



## **SemCAMS Midstream and Keyera to Build Canadian Liquids Pipeline System**

- New condensate and NGL pipeline system to deliver growing Montney and Duvernay production to Fort Saskatchewan market
- Pipeline supported by long-term contracts with significant take-or-pay commitments
- Leverages SemCAMS Midstream's high-quality assets and enhances its competitive positioning
- Creates integrated offering for producers throughout the value chain
- Replaces SemCAMS Midstream's previously announced Montney to Market (M2M) pipeline
- Construction spending expected to begin in second half of 2020

CALGARY, Alberta, May 14, 2019 – SemCAMS Midstream ULC (“SemCAMS Midstream”) today announced it has entered into an asset joint venture with Keyera Corp. to construct a natural gas liquids (“NGL”) and condensate pipeline system to connect the liquids-rich Montney and Duvernay production areas of northwestern Alberta to the fractionation and condensate hubs in Fort Saskatchewan, Alberta. This pipeline system provides producers additional and alternative transportation solutions to meet growing production and is supported by long-term contracts with significant take-or-pay commitments.

This joint venture brings together two producer-focused midstream companies to develop a world-class pipeline and replaces SemCAMS Midstream's previously announced Montney to Market (M2M) pipeline. SemCAMS Midstream and Keyera will be equal partners on the project, with Keyera acting as operator. Both partners will form a commercial committee to ensure collaboration as they pursue additional volume commitments.

“We are pleased to partner with Keyera on this critically needed transportation solution for customers,” said Dave Gosse, President of SemCAMS Midstream. “As Alberta's low-cost natural gas plays continue to develop, customers are searching for competitive options to move NGLs and condensates from the production and processing areas in field locations to the Fort Saskatchewan market. Our well-capitalized and expanding midstream infrastructure platform makes SemCAMS Midstream the logical partner on this project, further advancing our Canadian growth strategy.”

SemCAMS Midstream will now have liquids take-away capabilities, introducing another component to the midstream value chain. This project strengthens SemCAMS Midstream's role as a leading Canadian integrated midstream company, providing an improved ability to offer comprehensive infrastructure solutions for producers across a broader capture area.

“SemGroup is excited to have this opportunity to partner with KKR and support SemCAMS' participation in this highly strategic project,” said SemGroup Chief Executive Officer Carlin Conner. “Together SemCAMS joint venture owners will utilize an optimal funding arrangement for all parties. The addition of this asset to SemCAMS' growing midstream portfolio is critical to providing our customers the full suite of service offerings they desire.”

“KKR is pleased to support SemCAMS' exciting partnership with Keyera on this critical infrastructure solution for Montney producers,” said Brandon Freiman, Member and Head of North American Infrastructure at KKR. “The combined midstream footprints of SemCAMS and

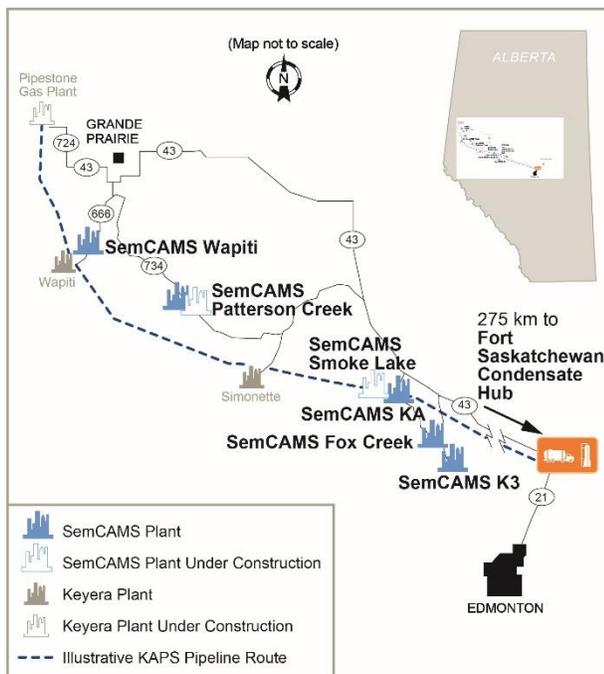
Keyera along the route of the pipeline reinforces the strategic logic of this project for both parties. The project also aligns well with our investment thesis around building an integrated service provider in the high-growth Alberta Montney corridor.”

### Highly Contracted Growth Opportunity

The project is supported by multiple long-term firm service agreements, averaging 14 years length, representing 60 percent of initial pipeline capacity. The firm-service agreements are underpinned by 75 percent take-or-pay commitments as well as specific facility and area dedications. Additionally, there are ongoing discussions with additional producers for incremental volumes. Furthermore, the pipeline can be cost-effectively expanded with additional pump stations to meet future capacity requirements. This project is expected to provide SemCAMS Midstream with additional long-term, fee-for-service revenues.

The current scope of the project includes a 16-inch condensate pipeline and a 12-inch NGL pipeline. These pipelines are designed to be connected to third-party facilities as well as

Keyera and SemCAMS Midstream-owned facilities. Keyera and SemCAMS Midstream expect to have nine gas plants operating in the area by 2022, with access to approximately 2.25 bcf/d of gas processing and 130,000 bbl/d of condensate handling capability in Canada's premier liquids-rich fairway stretching from Pipestone to Kaybob. The project is targeted to become operational in the first half of 2022, with the majority of the capital spending expected to occur during the second half of 2020 and into 2021.



### Pipeline Funding Secured

Total cost for the project is estimated at C\$1.3 billion. SemCAMS Midstream's 50 percent portion of the construction cost will be financed with a combination of funds from SemGroup, KKR Global Infrastructure Investors III and affiliated investment vehicles, internally generated cash flow from SemCAMS Midstream, and fully-underwritten financing at SemCAMS Midstream, consisting of a C\$300 million (US\$223million) KAPS construction facility which is being provided by a syndicate of banks led by TD Securities and BMO Capital Markets. This facility will be drawn as construction begins in mid-2020, subject to regulatory approvals. SemCAMS Midstream intends to continue maintaining a prudent capital structure before, during and after construction and expects the project to materially improve SemCAMS Midstream's overall credit profile.

### Strategic Benefits for SemCAMS Midstream

SemCAMS Midstream was formed in the first quarter of 2019 and continues to expand its footprint in the Montney and Duvernay, capturing attractive opportunities to serve a growing customer base. SemCAMS Midstream owns and operates approximately 1.1 bcf/d of natural gas processing capacity, increasing to approximately 1.3 bcf/d later this year with the expected completion of its Patterson Creek Plant expansion and Smoke Lake Plant.

This pipeline will further enhance SemCAMS Midstream's asset footprint and vertical integration, providing multiple strategic benefits which enhance SemCAMS Midstream's growth profile:

- Increased weighting from long-term, take-or-pay revenue

- Enhanced customer and geographic diversification
- New greenfield and brownfield investment opportunities, including additional processing investments, new NGL infrastructure, and other value-add offerings for producers in the field and in Fort Saskatchewan

### **Advisors**

TD Securities acted as the financial advisor to SemCAMS Midstream with respect to this transaction. Gibson, Dunn & Crutcher LLP and Osler, Hoskin & Harcourt LLP acted as legal advisors.

### **Additional Information**

Interested shippers may obtain additional information about this project, subject to executing a confidentiality agreement by contacting:

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### **About SemCAMS Midstream ULC**

SemCAMS Midstream ULC is a gathering and processing business that provides midstream solutions from the wellhead to the wholesale market place in Western Canada. As one of Alberta's largest licensed gas processors, SemCAMS Midstream owns and operates six gas processing plants located in the heart of the Western Canadian Sedimentary Basin with combined licensed capacity of approximately 2 billion cubic feet per day. Strategically positioned to accept production out of the Montney and Duvernay area, the assets include more than 700 miles of natural gas gathering and transportation pipelines as well as oil gathering and emulsion. SemCAMS Midstream is based in Calgary, Alberta and is a joint venture between SemGroup Corporation® (NYSE: SEMG) and KKR.

### **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](http://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](http://www.kkr.com) and on Twitter @KKR\_Co.

### **About Keyera**

Keyera Corp. (TSX: KEY) operates an integrated Canadian-based midstream business with extensive interconnected assets and depth of expertise in delivering midstream energy solutions. Its predominantly fee-for-service based business consists of natural gas gathering and processing; natural gas liquids processing, transportation, storage and marketing; iso-octane production and sales; and an industry-leading condensate system in the Edmonton/Fort Saskatchewan area of Alberta. Keyera strives to provide high quality, value-added services to its customers across North America and is committed to conducting its business ethically, safely and in an environmentally and financially responsible manner.

### **Forward-Looking Statements**

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

All statements, other than statements of historical fact, included in this Press Release may constitute forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include the risk factors discussed from time to time in each of our documents and reports filed with the SEC.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Press Release, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements.

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