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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): **January 9, 2019**

SEMGROUP CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-34736

(Commission File Number)

20-3533152

(IRS Employer Identification No.)

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

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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

Item 1.01. Entry into a Material Definitive Agreement.

SemCAMS Midstream

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

Share Purchase Agreement

In connection with the formation of SemCAMS Midstream, on January 9, 2019, SemCAMS Midstream entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with Meritage Midstream Services III, LP (“Meritage”) to acquire 100% of the issued and outstanding equity interests in Meritage Midstream ULC, an Alberta unlimited liability corporation (“Meritage ULC” and such acquisition, the “Meritage Acquisition”), in exchange for C\$600,000,000 (US\$449,000,000) on a nil working capital and debt-free basis, which includes C\$100,240,984 (US\$75,013,670) in reimbursements for estimated capital expenditures incurred from September 1, 2018 through December 31, 2018, and which is subject to adjustments for (i) actual capital expenditures during such period (with any upward adjustment being limited by a cap of C\$102,228,000 (US\$76,400,000), and (ii) capital expenditures incurred from January 1, 2019 to the closing of the Meritage Acquisition (the “Meritage Closing”) and (iii) working capital and unpaid transaction expenses at the time of the Meritage Closing. Upon entry into the Share Purchase Agreement, SemCAMS Midstream paid C\$60,000,000 (US\$44,900,000) to Dentons Canada LLP, as escrow agent, as a deposit (the “Deposit”) to be applied against the estimated purchase price at the Meritage Closing. SemGroup and KKR funded the Deposit in accordance with their proportionate ownership interests in SemCAMS Midstream.

The Share Purchase Agreement contains customary representations and warranties by the parties. In addition, the parties have agreed to covenants relating to, among other things, (i) the conduct of the Meritage ULC business during the interim period between the execution of the Share Purchase Agreement and the Meritage Closing, (ii) the management, execution and construction of certain ongoing capital projects in accordance with the Meritage ULC capex forecast, (iii) the cooperation of Meritage in connection with the financing of the Meritage Acquisition and (iv) the obligation to use commercially reasonable efforts to cause the Meritage Acquisition to be consummated and to obtain an advance ruling certificate or no action letter under the *Competition Act* (Canada) R.S.C. 1985, c.C-34, as amended (“Competition Act”).

The completion of the Meritage Acquisition is subject to satisfaction or waiver of certain closing conditions, including but not limited to: (i) the absence of any law, order, decree or injunction prohibiting the consummation of the Meritage Acquisition, (ii) the receipt of an advance ruling certificate or no action letter under the Competition Act, (iii) subject to specified materiality standards, the accuracy of the representations and warranties of each party, (iv) compliance by each party in all material respects with its covenants and (v) the absence of a Material Adverse Effect (as defined in the Share Purchase Agreement) during the interim period between the date of execution of the Share Purchase Agreement and the Meritage Closing.

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

Subject to the satisfaction of the closing conditions and regulatory approval, the Meritage Acquisition is expected to close in the first quarter of 2019.

Investment and Contribution Agreement

Concurrently with the execution of the Share Purchase Agreement, SemGroup, KKR and SemCAMS Midstream entered into an Investment and Contribution Agreement (the “Contribution Agreement”). Pursuant to the terms of the Contribution Agreement, each of SemGroup and KKR will make the following contributions to SemCAMS Midstream: (i) SemGroup will contribute 100% of the issued and outstanding equity interests in its wholly owned subsidiary, SemCAMS ULC, an Alberta unlimited liability company (the “SemGroup Contribution”) in exchange for (A) 51% of the common shares of SemCAMS Midstream, (B) a cash amount of C\$615,000,000 (US\$483,124,000), subject to adjustments for working capital of SemCAMS ULC, capital contributions to SemCAMS ULC by SemGroup and a payment of C\$14,700,000 (US\$11,000,500) contingent on the pursuit of a specific project by SemCAMS Midstream and (C) earnout consideration in the form of a special share in SemCAMS Midstream entitled to dividend payments up to a maximum (pre-tax) amount of C\$50,000,000 (US\$37,416,667) if two specific projects proceed and EBITDA thresholds pertaining to those projects are achieved; and (ii) KKR will contribute cash in the amount of C\$815,000,000 (\$587,890,667), subject to adjustments for working capital of SemCAMS ULC, capital contributions to SemCAMS ULC by SemGroup and a payment of C\$14,700,000 (US\$11,000,500) contingent on the pursuit of a specific project (unrelated to the two projects referred to above) by SemCAMS Midstream (the “KKR Contribution”) and, together with the SemGroup Contribution, the “Contribution”) in exchange for (A) 49% of the common shares of SemCAMS Midstream and (B) 300,000 preferred shares in SemCAMS Midstream (representing C\$300,000,000 (US\$224,000,000) of KKR cash contribution) which will pay quarterly dividends at an annual rate of 8.75%. SemCAMS Midstream may elect, for any of the first ten quarters following issuance of the preferred shares, to pay the dividends in-kind in the form of additional preferred shares. SemCAMS Midstream will have the right to convert the preferred shares into common shares in the event of an initial public offering of its common shares, at a conversion price equal to 92.5% of the IPO offering price. In connection with the issuance of the preferred shares, KKR will receive a C\$6,000,000 (US\$4,490,000) transaction fee from SemCAMS Midstream.

Pursuant to the terms of the Contribution Agreement, prior to the closing of the Contribution (the “Contribution Closing”), SemGroup and KKR are obligated to cause SemCAMS Midstream not to conduct any business other than the execution of the Contribution Agreement, the Share Purchase Agreement and other financing and ancillary documentation related to the Contribution and the Meritage Acquisition. The Contribution Agreement also sets forth the obligations of the parties in the event that the Meritage Acquisition does not occur, including the procedures related to the return or forfeiture, as applicable, of the Deposit.

The Contribution Agreement contains customary representations and warranties by KKR and SemGroup. In addition, KKR and SemGroup have agreed to covenants relating to, among other things, (i) the conduct of SemCAMS ULC’s business during the interim period between the execution of the Contribution Agreement and the Contribution Closing and (ii) the cooperation of SemGroup and KKR in connection with the financing of the Meritage Acquisition.

The completion of the Contribution is subject to satisfaction or waiver of certain closing conditions, including but not limited to: (i) the satisfaction of all conditions precedent in the Share Purchase Agreement and the underlying financing documentation (other than those conditions which by their nature are to be satisfied upon such closing, but subject to the satisfaction or waiver of such conditions upon such closing), (ii) the parties’ reasonable satisfaction that the Meritage Closing will occur immediately after the Contribution Closing and that the financing of the Meritage Acquisition will occur substantially concurrently with the Meritage Closing and the Contribution Closing, (iii) subject to specified materiality standards, the accuracy of the representations and warranties of each of KKR and SemGroup, (iv) compliance by each of KKR and SemGroup in all material respects with its covenants and (v) the absence of a Material Adverse Effect (as defined in the Contribution Agreement) during the interim period between the date of execution of the Contribution Agreement and the Contribution Closing.

Pursuant to the Contribution Agreement, KKR is obligated to obtain a representation and warranty insurance policy to cover losses arising from breaches of representations and warranties by SemGroup. KKR and SemGroup have

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

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

The Contribution is expected to close immediately prior to the Meritage Closing.

Item 7.01 Regulation FD Disclosure

On January 10, 2019, the Company issued a press release announcing the transactions described above. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

The following exhibits are furnished herewith.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>A news release dated January 10, 2019 announcing the details of the definitive agreements.</u>

SIGNATURES

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

Date: January 14, 2019

SEMGROUP CORPORATION

By: /s/ William H. Gault
William H. Gault
Corporate Secretary



SemGroup and KKR Form Canadian Joint Venture and Acquire Meritage Midstream ULC

- SemGroup to own 51% and KKR to own 49% of the new company, SemCAMS Midstream ULC; SemGroup's contribution of SemCAMS' shares and assets to SemCAMS Midstream valued at C\$1.15 billion (US\$860 million)
- Cash proceeds received from the formation of joint venture will deleverage and strengthen SemGroup's capital position
- Acquisition of Meritage Midstream for C\$600 million (US\$449 million) expands and diversifies SemCAMS' portfolio, accelerating growth plan for Canada
- Complementary asset locations significantly expand SemCAMS presence in a top-tier Montney production region
- Partnership with industry-leading investor KKR provides strategic and financial benefits

Calgary, Alberta – January 10, 2019 – SemGroup[®] Corporation (NYSE: SEMG) and KKR today announced they have formed a joint venture to create a Canadian midstream infrastructure platform, SemCAMS Midstream ULC (“SemCAMS Midstream”). The companies also announced that SemCAMS Midstream has entered into a definitive agreement to acquire Meritage Midstream ULC and its midstream infrastructure assets for C\$600 million (US\$449 million).

Under the terms of the joint venture, SemGroup will contribute the shares and assets of its Canadian subsidiary, SemCAMS, valued at C\$1.15 billion (US\$860 million), in exchange for C\$615 million (US\$460 million) cash proceeds and 51% common equity ownership in SemCAMS Midstream. KKR will contribute C\$515 million (US\$385 million) of cash in exchange for 49% of the common equity ownership. KKR will also contribute C\$300 million (US\$224 million) to acquire perpetual preferred equity. In addition, the joint venture will enter into a C\$800 million (US\$598 million) underwritten bank credit facility.

Assets			Cap Structure		
	\$CAD	\$USD		\$CAD	\$USD
SemCAMS Valuation	\$1,150	\$860	Common Equity - SemGroup	\$635	\$400
Meritage Valuation	\$600	\$449	Common Equity - KKR	\$515	\$385
Total Assets	\$1,750	\$1,308	Preferred Equity	\$300	\$224
			JV Term Loan	\$350	\$262
			JV Revolver	\$50	\$37
			Total Capital Structure	\$1,750	\$1,308

Cashback to SemGroup			Common Equity Ownership		
	\$CAD	\$USD	\$CAD	%	
SemCAMS Valuation	\$1,150	\$860	SemGroup Common Equity	\$635	51%
Less SemGroup Equity	(\$535)	(\$400)	KKR Common Equity	\$515	49%
Cash Proceeds to SemGroup	\$615	\$460	Total Common Equity	\$1,050	100%

The transactions create a well-capitalized Canadian growth platform and expand SemGroup's Montney footprint while deleveraging and strengthening its capital position. The joint venture positions SemCAMS Midstream for future growth opportunities.

Carlin G. Conner, Chief Executive Officer of SemGroup, said, "This transaction captures an attractive valuation for our SemCAMS business and accelerates our Canadian strategy in one of North America's premier energy basins. The acquisition of Meritage enables SemCAMS Midstream to expand and optimize its portfolio of assets, broaden its service offerings and create a more attractive Canadian growth platform. In addition, it delivers on our commitment to strengthen our balance sheet. We are pleased to partner with KKR, an industry-leading investor with extensive experience in the energy sector."

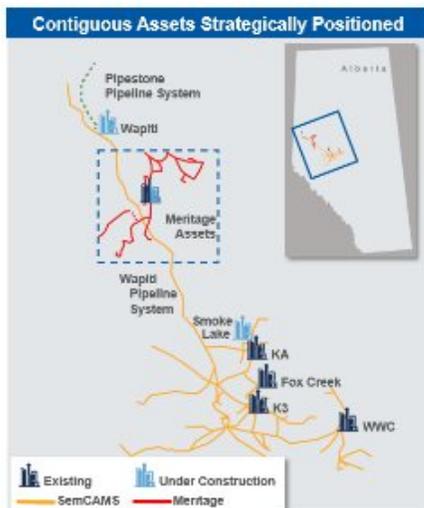
Brandon Freiman, Member and Head of North American Infrastructure at KKR, said, "We have been an active investor in the Canadian energy space for the last decade and are big believers in the Montney as a growing, low-cost natural gas play that is relevant on a global scale. The combination of the highly complementary SemCAMS and Meritage businesses creates a leading midstream platform in the core of the Alberta Montney that is well-positioned to serve its growing infrastructure needs. We are thrilled to be partnering with SemGroup and the SemCAMS management team to build a nimble, well capitalized, customer-focused midstream business together in Western Canada in the coming years."

Dave Gosse, President of SemCAMS Midstream, added, "Combining the SemCAMS and Meritage portfolios will diversify our customer base and broaden our service offerings to include oil batteries and liquids processing, while considerably expanding our gas processing capacity. Our contiguous asset mix, geographic proximity and operational leverage will allow us to optimize our system while creating increased reliability. This acquisition complements our competitive advantages, including our unique, flexible assets that now include additional infrastructure in a top quartile producing basin. Partnering with KKR will further enhance our ability to execute on our growth strategy and our focus on being the midstream provider of choice for area producers."

SemCAMS Midstream – A High Growth Canadian Midstream Platform

Upon close of the transaction, SemCAMS Midstream will acquire Meritage Midstream ULC, an operating portfolio of approximately 195 MMcf/d of natural gas processing capacity, 101 miles of gas gathering pipelines, 38 miles of oil gathering pipelines and 18 miles of emulsion and gas lift pipelines (Patterson Creek facilities) in the liquids-rich Montney play. Additionally, a 200 MMcf/d gas processing

expansion is currently under construction and expected to be in service by third quarter 2019.



Development at Meritage is underpinned by a combination of area dedications and contracted minimum volume commitments with industry-leading producers. In addition, active drilling continues across these plays and there is a significant inventory of drilled, but uncompleted (DUC) wells, which supports our near-term growth expectations.

SemCAMS Midstream will own approximately 900 MMcf/d of natural gas processing capacity between the existing SemCAMS and Meritage facilities. The Wapiti Plant is ahead of schedule and is currently being commissioned to be online by the end of January 2019. The Smoke Lake Plant and Pipestone Pipeline are on track for completion later this year. Total natural gas processing operational capacity will increase to approximately 1.3 Bcf/d following completion of the SemCAMS and Meritage projects under construction. Potential growth projects include the proposed 280 MMcf/d Pipestone sour gas plant, 100,000 bbl/d Montney-to-Market liquids pipeline and potential expansions at the Patterson Creek facility. SemCAMS Midstream continues to evaluate other greenfield and brownfield development opportunities.

SemCAMS Midstream Governance

The business and affairs of SemCAMS Midstream will be managed by a Board of Directors composed of seven board members, four nominated by SemGroup and three nominated by KKR, with SemGroup appointing the Chair. SemCAMS Midstream will be headquartered in Calgary and the management team will be led by SemCAMS' Dave Gosse as President.

Financing & Closing

The Meritage transaction will be financed with a combination of funds from KKR Global Infrastructure Investors III and a fully-underwritten SemCAMS Midstream credit facility. KKR Global Infrastructure Investors III and its affiliated investment vehicles will contribute C\$815 million (US\$609 million) of cash, of which C\$300 million (US\$224 million) will be used to acquire perpetual preferred shares of SemCAMS Midstream, which will pay quarterly dividends at an annual rate of 8.75%.

SemCAMS Midstream's underwritten credit facility commitment is being provided by a syndicate of banks led by TD Securities, CIBC Capital Markets, BMO Capital Markets, and includes a C\$350 million (US\$262 million) senior secured amortizing term loan facility and C\$450 million (US\$336 million) senior secured revolving credit facility. These facilities will be used to fund a portion of the Meritage

acquisition, future growth projects and ongoing working capital requirements. SemCAMS Midstream is targeting leverage of 3.0x to 3.5x.

The transaction is expected to close in the first quarter of 2019 and is subject to customary regulatory approvals and closing conditions.

KKR

KKR has extensive experience with similar midstream investments, including investing in approximately \$1 billion of equity over the last three years to build out gathering and processing infrastructure in the Montney through Veresen Midstream. Other KKR midstream investments include a sale-leaseback of strategic offshore oil and gas infrastructure assets with Pemex in the Gulf of Mexico; a midstream joint venture with El Paso Corporation in the Uinta, Marcellus, and Eagle Ford basins; a recent partnership with Williams to acquire \$1.2 billion of midstream assets in the Colorado DJ basin, and a 23% interest in the Colonial Pipeline Company, the largest refined products pipeline in North America. KKR also has deep experience in upstream oil and gas investing in Canada and in the U.S. Prior upstream investments include Westbrick Energy, Hilcorp Resources and East Resources.

Advisors

CIBC Capital Markets acted as the financial advisor to SemGroup, Evercore acted as financial advisor to SemGroup's Board of Directors and TD Securities acted as the financial advisor to KKR with respect to this transaction. RBC Capital Markets acted as financial advisor to Meritage and Riverstone. Gibson, Dunn & Crutcher LLP and Osler, Hoskin & Harcourt LLP acted as legal advisors to SemGroup. Torys LLP and Simpson Thacher & Bartlett acted as legal advisors to KKR. Dentons Canada LLP and Vinson & Elkins LLP acted as legal advisors to Meritage and Riverstone.

Conference Call

SemGroup will host a conference call for investors at 8:30 a.m. Eastern, January 10, 2019. The call can be accessed live over the telephone by dialing 1-855-239-1101, or for international callers, 1-412-542-4117. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto SemGroup's Investor Relations website at www.semgroup.com. A replay of the webcast will be available following the call.

Supplemental Slide Presentation

A slide presentation supplementing this press release is posted on SemGroup's Investor Relations website under presentations at www.semgroup.com.

About SemCAMS

SemCAMS ULC, a subsidiary of SemGroup[®] Corporation (NYSE: SEMG), is a gathering and processing business which provides midstream solutions for natural gas producers in Western Canada. SemCAMS is one of Alberta's largest licensed sour gas processors with Duvernay and Montney facilities located near Whitecourt and Fox Creek, and two plants under construction in the Smoke Lake area and the Wapiti area south of Grand Prairie. The company also operates sweet gas processing facilities in this region. SemCAMS is based in Calgary, Alberta, Canada.

About SemGroup

SemGroup[®] Corporation (NYSE: SEMG) moves energy across North America through a network of pipelines, processing plants, refinery-connected storage facilities and deep-water marine terminals with import and export capabilities. SemGroup serves as a versatile connection between upstream oil and gas producers and downstream refiners and end users. Key areas of operation and growth include

western Canada, the Mid-Continent and the Gulf Coast. SemGroup is committed to safe, environmentally sound operations. Headquartered in Tulsa, Okla., the company has additional offices in Calgary, Alberta; Denver, Colo.; and Houston, Texas. SemGroup uses its Investor Relations website and social media outlets as channels of distribution of material company information. Such information is routinely posted and accessible on SemGroup's Investor Relations website at www.semgroup.com, SemGroup's Twitter account and LinkedIn account.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic partners that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

Forward-Looking Statements

Certain matters contained in this Press Release include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical fact, included in this Press Release may constitute forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include the possibility that the conditions to the closing of the pending transactions described herein (the Transactions), including the conditions related to obtaining regulatory approvals, may not be satisfied in a timely manner or at all, that if such conditions are not satisfied, they may not be waived, and that the Transactions may not be completed on the terms currently contemplated or at all; the failure to realize the anticipated benefits of the Transactions, assuming they are completed; and the risk factors discussed from time to time in each of SemGroup's documents and reports filed with the SEC. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Press Release, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements.

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