NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 16, 2013

Mr. Norman Szydlowski
President and Chief Executive Officer
SemGroup, LP
6120 South Yale Avenue, Suite 700
Tulsa, Oklahoma 73112

CPF 3-2013-5030M

Dear Mr. Szydlowski:

On October 2-4, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected SemGroup, LP’s (SemGroup) procedures for Public Awareness Program Effectiveness in Tulsa, Oklahoma.

On the basis of the inspection, PHMSA has identified several inadequacies found within SemGroup’s plans or procedures, as described below:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

   (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations.
   (12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.
SemGroup's procedures are inadequate because its Public Awareness Plan does not contain a written process to ensure effective liaison relationship with emergency responders, including the sharing of capabilities and SemGroup's emergency response plan.

2. § 195.440 Public Awareness

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

SemGroup's procedures are inadequate because its Public Awareness Plan does not include a written process for developing new individual stakeholder audience brochures or making changes to the brochures that specifies when and how to pre-test changes to materials and to determine the level of pretest, including the use of focus groups.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process to ensure that an annual supplemental review is consistent across the entire pipeline system. The supplemental review should include consideration of all 12 supplemental factors listed in API RP 162 along with any other relevant factors identified, such as schools contacting the pipeline right-of-way.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process for the Annual Implementation review that includes what is to be done by stakeholder audience, requirements for reviewing field information/contacts, and developing a summary of what was considered, what will be changed, who will make changes, and when changes are to be completed.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process to identify and track the actual program outreach by its stakeholder audience.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process to establish consistent review and analysis of effectiveness evaluation information by its stakeholder audience for understandability of message content and desired behavior.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process for measuring other bottom line results or a justification on why such tracking is not needed.

SemGroup’s procedures are inadequate because its Public Awareness Plan does not include a written process to document the effectiveness evaluation that includes the decisions that were considered and/or made, what changes are to be made, who will make changes and when changes are completed.
3. § 195.440 Public Awareness
   (d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:
   (1) Use of a One-Call notification system prior to excavation and other damage prevention activities;
   (2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility;
   (3) Physical indications that such a release may have occurred;
   (4) Steps that should be taken for public safety in the event of a hazardous liquid or carbon dioxide pipeline release; and
   (5) Procedures to report such an event.
   (e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.
   (f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports hazardous liquid or carbon dioxide.

   SemGroup's procedures are inadequate because its Public Awareness Plan does not follow the buffer for affected public as listed in Table 5.1 and as described in its Public Awareness Program (PAP).

   SemGroup's procedures are inadequate because its Public Awareness Plan does not include a written process for having a consistent message on the brochures, pipeline markers and given by personnel in the control room who answer the emergency number.

4. § 195.440 Public Awareness
   (g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area.

   SemGroup's procedures are inadequate because its Public Awareness Plan does not include a written process for the identification of additional languages including when periodic reviews should occur. The plan should also note that the operator is using only English for public officials and emergency officials.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Compliance Proceedings. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe
the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after an opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that SemGroup, LP maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Linda Daugherty, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to CPF 3-2013-5030M and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

[Signature]

For Linda Daugherty
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings
Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

Be advised that all material submitted by a respondent in response to an enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

I. Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed CIVIL PENALTY* --

1. If you are not contesting any violations alleged in the Notice, pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to issue an order making findings of violation and upon confirmation that the payment has been received PHMSA will close the case with prejudice to the respondent. Payment terms are outlined below;

2. If you are not contesting any violations alleged in the Notice but wish to submit written explanations, information, or other materials you believe warrant mitigation of the civil penalty, you may submit such materials. This authorizes PHMSA to make findings and to issue a Final Order assessing a penalty amount up to the amount proposed in the Notice. Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $200,000 per violation per day the violation persists up to a maximum of $2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum civil penalty may not exceed $100,000 per violation per day, with a maximum penalty not to exceed $1,000,000 for a related series of violations. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based;
3. If you are contesting one or more of the items in the Notice but are not requesting an oral hearing, submit a written response to the allegations and/or seek elimination or mitigation of the proposed civil penalty; or

4. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

b. **When the Notice contains a proposed COMPLIANCE ORDER**

1. If you are not contesting the compliance order, notify the Regional Director that you intend to take the steps in the proposed compliance order;

2. If you are not contesting the compliance order but wish to submit written explanations, information, or other materials you believe warrant modification of the proposed compliance order in whole or in part, or you seek clarification of the terms of the proposed compliance order, you may submit such materials. This authorizes PHMSA to make findings and issue a compliance order;

3. If you are contesting the proposed compliance order but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the proposed compliance order items in whole or in part; or

4. Request a hearing as described below to contest the allegations and/or proposed compliance order items.

c. **When the Notice contains a WARNING ITEM**

No written response is required. The respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.
II. Procedures for Responding to a NOTICE OF AMENDMENT*--

Within 30 days of receipt of a Notice of Amendment, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. If you are not contesting the Notice, notify the Regional Director of your plans to address the inadequacies identified in the Notice;

b. If you are not contesting the Notice but wish to submit written explanations, information, or other materials you believe warrant modification of the Notice of Amendment in whole or in part, or you seek clarification of the terms of the Notice of Amendment, you may submit such materials. This authorizes PHMSA to make findings and issue an Order Directing Amendment;

c. If you are contesting the Notice of Amendment but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the Notice of Amendment items in whole or in part; or

d. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. Procedure for Requesting a Hearing

A request for a hearing must be in writing and accompanied by a statement of the issues that the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than $10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. Extensions of Time

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.
V. Freedom of Information Act
Any material provided to PHMSA by the respondent, and materials prepared by PHMSA including the Notice and any order issued in this case, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If you believe the information you are providing is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. The Rights of Small Entities To Enforcement Fairness and Policy Against Retaliation
The Department of Transportation has a policy regarding the rights of small entities to regulatory enforcement fairness and an explicit policy against retaliation for exercising these rights. Our objective is to ensure a fair regulatory enforcement environment. If you feel you have been treated unfairly or unprofessionally, you may contact the PHMSA Office of Chief Counsel. You also have the right to contact the Small Business Administration's National Ombudsman at 1-888-REGFAIR or www.sba.gov/ombudsman regarding the fairness of the compliance and enforcement activities of this agency.

The Department of Transportation strictly forbids retaliatory acts by its employees. As such, you should feel confident that you will not be penalized for expressing your concerns about compliance and enforcement activities.

VII. Small Business Regulatory Enforcement Fairness Act Information
The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VIII. Payment Instructions

Civil Penalty Payments of Less Than $10,000
Payment of a civil penalty of less than $10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number
for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
Mike Monroney Aeronautical Center
Financial Operations Division (AMZ-341) P.O. Box 269039
Oklahoma City, OK 73125-4915

Wire transfer payments of less than $10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of $10,000 or more

Payment of a civil penalty of $10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.
INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

<table>
<thead>
<tr>
<th>Block #</th>
<th>Description</th>
<th>Format and Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RECEIVER ABA NO.</td>
<td>021030004 (Provided by sending bank)</td>
</tr>
<tr>
<td>2</td>
<td>TYPE/SUB-TYPE</td>
<td>(Provided by sending bank)</td>
</tr>
<tr>
<td>3</td>
<td>SENDING BANK ABA NO.</td>
<td>(Provided by sending bank)</td>
</tr>
<tr>
<td>4</td>
<td>SENDING BANK REF NO.</td>
<td>(Provided by sending bank)</td>
</tr>
<tr>
<td>5</td>
<td>AMOUNT</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>SENDING BANK NAME</td>
<td>(Provided by sending bank)</td>
</tr>
<tr>
<td>7</td>
<td>RECEIVER NAME</td>
<td>TREAS NYC (Provided by sending bank)</td>
</tr>
<tr>
<td>8</td>
<td>PRODUCT CODE</td>
<td>TREAS NYC (Normally CTR, or as provided by sending bank)</td>
</tr>
<tr>
<td>9</td>
<td>BENEFICIAL (BNF) = AGENCY LOCATION CODE</td>
<td>69140001 (Provided by sending bank)</td>
</tr>
<tr>
<td>10</td>
<td>REASONS FOR PAYMENT</td>
<td>Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number</td>
</tr>
</tbody>
</table>

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #1** - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

**Block #5** - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: $10,000.00**

**Block #7** - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

**Block #9** - BENEFICIAL - AGENCY LOCATION CODE - "69140001". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #10** - REASON FOR PAYMENT - “AC-payment for PHMSA Case # / To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country.”

**NOTE:** A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

February 7, 2013