $49.3 million in the nine months ended September 30, 2011 . The outstanding debt balance decreased to $191.7 million at September 30, 2012 from $387.0 million at September 30, 2011 . The reduction in outstanding debt is due to repayments made from proceeds received from the sale of the SemStream assets and Rose Rock's initial public offering which were completed in the fourth quarter of 2011. The reduction in the outstanding debt balance, coupled with a significant reduction in interest rates due to the refinancing of the credit facility that was completed in the second quarter of 2011, comprise the majority of the decrease in interest expense. Also contributing to the decrease is the write-off in June 2011 of $17.3 million of unamortized capitalized loan fees related to the refinancing of the credit facility.

Other Expense (Income), net

Other expense was $9.7 million for the three months ended September 30, 2012 , compared to other income of $11.8 million for the same period in 2011. Other expense was $17.1 million for the nine months ended September 30, 2012 , compared to other income of $18.0 million for the same period in 2011. Other expense (income) for all periods presented was comprised primarily of gains and losses due to the change in the fair value of our warrants.

Income Tax Expense (Benefit)

The effective tax rate was 109% for the three months ended September 30, 2012 and 8% for the three months ended September 30, 2011 . The effective tax rate for nine months ended September 30, 2012 and 2011 was 10% and 53% , respectively. Significant items that impacted the effective tax rate for each period, as compared to the U.S. Federal statutory rate of 35% , include earnings in foreign jurisdictions taxed at lower rates and the full valuation allowance which was recorded against our deferred tax assets. Further, the foreign earnings are taxed in foreign jurisdictions as well as in the U.S., since they are disregarded entities for U.S. federal income tax purposes. For the three months and nine months ended September 30, 2012 , the rate is impacted by a noncontrolling interest in Rose Rock for which taxes are not provided. Deferred tax liabilities, with the exception of those related to certain long-lived assets, have been considered as a source of future taxable income in establishing the amount of the valuation allowance. These combined factors, and the magnitude of 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

Crude

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2012**	**2011**	**2012**	**2011**
Revenue	$ 131,616	$ 104,616	$ 468,748	$ 299,121
Expenses				
Costs of products sold	111,790	90,660	412,847	252,804
Operating	6,042	4,530	17,957	13,683
General and administrative	5,015	2,040	9,796	6,508
Depreciation and amortization	3,066	3,122	9,032	8,505
Loss (gain) on disposal or impairment	(3,500)	—	(3,444)	12
Total expenses	122,413	100,352	446,188	281,512
Equity earnings in White Cliffs	10,021	4,016	25,053	10,166
Operating income	$ 19,224	$ 8,280	$ 47,613	$ 27,775

Three months ended September 30, 2012 versus three months ended September 30, 2011

Revenue

Revenue increased in the three months ended September 30, 2012 to $132 million from $105 million in the three months ended September 30, 2011 .

	Three Months Ended September 30,	
	2012	**2011**
	(in thousands)	
Gross product revenue	$ 565,595	$ 266,132
ASC 845-10-15	(445,791)	(169,512)
Unrealized gain (loss) on derivatives, net	554	(1,190)
Product revenue	120,358	95,430
Service revenue	11,196	9,142
Other	62	44
Total revenue	$ 131,616	$ 104,616

Gross product revenue increased in the three months ended September 30, 2012 to $566 million from $266 million in the three months ended September 30, 2011 . The increase was primarily a result of increased sales volumes to 6.2 million barrels for the three months ended September 30, 2012 from 3.0 million barrels for the same period in 2011 , and an increase in the average sales price of crude oil to $91 per barrel for the three months ended September 30, 2012 from $89 per barrel for the same period in 2011 .

ASC 845-10-15, *"Nonmonetary Transactions,"* requires 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, but has no effect on operating income (loss). However, changes in the level of such purchase and sale activity between periods can have an effect on the comparison between those periods. Gross product revenue was reduced by $446 million and $170 million during the three months ended September 30, 2012 and 2011 , respectively, in accordance with ASC 845-10-15.

Service revenue increased in the three months ended September 30, 2012 to $11 million from $9 million for the three months ended September 30, 2011 , due to additional storage capacity at Cushing, OK.

Costs of products sold

Costs of products sold increased in the three months ended September 30, 2012 to $112 million from $91 million for the same period in 2011 . Costs of products sold were reduced by $446 million and $170 million in the three months ended September 30, 2012 and 2011 , respectively, in accordance with ASC 845-10-15. Costs of products sold increased in the three months ended September 30, 2012 , primarily as a result of an increase in the volume sold offset, in part, by an increase in the average cost of crude oil per barrel to $89 from $87 per barrel for the same period in 2011 .

Adjusted gross margin

We view Adjusted gross margin as an important performance measure of the core profitability of our operations, as well as our operating performance as compared to that of other companies in our industry, without regard to financing methods, historical costs basis, capital structure or the impact of fluctuating commodity prices. We define Adjusted gross margin as total revenues minus cost of products sold and unrealized gain (loss) on derivatives. Adjusted gross margin allows us to make a meaningful comparison of the operating results between our fee-based activities, which do not involve the purchase or sale of petroleum products, and our fixed-margin and marketing operations, which do. In addition, Adjusted gross margin allows us to make a meaningful comparison of the results of our fixed-margin and marketing operations across different commodity price environments because it measures the spread between the product sales price and costs of products sold.

Because Adjusted gross margin may be defined differently by other companies in our industry, our definition may not be comparable to similarly titled measures of other companies.

The following table shows the Adjusted gross margin generated by our fee-based services, our fixed-margin transactions and our marketing activities for the three months ended September 30, 2012 (in thousands):

	Storage	Transportation	Marketing Activities	Other(1)	Total
Revenues	$ 8,367	$ 4,768	$ 116,318	$ 2,163	$ 131,616
Less: Costs of products sold, exclusive of depreciation and amortization	—	—	111,790	—	111,790
Less: Unrealized gain (loss) on derivatives	—	—	554	—	554
Adjusted gross margin	$ 8,367	$ 4,768	$ 3,974	$ 2,163	$ 19,272

(1) This category includes fee-based services such as unloading and ancillary storage terminal services.

The following table shows the Adjusted gross margin generated by our fee-based services, our fixed-margin transactions and our marketing activities for the three months ended September 30, 2011 (in thousands):

	Storage	Transportation	Marketing Activities	Other(1)	Total
Revenues	$ 6,108	$ 3,365	$ 93,591	$ 1,552	$ 104,616
Less: Costs of products sold, exclusive of depreciation and amortization	—	—	90,660	—	90,660
Less: Unrealized gain (loss) on derivatives	—	—	(1,190)	—	(1,190)
Adjusted gross margin	$ 6,108	$ 3,365	$ 4,121	$ 1,552	$ 15,146

(1) This category includes fee-based services such as unloading and ancillary storage terminal services.

The following table presents a reconciliation of operating income to Adjusted gross margin, the most directly comparable GAAP financial measure for each of the periods indicated.

	Three Months Ended September 30,	
	2012	2011
	(in thousands)	
Reconciliation of operating income to Adjusted gross margin:		
Operating income	$ 19,224	$ 8,280
Add:		
Operating expense	6,042	4,530
General and administrative expense	5,015	2,040
Depreciation and amortization expense	3,066	3,122
Gain on disposal or impairment	(3,500)	—
Less:		
Unrealized gain (loss) on derivatives	554	(1,190)
Earnings from equity method investment	10,021	4,016
Adjusted gross margin	$ 19,272	$ 15,146

Operating expense

Operating expense increased in the three months ended September 30, 2012 , to $6 million from $5 million for the three months ended September 30, 2011 . This increase is due primarily to increased allocation of corporate engineering costs ($345 thousand), field expense ($300 thousand), employment expense ($250 thousand) and maintenance expense ($175 thousand). In addition, a recovery in 2011 of a previously written off account receivable ($300 thousand) did not reoccur in 2012.

General and administrative

General and administrative expense increased in the three months ended September 30, 2012 , to $5 million from $2 million for the three months ended September 30, 2011 . This increase is primarily the result of giving year to date effect to a recently completed transfer pricing study which increased the allocation of corporate costs by approximately $3 million.

Gain on disposal or impairment

We sold a portion of our ownership interest in White Cliffs during September 2010. At the time, we recorded a loss of $6.8 million on disposal of that asset. In September 2012, we reached a settlement in a dispute concerning the selling price of that ownership interest and reduced the loss by $3.5 million.

Earnings from equity method investment

Crude's only equity method investment is in White Cliffs. Earnings from this investment increased in the three months ended September 30, 2012 to $10 million from $4 million in the three months ended September 30, 2011 . This increase is due primarily to a 61% increase in the crude oil volume shipped from Platteville, CO to Cushing, OK.

Nine months ended September 30, 2012 versus nine months ended September 30, 2011

Revenue

Revenue increased in the nine months ended September 30, 2012 to $469 million from $299 million in the nine months ended September 30, 2011 .

	Nine Months Ended September 30, 2012	2011
	(in thousands)	
Gross product revenue	$ 1,538,805	$ 748,121
ASC 845-10-15	(1,103,424)	(476,631)
Unrealized gain (loss) on derivatives, net	432	334
Product revenue	435,813	271,824
Service revenue	32,932	27,077
Other	3	220
Total revenue	$ 468,748	$ 299,121

Gross product revenue increased in the nine months ended September 30, 2012 to $1.5 billion from $748 million in the nine months ended September 30, 2011 . The increase was primarily a result of increased sales volumes to 16.4 million barrels for the nine months ended September 30, 2012 from 8.0 million barrels for the same period in 2011, and an increase in the average sales price of crude to $94 per barrel for the nine months ended September 30, 2012 from $93 per barrel for the same period in 2011.

ASC 845-10-15, *"Nonmonetary Transactions,"* requires 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, but has no effect on operating income (loss). However, changes in the level of such purchase and sale activity between periods can have an effect on the comparison between those periods.

Gross product revenue was reduced by $1.1 billion and $477 million during the nine months ended September 30, 2012 and 2011 , respectively, in accordance with ASC 845-10-15.

Service revenue increased in the nine months ended September 30, 2012 to $33 million from $27 million for the nine months ended September 30, 2011 , due to additional storage capacity at Cushing, OK.

Costs of products sold

Costs of products sold increased in the nine months ended September 30, 2012 to $413 million from $253 million for the same period in 2011 . Costs of products sold were reduced by $1.1 billion and $477 million in the nine months ended September 30, 2012 and 2011, respectively, in accordance with ASC 845-10-15. Costs of products sold increased in the nine months ended September 30, 2012 , as a result of increased volume of barrels sold and an increase in the average cost of crude oil per barrel to $93 from $91 per barrel for the same period in 2011.

Adjusted gross margin

The following table shows the Adjusted gross margin generated by our fee-based services, our fixed-margin transactions and our marketing activities for the nine months ended September 30, 2012 (in thousands):

	Storage	Transportation	Marketing Activities	Other(1)	Total
Revenues	$ 24,205	$ 13,425	$ 425,439	$ 5,679	$ 468,748
Less: Costs of products sold, exclusive of depreciation and amortization	—	—	412,847	—	412,847
Less: Unrealized gain (loss) on derivatives	—	—	432	—	432
Adjusted gross margin	$ 24,205	$ 13,425	$ 12,160	$ 5,679	$ 55,469

(1) This category includes fee-based services such as unloading and ancillary storage terminal services.

The following table shows the Adjusted gross margin generated by our fee-based services, our fixed-margin transactions and our marketing activities for the nine months ended September 30, 2011 (in thousands):

	Storage		Transportation		Marketing Activities		Other(1)		Total
Revenues	$	18,123	$	11,181	$	265,449	$	4,368	$	299,121
Less: Costs of products sold, exclusive of depreciation and amortization		—		—		252,804		—		252,804
Less: Unrealized gain (loss) on derivatives		—		—		334		—		334
Adjusted gross margin	$	18,123	$	11,181	$	12,311	$	4,368	$	45,983

(1) This category includes fee-based services such as unloading and ancillary storage terminal services.

The following table presents a reconciliation of operating income to Adjusted gross margin, the most directly comparable GAAP financial measure for each of the periods indicated.

	Nine Months Ended September 30,			
	2012		2011	
	(in thousands)			
Reconciliation of operating income to Adjusted gross margin:				
Operating income	$	47,613	$	27,775
Add:				
Operating expense		17,957		13,683
General and administrative expense		9,796		6,508
Depreciation and amortization expense		9,032		8,505
Loss (gain) on disposal or impairment		(3,444)		12
Less:				
Unrealized gain (loss) on derivatives		432		334
Earnings from equity method investment		25,053		10,166
Adjusted gross margin	$	55,469	$	45,983

Operating expense

Operating expense increased in the nine months ended September 30, 2012 , to $18 million from $14 million in the nine months ended September 30, 2011 . This increase is due primarily to increased compensation expense ($1.2 million), allocation of corporate engineering costs ($800 thousand), field expense ($600 thousand) and maintenance expense ($350 thousand). In addition, a recovery in 2011 of a previously written off account receivable ($900 thousand) did not reoccur in 2012.

General and administrative expense

General and administrative expense increased in the nine months ended September 30, 2012 , to $10 million from $7 million in the nine months ended September 30, 2011 . This increase is primarily the result of giving year to date effect to a recently completed transfer pricing study which increased the allocation of corporate costs by approximately $3 million.

Gain on disposal or impairment

We sold a portion of our ownership interest in White Cliffs during September 2010. At the time, we recorded a loss of $6.8 million on disposal of that asset. In September 2012, we reached a settlement in a dispute concerning the selling price of that ownership interest and reduced the loss by $3.5 million.

Earnings from equity method investment

Crude's only equity method investment is in White Cliffs. Earnings from this investment increased in the nine months ended September 30, 2012 to $25 million from $10 million in the same period in 2011. This increase is due primarily to a 52% increase in the crude oil volume shipped from Platteville, CO to Cushing, OK.

SemStream

On November 1, 2011, we contributed the primary operating assets of our SemStream segment to NGL Energy. We did not, however, contribute any of the assets or liabilities of SemStream's Arizona residential business to NGL Energy. On September 12, 2012, we entered into a definitive agreement to sell those assets and liabilities. This sale is subject to approval by the Arizona Corporation Commission and will close shortly after that approval is granted; therefore, results are reported as discontinued operations. The results of operations shown below for 2012 reflect only corporate overhead allocations, minor adjustments and the earnings from our equity method investment in NGL Energy. We include our share of NGL Energy's earnings on a one-quarter lag because we do not receive their financial statements in sufficient time to apply the equity method to the current period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2012	2011	2012	2011
Revenue	$ —	$ 182,776	$ 7	$ 537,187
Expenses				
Costs of products sold	—	178,904	33	528,356
Operating	7	2,018	(18)	6,390
General and administrative	528	2,164	582	6,727
Depreciation and amortization	—	878	—	3,501
Loss (gain) on disposal or impairment	—	(24)	—	40
Total expenses	535	183,940	597	545,014
Equity earnings in NGL Energy	(6,905)	—	(2,150)	—
Operating loss	$ (7,440)	$ (1,164)	$ (2,740)	$ (7,827)

SemLogistics

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2012	2011	2012	2011
Revenue	$ 2,213	$ 4,230	$ 8,610	$ 18,815
Expenses				
Costs of products sold	97	152	196	152
Operating	1,436	1,564	4,521	5,129
General and administrative	990	1,604	4,249	5,276
Depreciation and amortization	2,388	2,339	7,040	6,943
Total expenses	4,911	5,659	16,006	17,500
Operating income (loss)	$ (2,698)	$ (1,429)	$ (7,396)	$ 1,315

Three months ended September 30, 2012 versus three months ended September 30, 2011

Revenue

Revenue decreased in the three months ended September 30, 2012 to $2 million from $4 million in the three months ended September 30, 2011 .

The decline in revenue is a result of a decline in the volume of storage leased and a drop in storage rates. In addition, low utilization has also reduced revenue from fees for ancillary terminal services. High crude oil prices and backwardated market conditions (i.e., prices for future deliveries are lower than current prices) exist today and are forecast to continue through 2012. These factors have a negative effect on storage economics. As a result, the demand for storage is depressed and we have experienced difficulty securing contract renewals and replacement of long-term contracts.

We are uncertain when market conditions will improve. However, we believe that geographical imbalances between the production and consumption of crude oil and related refined products will require physical transportation and, as a result, bulk liquid storage must play a key role in the supply chain. This creates a demand for storage which is independent of current crude oil prices, forward price curves and the entire speculative trading environment.

Storage economics have been unfavorable for some time. As a result, during the third quarter 2012 we conducted a test for recoverability in accordance with the guidance provided in ASC 360-10-15-3, *Impairment and Disposal of Long-Lived Assets* . The estimated undiscounted cash flows exceeded the carrying amount of the assets; therefore, the carrying amount of the long-lived assets are considered recoverable and an impairment was not recorded. We are aware that it is necessary to continue to monitor this situation and recognize the possibility that an impairment of the long-lived assets may be required in the near term.

General

In every category of expense, the amounts for the third quarter of 2012 are roughly equivalent to those of the third quarter of 2011 .

Nine months ended September 30, 2012 versus nine months ended September 30, 2011

Revenue

Revenue decreased in the nine months ended September 30, 2012 to $9 million from $19 million in the nine months ended September 30, 2011 . The explanation for this change is the same as shown above for the three-month period.

General

In every category of expense, the amounts for the nine months ended September 30, 2012 are roughly equivalent to those of the nine months ended September 30, 2011 .

SemCAMS

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2012	2011	2012	2011
Revenue	$ 54,301	$ 41,368	$ 169,149	$ 122,004
Expenses				
Costs of products sold	309	—	499	10
Operating	40,081	29,845	135,165	80,611
General and administrative	3,354	3,378	10,404	12,737
Depreciation and amortization	2,664	2,577	7,910	7,746
Total expenses	46,408	35,800	153,978	101,104
Operating income	$ 7,893	$ 5,568	$ 15,171	$ 20,900

Three months ended September 30, 2012 versus three months ended September 30, 2011

Revenue

Revenue in the three months ended September 30, 2012 increased to $54 million from $41 million for the three months ended September 30, 2011 . This increase is primarily the result of turnaround costs which are recorded as revenue when they are recoverable from the producers who use the plants. Approximately $13.5 million of such costs are included in revenue for the current period. We also earn revenue by charging the producers a fee for processing the recoverable costs. Approximately $1.3 million of such fees related to the turnaround project are included in revenue for the current period. In addition, a maintenance capital recovery fee of $1.6 million also contributed to the increase. These increases were offset, in part, by lower operating costs approximately ($3.8 million) which are recoverable from producers.

Operating expense

Operating expense increased in the three months ended September 30, 2012 to $40 million from $30 million in the three months ended September 30, 2011 . This increase is primarily related to $13.5 million in turnaround costs offset, in part, by the recovery of a previously written off receivable ($1.9 million) and reduced power costs ($1.1 million).

General

In every other category of expense, the amounts for the three months ended September 30, 2012 are roughly equivalent to those of the three months ended September 30, 2011 .

Nine months ended September 30, 2012 versus nine months ended September 30, 2011

Revenue

Revenue in the nine months ended September 30, 2012 increased to $169 million from $122 million for the nine months ended September 30, 2011 . This increase is primarily the result of turnaround costs which are recorded as revenue when they are recoverable from the producers who use the plants. Approximately $61.1 million of such costs are included in revenue for the current period. We also earn revenue by charging the producers a fee for processing the recoverable costs. Approximately $6.2 million of such fees related to the turnaround project are included in revenue for the current period. In addition, a maintenance capital recovery fee of $1.6 million contributed to the increase. These increases were offset, in part, by lower operating costs approximately ($7.7 million) which are recoverable from producers, foreign exchange changes ($5.0 million), estimated revenue lost due to wells that have been shut in by producers due to relatively low natural gas prices ($3.8 million)and estimated lost revenue due to the turnaround ($3.3 million). (Significant reductions in throughput also impair plant operations and emissions compliance.) Finally, results for 2011 included $6.1 million related to the favorable settlement of a lawsuit and lost revenue due to plant outages ($3.3 million).

Operating expense

Operating expense increased in the nine months ended September 30, 2012 to $135 million from $81 million in the nine months ended September 30, 2011 . This increase is primarily related to $61.1 million in turnaround costs, $2.1 million in outage repair costs and $1.4 million in sulphur base pad removal costs offset, in part, by foreign exchange changes ($4.3 million), reduced power costs ($4.1 million), the recovery of a previously written off receivable ($1.9 million), lower labor and contract service costs ($1.8 million) and the reversal of an accrual ($0.6 million). Finally, results for 2011 included $4.5 million related to recovery of previously written off receivables and the reversal of $2.9 million in accruals offset, in part, by outage repair costs ($3.3 million) and severance costs ($1.5 million).

General and administrative

General and administrative expense decreased in the nine months ended September 30, 2012 to $10 million from $13 million in the nine months ended September 30, 2011 . This decrease is primarily the result of $2.3 million in severance costs in 2011 which did not reoccur in 2012.

SemMexico

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2012	2011	2012	2011
Revenue	$ 62,095	$ 56,743	$ 193,229	$ 156,024
Expenses				
Costs of products sold	55,817	49,823	174,636	136,378
Operating	1,870	1,383	6,033	4,231
General and administrative	1,501	2,825	6,730	8,983
Depreciation and amortization	1,536	1,653	4,614	4,912
Loss (gain) on disposal or impairment	(112)	20	(49)	(186)
Total expenses	60,612	55,704	191,964	154,318
Operating income	$ 1,483	$ 1,039	$ 1,265	$ 1,706

Three months ended September 30, 2012 versus three months ended September 30, 2011

Revenue

Revenue increased in the three months ended September 30, 2012 to $62 million from $57 million in the three months ended September 30, 2011 . Higher prices ($700 per metric ton versus $661 per metric ton) accounted for 62% of the increase and higher volume (88,124 metric tons versus 84,897 metric tons) accounted for 38% of the remaining increase.

Costs of products sold

Costs of products sold increased in the three months ended September 30, 2012 to $56 million from $50 million in the three months ended September 30, 2011 . On a per unit basis, the cost of products sold increased to $633 per metric ton from $586 per metric ton.

Operating expense

Operating expense increased in the three months ended September 30, 2012 , to $2 million from $1 million in the three months ended September 30, 2011 . This increase is primarily the result of approximately $310 thousand in product application system expense which was reclassified to operating expense from general and administrative expense. In 2011, we had a recovery of approximately $100 thousand which did not reoccur in 2012.

General and administrative expense

General and administrative expense decreased in the three months ended September 30, 2012 , to $2 million from $3 million in the three months ended September 30, 2011 . The decrease is primarily the result of giving year to date effect to a recently completed transfer pricing study which reduced the allocation of corporate costs by approximately $700 thousand. In addition, approximately $310 thousand in product application system expense was reclassified to operating expense from general and administrative expense. Finally, legal expenses were reduced by approximately $140 thousand compared to the same period in 2011.

Nine months ended September 30, 2012 versus nine months ended September 30, 2011

Revenue

Revenue increased in the nine months ended September 30, 2012 to $193 million from $156 million in the nine months ended September 30, 2011 . Higher prices ($695 per metric ton versus $620 per metric ton) accounted for 55% of the increase and higher volume (275,932 metric tons versus 248,937 metric tons) accounted for the remaining 45% of the increase.

Costs of products sold

Costs of products sold increased in the nine months ended September 30, 2012 to $175 million from $136 million in the nine months ended September 30, 2011 . On a per unit basis, the cost of products sold increased to $631 per metric ton from $546 per metric ton. In addition, costs of products sold for the period ended September 30, 2012 , also includes a $1.0 million charge for inventory shrinkage at one of our plants. An investigation of this matter is on-going.

Operating expense

Operating expense increased in the nine months ended September 30, 2012 , to $6 million from $4 million in the nine months ended September 30, 2011 . This increase is primarily the result of a reclassification of $1.2 million in product application system expense to operating expense from general and administrative expense. In addition, maintenance expense increased by approximately $640 thousand compared to the same period in 2011.

General and administrative expense

General and administrative expense decreased in the nine months ended September 30, 2012 to $7 million from $9 million in the nine months ended September 30, 2011 . This decrease is primarily the result of a reclassification of $1.2 million in product application systems expense to operating expense and giving year to date effect to a recently completed transfer pricing study which reduced the allocation of corporate costs by approximately $800 thousand.

SemGas

(in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	$ 29,878	$ 28,350	$ 89,452	$ 74,676
Expenses				
Costs of products sold	24,068	20,512	70,607	52,150
Operating	2,931	2,432	9,092	6,282
General and administrative	1,329	1,591	4,564	4,829
Depreciation and amortization	1,797	1,528	5,153	4,410
Loss (gain) on disposal or impairment	(3)	4	(3)	4
Total expenses	30,122	26,067	89,413	67,675
Operating income (loss)	$ (244)	$ 2,283	$ 39	$ 7,001

Three months ended September 30, 2012 versus three months ended September 30, 2011

Revenue

Revenue increased in the three months ended September 30, 2012 to $30 million from $28 million for the three months ended September 30, 2011 . This increase is the result of higher sales volume (8,627 MMcf versus 4,960 MMcf) offset, in part, by lower sales price per unit ($3.46 /Mcf versus $5.72 /Mcf). The increase in volume is primarily a result of increased drilling and production in the area served by our gas plants in Hopeton and Nash, Oklahoma.

Costs of products sold

Costs of products sold increased in the three months ended September 30, 2012 to $24 million from $21 million in the three months ended September 30, 2011 . This increase is primarily related to higher volume (8,627 MMcf versus 4,960 MMcf) offset, in part, by lower costs per unit ($2.79 /Mcf versus $4.14 /Mcf). In addition, certain contracts contain volume incentive tiers whereby producers receive a larger percentage of proceeds as their volume increases, which resulted in higher costs of products sold, expressed as a percentage of revenue.

Adjusted gross margin

We view Adjusted gross margin as an important performance measure of the core profitability of our operations, as well as our operating performance as compared to that of other companies in our industry, without regard to financing methods, historical costs basis, capital structure or the impact of fluctuating commodity prices. We define Adjusted gross margin as total revenues minus cost of products sold and unrealized gain (loss) on derivatives. Adjusted gross margin allows us to make a meaningful comparison of the operating results between our fee-based activities, which do not involve the purchase or sale of petroleum products, and our fixed-margin and marketing operations, which do. In addition, Adjusted gross margin allows us to make a meaningful comparison of the results of our fixed-margin and marketing operations across different commodity price environments because it measures the spread between the product sales price and costs of products sold.

Because Adjusted gross margin may be defined differently by other companies in our industry, our definition may not be comparable to similarly titled measures of other companies.

The following table shows the Adjusted gross margin generated in the three months ended September 30, 2012 and 2011 .

	Three Months Ended September 30, 2012 (in thousands)	Three Months Ended September 30, 2011 (in thousands)
Revenue	$ 29,878	$ 28,350
Less: Cost of products sold, exclusive of depreciation	24,068	20,512
Less: Unrealized gain (loss) on derivatives	—	—
Adjusted gross margin	$ 5,810	$ 7,838

The following table presents a reconciliation of operating income to Adjusted gross margin, the most directly comparable GAAP financial measure for each of the periods indicated.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
	(in thousands)	
Reconciliation of operating income (loss) to Adjusted gross margin:		
Operating income (loss)	$ (244)	$ 2,283
Add:		
Operating expense	2,931	2,432
General and administrative expense	1,329	1,591
Depreciation and amortization expense	1,797	1,528
Loss (gain) on disposal or impairment	(3)	4
Adjusted gross margin	$ 5,810	$ 7,838

Operating expense

Operating expense increased in the three months ended September 30, 2012 to $3 million from $2 million for the three months ended September 30, 2011 . This increase is a result of higher volume in 2012. The primary costs components of the increase are compression rental, contract labor, maintenance, field expenses and employment costs.

General

In every other category of expense, the amounts for the three months ended September 30, 2012 are roughly equivalent to those of the three months ended September 30, 2011 .

Nine months ended September 30, 2012 versus nine months ended September 30, 2011

Revenue

Revenue increased in the nine months ended September 30, 2012 to $89 million from $75 million for the nine months ended September 30, 2011 . This increase is the result of higher sales volume (25,197 MMcf versus 13,690 MMcf) offset, in part, by lower sales price per unit ($3.55 /Mcf versus $5.45 /Mcf). The increase in volume is primarily a result of increased drilling and production in the area served by our gas plants in Hopeton and Nash, Oklahoma.

Costs of products sold

Costs of products sold increased in the nine months ended September 30, 2012 to $71 million from $52 million in the nine months ended September 30, 2011 . This increase is primarily related to higher volume (25,197 MMcf versus 13,690 MMcf) offset, in part, by lower costs per unit ($2.80 /Mcf versus $3.81 /Mcf). In addition, certain contracts contain volume incentive tiers whereby producers receive a larger percentage of proceeds as their volume increases, which resulted in higher costs of products sold, expressed as a percentage of revenue. Also, we made a contract adjustment which increased costs of products sold in the first quarter of 2012 by approximately $1.3 million.

Adjusted gross margin

The following table shows the Adjusted gross margin generated in the nine months ended September 30, 2012 and 2011 .

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
	(in thousands)	
Revenue	$ 89,452	$ 74,676
Less: Cost of products sold, exclusive of depreciation	70,607	52,150
Less: Unrealized gain (loss) on derivatives	—	—
Adjusted gross margin	$ 18,845	$ 22,526

The following table presents a reconciliation of operating income to Adjusted gross margin, the most directly comparable GAAP financial measure for each of the periods indicated.

	Nine Months Ended September 30,	
	2012	2011
	(in thousands)	
Reconciliation of operating income to Adjusted gross margin:		
Operating income	$ 39	$ 7,001
Add:		
Operating expense	9,092	6,282
General and administrative expense	4,564	4,829
Depreciation and amortization expense	5,153	4,410
Loss (gain) on disposal or impairment	(3)	4
Adjusted gross margin	$ 18,845	$ 22,526

Operating expense

Operating expense increased in the nine months ended September 30, 2012 to $9 million from $6 million in the nine months ended September 30, 2011 . This increase is a result of higher volume in 2012. The primary costs components of the increase are compression rental, contract labor, maintenance, field expenses and employment costs.

General

In every other category of expense, the amounts for the nine months ended September 30, 2012 are roughly equivalent to those of the nine months ended September 30, 2011 .

Other and Eliminations

(in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	$ (2,251)	$ (26,561)	$ (7,535)	$ (72,740)
Expenses				
Costs of products sold	(2,251)	(26,561)	(7,535)	(72,979)
Operating	—	—	—	58
General and administrative	3,963	3,281	16,748	11,383
Depreciation and amortization	630	797	1,938	2,338
Gain on disposal or impairment	—	—	—	(6)
Total expenses	2,342	(22,483)	11,151	(59,206)
Operating loss	$ (4,593)	$ (4,078)	$ (18,686)	$ (13,534)

Other and Eliminations is not an operating segment. This table is included to permit the reconciliation of segment information to that of the consolidated Company.

Liquidity and Capital Resources

Sources and Uses of Cash

Our principal sources of short-term liquidity are cash generated from operations and borrowings under our revolving credit facilities. The consolidated cash balance on September 30, 2012 (including restricted cash) was approximately $102.4 million . Of this amount, approximately $43.8 million was held in Canada and may be subject to tax if transferred to the United States, and approximately $34.9 million is restricted cash primarily set aside for settlement of pre-petition claims. Potential sources of long-term liquidity include debt and equity securities. Our primary cash requirements currently are operating expenses, capital expenditures and quarterly distributions to unitholders of our subsidiary, Rose Rock. In general, we expect to fund:

- operating expenses, maintenance capital expenditures and cash distributions through existing cash and cash from operating activities;
- expansion capital expenditures and working capital deficits through cash on hand and our revolving credit facilities; and
- debt principal payments through cash from operating activities and refinancings when the credit facilities become due.

Our ability to meet our financing requirements and fund our planned capital expenditures will depend on our future operating performance, 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 including limited partner units. 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 expansion capital expenditures and potential future acquisitions.

We believe our cash from operations and our remaining borrowing capacity allow us to manage our day-to-day cash requirements, distribute the minimum quarterly distribution on Rose Rock's outstanding common units, and meet our capital expenditures commitments for the coming year.

Cash Flows

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

(in thousands)	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Statement of cash flow data:		
Cash flows provided by (used in):		
Operating activities	$ 51,758	$ (8,234)
Investing activities	(131,706)	(42,904)
Financing activities	74,809	27,370
Subtotal	(5,139)	(23,768)
Effect of exchange rate on cash and cash equivalents	(977)	1,005
Change in cash and cash equivalents	(6,116)	(22,763)
Change in cash and cash equivalents included in discontinued operations	(36)	(1,206)
Change in cash and cash equivalents from continuing operations	(6,152)	(23,969)
Cash and cash equivalents at beginning of period	73,613	87,821
Cash and cash equivalents at end of period	$ 67,461	$ 63,852

Operating Activities

The components of operating cash flows can be summarized as follows (in thousands):

(in thousands)	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net income	$ 8,921	$ 2,072
Non-cash expenses, net	37,047	44,420
Changes in operating assets and liabilities	5,790	(54,726)
Net cash flows provided by operating activities	$ 51,758	$ (8,234)

Non-cash expenses decreased to $37.0 million for the nine months ended September 30, 2012 from $44.4 million for the nine months ended September 30, 2011 . This decrease is comprised primarily of decreased debt amortization of $21.2 million due to the prior year credit facility refinancing, lower depreciation expense of $3.4 million due primarily to the contribution of SemStream assets to NGL Energy and our $2.2 million equity in NGL Energy's year-to-date net loss. These non-cash expenses were partially offset by a $9.0 million reduction in the net unrealized gain on derivative instruments, a $4.5 million reduction in the change in the allowance for doubtful accounts, a $3.8 million reduction in currency gains and losses and a net increase in gain on disposal or impairment of long-lived assets of $3.4 million due to the September 2012 receipt of additional proceeds from the White Cliffs settlement.

Changes in operating assets and liabilities during the nine months ended September 30, 2012 consisted primarily of a decrease of $4.7 million in restricted cash (due to payments made to settle liabilities to pre-petition creditors), an increase of $117.0 million in accounts receivable (due to a $74.4 million increase at Rose Rock related to increased marketing and buy/sell activities around our Bakken Shale operations and Kansas and Oklahoma system, which are driven by demand in those areas and our ability to capture value related to changing market conditions, along with a $41.7 million increase at SemCAMS due to the timing of billings related to the K3 plant turnaround), a decrease of $8.4 million in other current assets (due the amortization of prepaid expenses), an increase of $97.6 million in accounts payable and accrued liabilities (due to an increase in accounts payable at Rose Rock of $82.8 million related to increased marketing and buy/sell activity, along with an increase in accrued liabilities at SemCAMS of $14.4 million related to the K3 plant turnaround), a decrease of $5.2 million in payables to affiliates (due to decreased payables to NGL Energy), a decrease of $4.5 million in payables to prepetition creditors and an increase of $20.0 million in other noncurrent liabilities (due to an increase in the fair value of warrants of $17.1 million and asset retirement obligation accruals at SemCAMS).

Changes in operating assets and liabilities during the nine months ended September 30, 2011 included primarily a decrease of $20.0 million in restricted cash , an increase of $18.9 million in accounts receivable , an increase of $27.5 million in inventories , a decrease of $8.7 million in derivatives and margin deposits , an increase of $8.2 million in accounts payable and accrued liabilities , a decrease of $35.7 million in payables to prepetition creditors and a decrease of $6.3 million in other noncurrent liabilities .

Investing Activities

For the nine months ended September 30, 2012 , we had net cash outflows of $131.7 million from investing activities, due primarily to $82.1 million of capital expenditures and $64.0 million in investments in non-consolidated subsidiaries, partially offset by net investing cash inflows of $10.6 million in distributions in excess of equity in earnings of affiliates. Year to date capital expenditures primarily relate to Rose Rock's Cushing expansion projects, SemGas' Northern Oklahoma expansion projects and well connects and the Wattenberg Oil Trunkline. Investments in non-consolidated subsidiaries represents investments in Glass Mountain Pipeline. Distributions in excess of equity earnings include $5.5 million of distributions from White Cliffs and $5.1 million of distributions received from NGL Energy.

For the nine months ended September 30, 2011 , we had net cash outflows of $42.9 million from investing activities, due primarily to $50.9 million of capital expenditures and $2.9 million in investments in non-consolidated subsidiaries, partially offset by net investing inflows of $9.7 million in distributions in excess of equity in earnings of affiliates.

Financing Activities

For the nine months ended September 30, 2012 , we had net cash inflows of $74.8 million from financing activities, substantially all of which related to borrowings on long-term debt of $260.5 million , partially offset by principal payments of $179.0 million and partnership distributions of $5.8 million .

For the nine months ended September 30, 2011 , we had net cash inflows of $27.4 million from financing activities, substantially all of which related to borrowings on long-term debt of $153.4 million , partially offset by principal payments on long-term debt of $115.4 million and capitalized loan fees of $10.6 million .

As compared to the prior year, the increase in cash inflows from financing activities is due to increased credit facility usage related to the increase in capital projects.

SemGroup Revolving Credit Facility

At September 30, 2012 , we had $189.5 million outstanding under our $300 million revolving credit facility. In addition, we had $2.1 million in outstanding letters of credit on that date. The maximum letter of credit capacity under this facility is $250 million . The borrowing capacity under this credit facility can be increased by an additional $100 million subject to commitments from new lenders or additional commitments from existing lenders. The credit agreement includes customary affirmative and negative covenants. At September 30, 2012 , we were in compliance with the terms of the credit agreement.

Rose Rock Revolving Credit Facility

At September 30, 2012 , Rose Rock had no cash borrowings under its $150 million revolving credit facility. There were $38.2 million in outstanding letters of credit. In September 2012, we amended the credit agreement such that the borrowing capacity under this credit facility can be increased by an additional $400 million subject to commitments from new lenders or additional commitments from existing lenders. The previous agreement provided for an increase of up to $200 million. The credit agreement includes customary affirmative and negative covenants and also restricts Rose Rock’s ability to make certain types of payments including cash distributions to unitholders, however, we may make those distributions unless we are in default under the credit agreement or the distribution could result in a default. At September 30, 2012 , Rose Rock was in compliance with the terms of the credit agreement.

SemMexico Credit Facilities

At September 30, 2012 , we had 26.7 million Mexican pesos (U.S. $2.1 million equivalent at the September 30, 2012 exchange rate) outstanding under a SemMexico credit facility. Borrowings under this facility are required to be repaid with monthly payments through May 2013. In addition, SemMexico also had 292.8 million Mexican pesos (U.S. $22.8 million equivalent at the September 30, 2012 exchange rate) in outstanding letters of credit. SemMexico had no outstanding borrowings under a 56.0 million Mexican pesos (U.S. $4.4 million equivalent at the September 30, 2012 exchange rate) credit facility which matures in July 2013. SemMexico had no outstanding borrowings under a 44 million Mexican pesos (U.S. $3.4 million equivalent at the September 30, 2012 exchange rate) revolving credit facility which matures in June 2015. At September 30, 2012 , we were in compliance with the terms of these facilities.

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:

- 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; or
- 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.

We estimate that the capital expenditures for 2012 will be approximately $230 million, including an estimated $209 million for strategic projects and $21 million for maintenance projects, which includes $4 million for environmental and regulatory projects. Projected capital spending for 2012 also includes investments in Glass Mountain. During the three months and nine months ended September 30, 2012 , we spent $38.6 million and $82.1 million (cash basis), respectively, on capital projects, excluding capital contributions to affiliates for funding growth projects.

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 credit facilities and the issuance of debt and equity securities.

Rose Rock Distributions

The Rose Rock cash distribution for the fourth quarter of 2011 was $0.0670 per unit. This prorated amount corresponds to the minimum quarterly cash distribution of $0.3625 per unit, or $1.45 per unit on an annualized basis. The proration period began on December 15, 2011, immediately after the close of Rose Rock's initial public offering, and continued through December 31, 2011. The distribution was paid on February 13, 2012 to all unitholders of record as of February 3, 2012.

The cash distribution for the first quarter of 2012 was $0.3725 per unit, or $1.49 per unit on an annualized basis. This represents a 2.8% increase over the prior quarter. The distribution was paid on May 15, 2012 to all unitholders of record as of May 7, 2012.

The cash distribution for the second quarter of 2012 was $0.3825 per unit, or $1.53 per unit on an annualized basis. This represents a 2.7% increase over the prior quarter. This distribution was paid on August 14, 2012 to all unitholders of record as of August 6, 2012.

The cash distribution for the third quarter of 2012 is $0.3925 per unit, or $1.57 per unit on an annualized basis. This represents a 2.6% increase over the prior quarter. This distribution will be paid on November 14, 2012, to all unitholders of record on November 5, 2012.

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.

Off-Balance Sheet Arrangements

We do not use any off-balance sheet arrangements to enhance our liquidity and capital resources, or for any other purpose.

Commitments

There have been no material changes to our contractual obligations outside the ordinary course of our business from those previously disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011 , although the value of product purchase commitments is greater at September 30, 2012 than it was at September 30, 2011 .

We routinely enter into agreements to purchase and sell petroleum products at specified future dates. We establish a margin for these purchases by entering into various types of physical and financial sale and exchange transactions through which we seek to maintain a position that is substantially balanced between purchases on the one hand and sales and future delivery obligations on the other. We account for derivatives at fair value with the exception of commitments which 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 September 30, 2012 , such commitments included the following (volumes and dollars in thousands):

	Volume (Barrels)		Value
Fixed price purchases	77	$	6,922
Fixed price sales	88	$	8,440
Floating price purchases	25,422	$	2,397,146
Floating price sales	25,483	$	2,411,393

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 SemGas segment has a take or pay contractual obligation related to the fractionation of natural gas liquids. This obligation began in July 2011 and continues through June 2015. On September 30, 2012 , approximately $0.1 million was due under the contract and the amount of future obligation is approximately $3.3 million . In addition, our SemGas segment 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. During the three months and nine months ended September 30, 2012 , the majority of SemGas' revenues were generated from such contracts.

During the first quarter of 2012, SemGas committed to purchasing equipment related to a 125 MMcf per day processing facility. At September 30, 2012 , the future obligation associated with this purchase was $6.6 million .

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, 2011 .

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 natural gas liquids, crude oil and natural gas, (ii) interest rates and (iii) currency exchange rates. We may utilize 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 sales locations and purchase and sale timing. We have a risk management function that has responsibility and authority for our Comprehensive Risk Management Policy, which governs our enterprise-wide risks, including the market risks discussed in this item. Subject to our Comprehensive Risk Management Policy, 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 and nine months ended September 30, 2012 and September 30, 2011 and the years ended December 31, 2011 and 2010 .

	Light Sweet Crude Oil Futures (Barrel)	Mont Belvieu (Non-LDH) Spot Propane (Gallon)	Henry Hub Natural Gas Futures (MMBtu)
Quarter Ended September 30, 2012			
High	$ 99.00	$ 0.99	$ 3.32
Low	$ 83.75	$ 0.79	$ 2.61
High/Low Differential	*$ 15.25*	*$ 0.20*	*$ 0.71*
Quarter Ended September 30, 2011			
High	$ 99.87	$ 1.62	$ 4.55
Low	$ 79.20	$ 1.43	$ 3.67
High/Low Differential	*$ 20.67*	*$ 0.19*	*$ 0.88*
Nine Months Ended September 30, 2012			
High	$ 109.77	$ 1.40	$ 3.32
Low	$ 77.69	$ 0.71	$ 1.91
High/Low Differential	*$ 32.08*	*$ 0.69*	*$ 1.41*
Nine Months Ended September 30, 2011			
High	$ 113.93	$ 1.63	$ 4.85
Low	$ 79.20	$ 1.30	$ 3.67
High/Low Differential	*$ 34.73*	*$ 0.33*	*$ 1.18*
Year Ended December 31, 2011			
High	$ 113.93	$ 1.63	$ 4.85
Low	$ 75.67	$ 1.30	$ 2.99
High/Low Differential	*$ 38.26*	*$ 0.33*	*$ 1.86*
Year Ended December 31, 2010			
High	$ 91.51	$ 1.43	$ 6.01
Low	$ 68.01	$ 0.96	$ 3.29
High/Low Differential	*$ 23.50*	*$ 0.47*	*$ 2.72*

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 marked-related indices.

Based on our open derivative contracts at September 30, 2012 , a 10% increase in the applicable market price or prices for each derivative contract would result in an approximate $1.7 million decrease in the contribution from these derivatives to our crude oil sales revenues. A 10% decrease in the applicable market price or prices for each derivative contract would result in an approximate $1.7 million increase in the contribution from these derivatives to 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
Crude oil:					
Futures contracts	180	$ 594	$ (1,659)	$ 1,659	October 2012

Margin deposits or other credit support, including letters of credit, are generally required on derivative instruments utilized 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 utilize both fixed and 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 utilize 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 September 30, 2012 , an increase in these base rates of 1%, above the base rate floors, would increase our interest expense by $1.9 million per year.

The average interest rates presented below are based upon rates in effect at September 30, 2012 and December 31, 2011 . 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:

Liabilities	September 30, 2012	December 31, 2011
Short-term debt - variable rate	$2.0 million	$26.1 million
Average interest rate	6.3%	3.22%
Long-term debt - variable rate	$189.5 million	$83.3 million
Average interest rate	3.97%	3.37%
Long-term debt - fixed rate	$0 million	$0 million
Fixed interest rate	0.00%	0.00%

Currency Exchange Risk

The cash flows relating to our U.K., Canada and Mexico operations are based on the U.S. dollar equivalent of such amounts measured in British pounds, Canadian dollars and Mexican pesos. Assets and liabilities of our U.K., Canadian and Mexican 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 generally translated using the average exchange rate during the reporting period.

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 Rules 13a-15(e) and 15d-15(e) under the Exchange Act), are effective as of September 30, 2012 . 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.

Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2012 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 “Bankruptcy matters”, “Other matters” and “Environmental” in Note 9 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, 2011.

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

None

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:

Exhibit Number	Description
10.1	Fifth Amendment to the Credit Agreement, dated as of September 26, 2012, among SemGroup Corporation, certain subsidiaries of SemGroup Corporation, as guarantors, the lenders party thereto and The Royal Bank of Scotland plc, as administrative agent and collateral agent for the lenders.
10.2	First Amendment, dated as of September 26, 2012, to the Credit Agreement among Rose Rock Midstream, L.P., certain subsidiaries of Rose Rock Midstream, L.P., as guarantors, the lenders party thereto and The Royal Bank of Scotland plc, as administrative agent and collateral agent for the lenders.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Norman J. Szydlowski, Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Robert N. Fitzgerald, Chief Financial Officer.
32.1	Section 1350 Certification of Norman J. Szydlowski, Chief Executive Officer.
32.2	Section 1350 Certification of Robert N. Fitzgerald, Chief Financial Officer.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets at September 30, 2012 and December 31, 2011, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months and nine months ended September 30, 2012 and 2011, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011, and (iv) the Notes to the Unaudited Condensed Consolidated Financial Statements.

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: November 9, 2012	SEMGROUP CORPORATION
	By: /s/ **Robert N. Fitzgerald**
	Robert N. Fitzgerald
	Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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32.1	Section 1350 Certification of Norman J. Szydlowski, Chief Executive Officer.
32.2	Section 1350 Certification of Robert N. Fitzgerald, Chief Financial Officer.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets at September 30, 2012 and December 31, 2011, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months and nine months ended September 30, 2012 and 2011, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011, and (iv) the Notes to the Unaudited Condensed Consolidated Financial Statements.

FIFTH AMENDMENT
TO THE CREDIT AGREEMENT

THIS FIFTH AMENDMENT, dated as of September 26, 2012 (this " **Amendment** "), to the Credit Agreement, dated as of June 17, 2011 (as previously amended, the " **Credit Agreement** "), and entered into by, among others, SemGroup Corporation, as the Borrower (the " **Borrower** "), certain subsidiaries of the Borrower, as Guarantors, the lenders party thereto (the " **Lenders** ") and The Royal Bank of Scotland plc, as administrative agent and collateral agent (in such capacities, the " **Administrative Agent** ") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Borrower desires to amend the Credit Agreement to (i) acquire, directly or indirectly, additional issued and outstanding equity interests of Glass Mountain Pipeline, LLC for $162.0 million, the joint venture that has been formed for the construction, ownership and operation of the so-called Glass Mountain pipeline (the " **Glass Mountain Investment** "), (ii) invest an additional $160.0 million in White Cliffs in order to support certain expansion activities to be undertaken by White Cliffs (the " **White Cliffs Investment** "), and (iii) amend certain other provisions of the Credit Agreement as specified below (the " **Specified Amendments** ");

WHEREAS the Loan Parties have requested that the Required Lenders agree to amend certain provisions of the Credit Agreement in order to permit each of the Glass Mountain Investment, the White Cliffs Investment and the Specified Amendments; and

WHEREAS, subject to certain conditions, the Required Lenders are willing to agree to such amendment relating to the Credit Agreement.

NOW, THEREFORE, in consideration of the promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. ***Amendments***

(a) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of " **Glass Mountain Venture** " in its entirety as follows:

" **Glass Mountain Venture** " shall mean Glass Mountain Pipeline, LLC a Delaware limited liability company.

(b) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of " **MLP Transfer Requirements** " in its entirety as follows:

" **MLP Transfer Requirements** " shall mean the requirement that, as of the date of any MLP Transfer, the Leverage Ratio for the most recently completed fiscal quarter of the Borrower ending on or prior to such date (as determined on a Pro Forma Basis after giving effect to such applicable MLP Transfer and excluding Net Proceeds and any projected distributions from the MLP Entity attributable to such MLP Transfer, but after giving effect to any prepayment of the Loans with such Net Proceeds) shall be less than 4.00:1.00.

(c) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in alphabetical order therein:

" **Available Cash** " shall mean with respect to any fiscal quarter of the Borrower:

(a) the sum of: (i) all cash and Cash Equivalents of the Borrower and its Subsidiaries (or the Borrower's proportionate share of cash and Cash Equivalents in the case of Subsidiaries that are not wholly owned), excluding Unrestricted Subsidiaries on hand at the end of such fiscal quarter; and (ii) if the management of the Borrower so determines, all or any portion of any additional cash and cash equivalents of the Borrower and its Subsidiaries the Borrower (or the Borrower's proportionate share of cash and cash equivalents in the case of Subsidiaries that are not wholly owned), excluding Unrestricted Subsidiaries on hand on the date of determination of Available Cash with respect to such fiscal quarter resulting from Working Capital Borrowings made subsequent to the end of such fiscal quarter;

(b) less the amount of any cash reserves established by the management of the Borrower (or the Borrower's proportionate share of cash reserves established by Subsidiaries that are not wholly owned) to: (i) provide for the proper conduct of the business of the Borrower and its Subsidiaries (including reserves for future capital expenditures and for anticipated future credit needs of the Borrower and its Subsidiaries, excluding Unrestricted Subsidiaries), excluding Unrestricted Subsidiaries subsequent to such fiscal quarter; (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Borrower and its Subsidiaries, excluding Unrestricted Subsidiaries is a party, by which it is bound or to which its assets are subject; or (iii) provide funds for distributions permitted under Section 6.06 in respect of any one or more of the next four fiscal quarters; provided, however, that disbursements made by the Borrower or any of its Subsidiaries, excluding Unrestricted Subsidiaries or cash reserves established, increased or reduced after the end of such fiscal quarter but on or before the date of determination of Available Cash with respect to such fiscal quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such fiscal quarter if the management of the Borrower so determines.

" **Consolidated Net Tangible Assets** " shall mean with respect to any Person at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (i) all current liabilities reflected in such balance sheet (excluding any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed), and (ii) the value (net of any applicable reserves and accumulated amortization) of all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

" **Fifth Amendment Effective Date** " means September 26, 2012.

“ **SemCrude Pipeline** ” shall mean SemCrude Pipeline, L.L.C., a Delaware limited liability company.

“ **Working Capital Borrowings** ” shall mean borrowings used solely for working capital purposes or to pay distributions to shareholders to the extent permitted pursuant to Section 6.06 hereof, made pursuant to this agreement; *provided* that when such borrowings are incurred it is the intent of the Borrower to repay such borrowings within 12 months other than from additional Working Capital Borrowings.

(d) Section 6.02(hh) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(hh) Liens on the Equity Interests of any Unrestricted Subsidiary (other than Liens on the Equity Interests of White Cliffs held by SemCrude Pipeline) which secure indebtedness of such Unrestricted Subsidiary;”

(e) Section 6.04 of the Credit Agreement is hereby amended by (i) deleting the word “and” at the end of clause (q) therein, (ii) deleting the “.” at the end of clause (r) therein and replacing it with “;” in lieu thereof, and (iii) adding new clauses (s) and (t) at the end as follows:

“(s) “Investments after the Fifth Amendment Effective Date by Loan Parties in (i) the Glass Mountain Venture not to exceed an amount equal to U.S.$162.0 million, and (ii) in White Cliffs not to exceed an amount equal to U.S. $160.0 million; *provided* that, after such time, if any, when SemCrude Pipeline ceases to be a Subsidiary of the Borrower, such Investment referred to in this clause (ii) may be made in SemCrude Pipeline so long as (x) SemCrude Pipeline promptly contributes or otherwise funds an amount equal to the amount of such Investment to White Cliffs and (y) delivers evidence reasonably satisfactory to the Administrative Agent demonstrating the funding of such Investment to White Cliffs; and

(t) Investments by Loan Parties not otherwise permitted by the other clauses of this Section 6.04 in an aggregate amount (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) not to exceed the greater of (i) U.S.$100.0 million and (ii) 10% of Consolidated Net Tangible Assets plus any return of capital actually received by the Loan Parties in respect of investments previously made by them pursuant to this clause (t), so long as immediately before and immediately after giving effect to such Investment, no Default or Event of Default shall have occurred and be continuing.”

(f) Section 6.05(c) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(c) sales, transfers, leases or other dispositions to the Borrower or a Subsidiary of the Borrower (upon voluntary liquidation or otherwise); *provided* that, subject to compliance with the MLP Transfer Requirements and the other conditions set forth below in this clause (c), the Borrower or any Restricted Subsidiary may sell, transfer or otherwise dispose of assets to the MLP Entity (any such sale, transfer, lease or disposal, an “ **MLP Transfer** ”) if (x) the Borrower or such Restricted Subsidiary receives consideration at least equal to the fair market value of the assets subject to the MLP Transfer and such value is confirmed by the independent directors of the boards of directors of each of the Borrower and the MLP Entity and not less than 100% of such Net Proceeds are applied to the prepayment of the Loans in accordance with Section 2.11(c)(i), and (y) no Default or Event of Default shall have occurred and be continuing; *provided further* that any sales, transfers, leases or other dispositions by a Loan Party to a Subsidiary of the Borrower that is not a Loan Party shall be made in compliance with Section 6.07; *provided further* that, other than with respect to MLP Transfers, the aggregate gross proceeds of any sales, transfers, leases or other dispositions by a Loan Party to a Subsidiary that is not a Loan Party in reliance upon this paragraph (c) and the aggregate gross proceeds of any or all assets sold, transferred or leased in reliance upon paragraph (g) below shall not exceed, in any fiscal year of the Borrower, 5% of Consolidated Total Assets as of the end of the immediately preceding fiscal year;"

(g) Section 6.06 of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (e) thereof, (ii) deleting the "." at the end of clause (f) thereof and replacing it with a "; and" in lieu thereof, and (iii) inserting a new clause (g) at the end thereof as follows:

"(g) Restricted Payments by the Borrower not otherwise permitted by the other clauses of this Section 6.06 in an aggregate amount not to exceed the Borrower's Available Cash, so long as (i) immediately before and immediately after giving effect to such Restricted Payment, no Default or Event of Default shall have occurred and be continuing, and (ii) after giving effect to such Restricted Payment, the Leverage Ratio shall not be in excess of 4.00:1.00."

(h) Section 6.10 of the Credit Agreement is hereby amended and restated in its entirety as follows:

" *Leverage Ratio* . Beginning at the end of the first full fiscal quarter ending after the Closing Date, for any Test Period, permit the Leverage Ratio on the last day of any fiscal quarter, to be in excess of 4.50:1.00."

Section 2. ***Conditions Precedent to the Effectiveness of this Amendment***

This Amendment shall become effective as of the date on which each of the following conditions precedent shall have been satisfied (the date of satisfaction of such conditions being referred to herein as the " **Fifth Amendment Effective Date** "):

(a) the Administrative Agent shall have received this Amendment, duly executed by each of the Borrower, the Guarantors and the Required Lenders;

(b) the representations and warranties set forth in Article III of the Credit Agreement are and will be true and correct in all material respects on and as of the Fifth Amendment Effective Date, to the same extent as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(c) as of the Fifth Amendment Effective Date, no Event of Default or Default shall have occurred and be continuing; and

(d) the Borrower shall have paid (i) an amendment fee in an amount equal to 0.125% of the Commitments of each Lender that has consented to this Amendment prior to the deadline for submission of signature pages specified by the Administrative Agent and (ii) all fees and expenses payable to the Lenders and the Administrative Agent hereunder or under any other Loan Document, including as set forth in Section 4 hereof.

Section 3. Acknowledgment and Consent.

(a) Each Guarantor acknowledges and agrees that any of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment.

(b) Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any future amendments to the Credit Agreement.

Section 4. Reference to and Effect on the Loan Documents

(a) This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof. The Borrower agrees to pay any applicable costs and expenses incurred in connection with this Amendment in accordance with the terms set forth in the Credit Agreement, including Section 9.05 thereof.

(b) Except as specifically amended above, all of the terms and provisions of the Credit Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery, effectiveness and performance of this Amendment shall not operate as a waiver of any right, power or remedy of the Lenders, the Borrower or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any other provision of any of the Loan Documents or for any purpose.

(d) Each of the Loan Documents, including the Credit Agreement, and any and all other agreements, documents or instruments now or hereafter executed and/or delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Credit Agreement, whether direct or indirect, shall mean a reference to the Credit Agreement as amended hereby.

Section 5. Execution in Counterparts

This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed counterpart by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. Governing Law

THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY THE LAWS OF, THE STATE OF NEW YORK.

Section 7. ***Headings***

Section and Subsection headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

Section 8. ***Notices***

All communications and notices hereunder shall be given as provided in the Credit Agreement.

Section 9. ***Severability***

The illegality or uninforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

Section 10. ***Successors***

The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

Section 11. ***Waiver of Jury Trial***

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AMENDMENT. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.

Section 12. ***Jurisdiction***

Each of the parties to this Amendment hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment or the transactions contemplated hereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court.

[SIGNATURE PAGES FOLLOW]

In Witness Whereof, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

SEMGROUP CORPORATION
as Borrower

By: ______________________________
Name:
Title:

[**Guarantor Signature Blocks to be added]**

______________________________,
as Guarantor

By: ______________________________
Name:
Title:

[If a second signature is required]

By: ______________________________
Name:
Title:

THE ROYAL BANK OF SCOTLAND plc,
as Administrative Agent

By: ______________________________
Name:
Title:

[**Required Lenders' Signature Blocks to be added]**

______________________________________,
as a Lender

By: ________________________________
Name:
Title:

[If a second signature is required]

By: ________________________________
Name:
Title:

FIRST AMENDMENT
TO THE CREDIT AGREEMENT

THIS FIRST AMENDMENT, dated as of September 26, 2012 (this " **Amendment** "), to the Credit Agreement, dated as of November 10, 2011 (as previously amended, the " **Credit Agreement** "), and entered into by, among others, Rose Rock Midstream, L.P., as the Borrower (the " **Borrower** "), certain subsidiaries of the Borrower, as Guarantors, the lenders party thereto (the " **Lenders** ") and The Royal Bank of Scotland plc, as administrative agent and collateral agent (in such capacities, the " **Administrative Agent** ") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Borrower desires to amend the Credit Agreement to (i) permit Incremental Revolving Commitments in an aggregate amount not to exceed $400.0 million (the " **Incremental Increase** "), (ii) acquire, directly or indirectly, in one or more related or unrelated transactions, equity interests of SemCrude Pipeline, L.L.C., a Delaware limited liability company (" **SemCrude Pipeline** ", such acquisitions, the " **SCP Acquisitions** "), (iii) invest, subject to the prior acquisition of SemCrude Pipeline, up to $71.0 million in SemCrude Pipeline for the prompt contribution or other funding thereof to White Cliffs Pipeline, L.L.C., (" **White Cliffs** "), for the purposes of funding certain expansion projects by White Cliffs (the " **White Cliffs Investment** "), and (iv) amend certain other provisions of the Credit Agreement as specified below (the " **Specified Amendments** ");

WHEREAS the Loan Parties have requested that the Required Lenders agree to amend certain provisions of the Credit Agreement in order to permit each of the Incremental Increase, the SCP Acquisitions, the White Cliffs Investment and the Specified Amendments; and

WHEREAS, subject to certain conditions, the Required Lenders are willing to agree to such amendment relating to the Credit Agreement.

NOW, THEREFORE, in consideration of the promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. ***Amendments***

(a) Section 1.01 of the Credit Agreement is hereby amended by amending the definition of " **Unrestricted Subsidiary** " by inserting immediately after "shall mean" the following:

"(i) if White Cliffs becomes a Subsidiary, White Cliffs and (ii)"

(b) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in alphabetical order therein:

" **Consolidated Net Tangible Assets** " shall mean with respect to any Person at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (i) all current liabilities reflected in such balance sheet (excluding any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed), and (ii) the value (net of any applicable reserves and accumulated amortization) of all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

" **SemCrude Pipeline** " shall mean SemCrude Pipeline, L.L.C., a Delaware limited liability company.

" **White Cliffs** " shall mean White Cliffs Pipeline, L.L.C., a Delaware limited liability company.

(c) Section 2.20(a) of the Credit Agreement is hereby amended by deleting "U.S.$200.0 million" in the fifth line thereof and replacing it with "U.S.$400.0 million" in lieu thereof.

(d) Section 6.02(hh) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(hh) Liens on the Equity Interests of any Unrestricted Subsidiary (other than Liens on the Equity Interests of White Cliffs if it becomes a Subsidiary) which secure indebtedness of such Unrestricted Subsidiary (other than indebtedness of White Cliffs if it becomes a Subsidiary); and"

(e) Section 6.04(j) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(j) (i) Investments constituting Permitted Business Acquisitions, so long as any Person acquired in connection with such Permitted Business Acquisitions and each of such Person's Subsidiaries becomes a Subsidiary Loan Party to the extent required by Section 5.10, and (ii) Investments constituting acquisitions of a portion of the Equity Interests of SemCrude Pipeline; *provided* that (A) such Investment satisfies each requirement of an acquisition constituting a Permitted Business Acquisition (other than the requirement that an acquisition of Equity Interests be of all of the Equity Interests in a Person), and (B) after becoming a Subsidiary, SemCrude Pipeline becomes a Subsidiary Loan Party to the extent required by Section 5.10;"

(f) Section 6.04 of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of clause (n) therein, (ii) deleting the "." at the end of clause (o) therein and replacing it with a ";" in lieu thereof, and (iii) inserting the following clauses (p) and (q) at the end as follows:

"(p) if the Borrower has acquired the Equity Interests of SemCrude Pipeline, Investments in SemCrude Pipeline in an aggregate amount not to exceed U.S.$71.0 million; *provided* that SemCrude Pipeline promptly contributes or otherwise funds an amount equal to the amount of such Investment to White Cliffs and delivers evidence reasonably satisfactory to the Administrative Agent demonstrating the funding of such Investment to White Cliffs; *provided further* , that if SemCrude Pipeline has become a Subsidiary Loan Party and Guarantor hereunder, such Investments may be made by SemCrude Pipeline in White Cliffs; and

(q) Investments by Loan Parties not otherwise permitted by the other clauses of this Section 6.04 in an aggregate amount (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) not to exceed the greater of (i) U.S.$40.0 million and (ii) 10% of Consolidated Net Tangible Assets of the Borrower plus any return of capital actually received by the Loan Parties in respect of investments previously made by them pursuant to this clause (q), so long as immediately before and immediately after giving effect to such Investment, no Default or Event of Default shall have occurred and be continuing."

(g) Section 6.05(h) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(h) any merger or consolidation in connection with a Permitted Business Acquisition or an acquisition of Equity Interests of SemCrude Pipeline permitted by Section 6.04; *provided* , that following any such merger or consolidation (i) involving the Borrower, the Borrower is the surviving corporation, and (ii) involving a Restricted Subsidiary, the surviving or resulting entity shall be a Loan Party;"

Section 2. ***Conditions Precedent to the Effectiveness of this Amendment***

This Amendment shall become effective as of the date on which each of the following conditions precedent shall have been satisfied (the date of satisfaction of such conditions being referred to herein as the " **First Amendment Effective Date** "):

(a) the Administrative Agent shall have received this Amendment, duly executed by each of the Borrower, the Guarantors and the Required Lenders;

(b) the representations and warranties set forth in Article III of the Credit Agreement are and will be true and correct in all material respects on and as of the First Amendment Effective Date, to the same extent as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(c) as of the First Amendment Effective Date, no Event of Default or Default shall have occurred and be continuing; and

(d) the Borrower shall have paid (i) an amendment fee in an amount equal to 0.125% of the Commitments of each Lender that has consented to this Amendment prior to the deadline for submission of signature pages specified by the Administrative Agent and (ii) all fees and expenses payable to the Lenders and the Administrative Agent hereunder or under any other Loan Document, including as set forth in Section 4 hereof.

Section 3. ***Acknowledgment and Consent.***

(a) Each Guarantor acknowledges and agrees that any of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment.

(b) Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any future amendments to the Credit Agreement.

Section 4. ***Reference to and Effect on the Loan Documents***

(a) This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof. The Borrower agrees to pay any applicable costs and expenses incurred in connection with this Amendment in accordance with the terms set forth in the Credit Agreement, including Section 9.05 thereof.

(b) Except as specifically amended above, all of the terms and provisions of the Credit Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery, effectiveness and performance of this Amendment shall not operate as a waiver of any right, power or remedy of the Lenders, the Borrower or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any other provision of any of the Loan Documents or for any purpose.

(d) Each of the Loan Documents, including the Credit Agreement, and any and all other agreements, documents or instruments now or hereafter executed and/or delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Credit Agreement, whether direct or indirect, shall mean a reference to the Credit Agreement as amended hereby.

Section 5. ***Execution in Counterparts***

This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed counterpart by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. ***Governing Law***

THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY THE LAWS OF, THE STATE OF NEW YORK.

Section 7. ***Headings***

Section and Subsection headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

Section 8. ***Notices***

All communications and notices hereunder shall be given as provided in the Credit Agreement.

Section 9. ***Severability***

The illegality or unenforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

Section 10. ***Successors***

The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

Section 11. ***Waiver of Jury Trial***

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AMENDMENT. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.

Section 12. ***Jurisdiction***

Each of the parties to this Amendment hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment or the transactions contemplated hereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court.

[SIGNATURE PAGES FOLLOW]

In Witness Whereof, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

THE ROYAL BANK OF SCOTLAND plc,
as Administrative Agent

By: ________________________________
Name:
Title:

________________________________,
as a Lender

By: ________________________________
Name:
Title:

[If a second signature is required]

By: ________________________________
Name:
Title:

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Norman J. Szydlowski, 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: November 9, 2012

/s/ Norman J. Szydlowski

Norman J. Szydlowski
President and Chief Executive Officer

EXHIBIT 31.2

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: November 9, 2012

/s/ Robert N. Fitzgerald

Robert N. Fitzgerald
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

**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 report of SemGroup Corporation (the “Company”) on Form 10-Q for the quarter ended September 30, 2012 , as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Norman J. Szydlowski, 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: November 9, 2012

/s/ Norman J. Szydlowski

Norman J. Szydlowski
President and Chief Executive Officer

EXHIBIT 32.2

**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 report of SemGroup Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2012 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert N. Fitzgerald, Senior 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: November 9, 2012

/s/ Robert N. Fitzgerald

Robert N. Fitzgerald
Senior Vice President and
Chief Financial Officer