

SEMGROUP CORPORATION

Related Person Transaction Policy

December 10, 2009

Introduction

The Code of Business Conduct and Ethics for SemGroup Corporation and its subsidiaries (“SemGroup”) provides that all directors, officers and employees have a duty to avoid financial, business or other relationships that may cause a conflict of interest. Securities and Exchange Commission (“SEC”) rules further require public disclosure of certain transactions involving SemGroup and related persons (as defined by SEC rules and regulations), as well as disclosure of SemGroup’s policies and procedures for review and approval of such transactions. Accordingly, SemGroup’s Board of Directors (the “Board”) has formally adopted the following written policies and procedures for the identification, review and approval of Related Person Transactions (as defined below).

No Related Person Transaction may be entered into by SemGroup, or any of its subsidiaries or affiliates, except in accordance with the provisions of this policy.

Definitions

For the purposes of this policy, the following terms shall have the following meanings:

- “Related Person” means: (a) any person who is, or was at any time since the beginning of SemGroup’s last fiscal year, an executive officer, director or director nominee of SemGroup; (b) any person who, at the time of the occurrence or existence of the transaction at issue, is the beneficial owner of more than 5% of any class of SemGroup’s voting securities (a “Significant Stockholder”); or (c) any person who is, or was at any time since the beginning of SemGroup’s last fiscal year, an Immediate Family Member of any individual covered by subsection (a) or (b) of this definition.
- “Immediate Family Member” of any person means any child, stepchild, parent, stepparent, spouse, sibling, or in-law of such person or any other person sharing the household of such person, other than a tenant or employee of such person.
- “Related Person Transaction” means any transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness (or any series of similar transactions, arrangements or relationships) in which SemGroup, or any of its affiliates, was, is, or will be a participant, the amount involved exceeds \$120,000, and a Related Person has or will have a direct or indirect material interest.

Standards for Review and Approval of Related Person Transactions

A Related Person Transaction will be considered approved if, after full disclosure of the Related Person's interest in the transaction, it is authorized in accordance with the standards set forth in this section and the process set forth in the section immediately below. For those Related Person Transactions presented to the Audit Committee,¹ it shall review all relevant information available to it about the Related Person Transaction. The Audit Committee may approve a Related Person Transaction presented to it only if it determines that, based on all of the information presented, the transaction is consistent with the best interests of SemGroup as a whole. The Audit Committee may, in its sole discretion, impose such terms and conditions as it deems appropriate on SemGroup or the Related Person in connection with its approval of a Related Person Transaction.

As appropriate for the circumstances, Audit Committee review of a proposed Related Person Transaction shall take into consideration the following in determining whether to approve such transaction:

- whether the transaction was undertaken in the ordinary course of business of SemGroup;
- whether the transaction was initiated by SemGroup or the Related Person;
- whether the transaction with the Related Person is proposed to be entered into on terms no less favorable to SemGroup than terms that could have been reached with an unrelated third party;
- the purpose, and the potential benefits to SemGroup, of the transaction;
- the approximate dollar value of the amount involved in the Related Person Transaction and whether such amount is material to SemGroup;
- the Related Person's interest in the Related Person Transaction (including the approximate dollar value of the amount of the Related Person's interest in the transaction); and
- any other information regarding the Related Person Transaction or the Related Person that would be material to investors in light of the circumstances of the particular transaction.

¹The term "Committee" shall include both the Audit Committee and, in exceptional circumstances, the Chair of the Audit Committee, as the case may be (see the section titled "Process for Review, Approval and Ratification of Related Person Transactions" for details).

Process for Review, Approval and Ratification of Related Person Transactions

Upon learning of any transaction involving a Related Person, the General Counsel shall gather the necessary information regarding the proposed transaction and determine whether it is a Related Person Transaction within the meaning of this policy.

Transactions That Do Not Require Audit Committee Review. Some transactions, arrangements or relationships will not meet the definition of Related Person Transaction if, for example, the amount involved does not exceed \$120,000 or an employee involved is not an executive officer, director of SemGroup or an Immediate Family Member of an executive officer or director. If the General Counsel determines that a transaction, arrangement or relationship is not a Related Person Transaction within the meaning of this policy, the proposed transaction will be reviewed by the General Counsel without any Audit Committee review, unless the General Counsel also determines that the transaction, arrangement or relationship does not involve a “direct or indirect material interest” on the part of the individual or entity doing business with SemGroup under the standards described in the next paragraph. In reviewing any such transactions, arrangements or relationships that do not meet the definition of Related Person Transaction, the General Counsel will follow the same procedures and apply the same standards as are set forth for the Audit Committee above under the caption “Standards for Review and Approval of Related Person Transactions.”

Transactions That Do Not Require Audit Committee or General Counsel Review. Consistent with the SEC’s rules and regulations, the following categories of Related Person Transactions and/or Related Person interests do not need to be presented to the Audit Committee or the General Counsel for review and approval because the Audit Committee has determined that they do not present a “direct or indirect material interest” on behalf of the Related Person:

- interests arising solely from the Related Person’s position as a director of another corporation or organization that is a party to the transaction;
- interests arising solely from the direct or indirect ownership by the Related Person and all other Related Persons in the aggregate of less than a 10% equity or similar ownership interest (other than a general partnership interest which, even if less than 10%, shall be deemed a material interest) in another entity which is a party to the transaction;
- interests arising solely from the ownership of a class of SemGroup’s equity securities if all holders of that class of equity securities receive the same benefit on a pro rata basis;
- interests arising solely from indebtedness of a Significant Stockholder or an Immediate Family Member of a Significant Stockholder;
- a transaction that involves compensation to an executive officer, if such compensation has been approved by the Compensation Committee of the Board;

- a transaction that involves compensation to a director of SemGroup for services as a director if such compensation will be reported pursuant to Item 402(k) of Regulation S-K;
- a transaction where the rates or charges involved in the transaction are determined by competitive bids;
- a transaction that involves the rendering of services as a common carrier or public utility at rates or charges fixed in conformity with law or governmental regulations; and
- a transaction that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

Related Person Transactions That Require Audit Committee Review. If the General Counsel determines that a transaction is a Related Person Transaction and that it does not fall into one of the exceptions in the section immediately above, then the General Counsel, where practicable, shall present the proposed transaction to the Audit Committee. The Audit Committee shall:

- determine whether the Related Person “has or will have a direct or indirect material interest” in the transaction; and
- review and approve or reject the proposed transaction in accordance with the terms of this policy.

In order to facilitate this review and approval process, the General Counsel may present a potential Related Person Transaction to the members of the Audit Committee during the period between regularly scheduled meetings of the Audit Committee.

If the General Counsel determines that approval of a Related Person Transaction by the entire Audit Committee prior to consummation or effectiveness of the transaction is impracticable under the circumstances, the General Counsel shall present the Related Person Transaction to the Chair of the Audit Committee, who shall review and may approve the transaction at his or her discretion. In the event of such an occurrence, the Chair of the Audit Committee shall report any such Related Person Transaction to the Audit Committee at its next regularly scheduled meeting, including the rationale for approving the transaction prior to full Audit Committee review.

Disclosure

SemGroup will disclose all Related Person Transactions at the time and in the manner required by any applicable federal securities laws and regulations.