

## SGLP stock continues to fall

by: ROD WALTON World Staff Writer  
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Read previous stories and court filings about SemGroup.

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### **It did post a brief rally Wednesday afternoon, but the outlook for the company remains gloomy.**

Shares of SemGroup Energy Partners LP closed at a fifth straight historic low Wednesday, but the publicly traded wing of bankrupt SemGroup LP actually rallied slightly after dropping to less than \$3 at one point.

The company, known by the SGLP symbol on the Nasdaq, closed at \$3.55 per share after falling to \$2.87 earlier in the day. Wall Street Journal Online tabbed SGLP as the Nasdaq's biggest percentage loser in the morning trading, a dubious distinction it last held July 17.

"I would guess they are in a death spiral," the Tulsa money manager Fred Russell, the principal of Fredric E. Russell Investment Management Co., said Wednesday. "Institutional shareholders have become very wary of buying it."

SemGroup Energy Partners' value has dropped to all-time closing lows every trading day since Oct. 2. The company's share price is about 15 percent of what it was before its parent, SemGroup, collapsed in July.

Part of Wednesday's freefall was due to the overall stock market fluctuations, Russell pointed out. SGLP's situation, however, is unique because of its lost revenues and lack of public disclosure, he added.

The Tulsa oil and asphalt storage, pipeline and transport company has not filed a second-quarter earnings report despite Nasdaq threats to have it delisted. SGLP executives also have talked publicly only twice, in July and August conference calls, and even then they took no questions during the August call.

"A publicly held company must be timely, especially in times of crisis," Russell said. "A publicly held company must be fervent in its attempt to be squeaky clean. It must divulge everything it's required to divulge."

SemGroup Energy Partners is in default with its creditors, but it received a break last month when those lenders signed off on a forbearance agreement. The creditors vowed not to take advantage of the default during the following three months, but they trimmed \$50 million from SGLP's revolving credit facility, forbade further borrowing and attached new fees and interest rates to the company's payback, according to reports.

Calls from the Tulsa World to SGLP's investor-relations specialist Brian Cropper were not returned Wednesday.

SemGroup Energy Partners has tried to separate itself from the parent SemGroup, which filed for bankruptcy after revealing \$2.4 billion in oil trading losses, \$2.5 billion owed to other creditors, including hedge funds, and as much as \$1 billion more owed to suppliers of oil, gas and asphalt, reports show. The SGLP unit is not a debtor in the bankruptcy case, but it previously gained up to 90 percent of its revenues from fee-based storage, terminaling and delivery services for the parent firm.

SGLP officials admitted their struggle for survival in an Aug. 15 filing with the federal Securities and Exchange Commission. Its own credit default and SemGroup's bankruptcy "raise substantial doubt about the partnership's ability to continue as a going concern," the filing said.

Five days later, however, SGLP executives told investors and reporters that they had found unidentified, new third-party customers to fill part of the revenue void, although at a undisclosed discount rate. A judge later approved a three-month agreement, guaranteeing a \$4.9 million letter of credit, between the parent and its subsidiary.

"While the private company's bankruptcy is a frustration that makes our job much more difficult, you can see we are making progress," SGLP CEO Kevin Foxx said during the conference call.

SemGroup LP spun off oil and asphalt storage, pipelines and other assets to take SGLP public in July 2007. The new company's shares first traded for about \$22, rose to around \$30 and were holding steady at \$24 on July 17 when news of SemGroup's collapse hit newswires and Web sites.

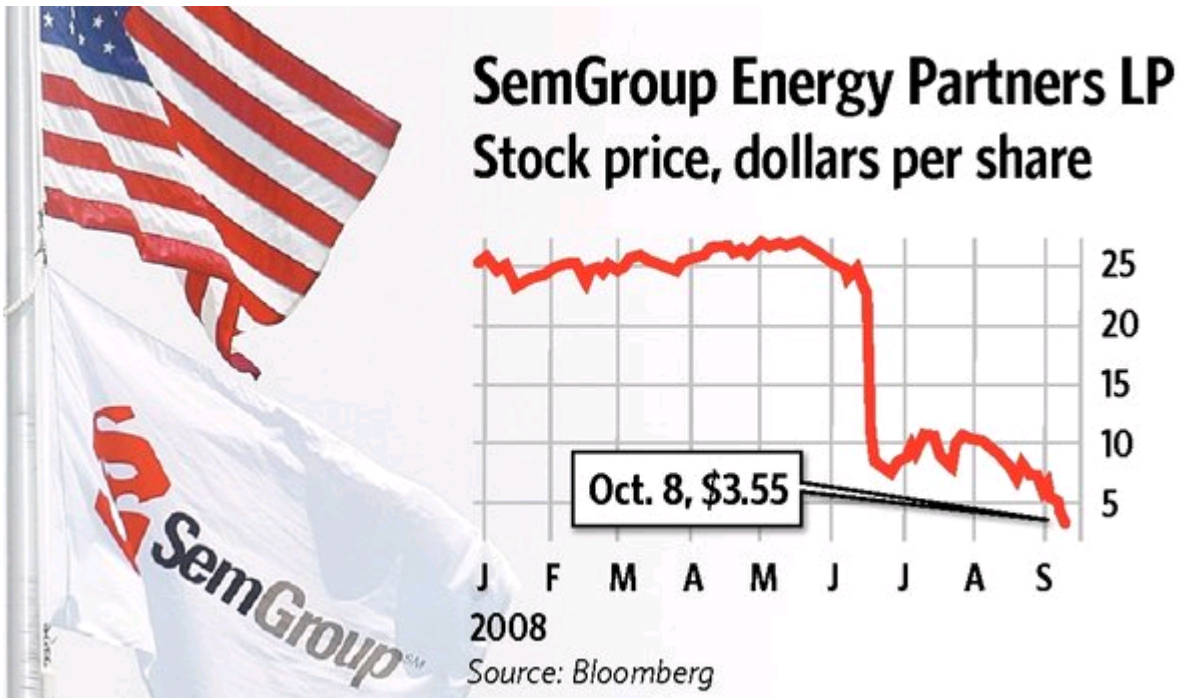
Shares fell to \$11 that day and further over the following weeks. The stock, however, rallied briefly through September before resuming its recent series of all-time low closings.

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