

Sign of the times, energy boom: SemGroup units up in IPO

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Units of Tulsa-based SemGroup Energy Partners LP surged to \$29.32 during their debut Wednesday on the Nasdaq Stock Market, climbing 33 percent.

The units at one point rose as much as 40 percent over the initial price of \$22 and reached a trading volume of more than 12 million during their first day of trading, according to Bloomberg News.

Fredric E. Russell, CEO of Fredric E. Russell Investment Management Co. in Tulsa, said the units' performance reflect the enthusiastic market for energy companies.

"Investors think energy has nowhere to go but up," he said. "It's a great time to sell when everyone is feeling euphoric."

SemGroup Energy Partners is the only publicly traded affiliate of SemGroup LP, one of the nation's largest privately owned companies and one of the largest Tulsa-based firms.

SemGroup LP, which moves energy products from the wellhead to the wholesale marketplace, will remain privately held and maintain an interest in the partnership.

Through a subsidiary, the company indirectly owns 48.9 percent of SemGroup Energy Partners, which will manage 1,150 miles of pipelines, 6.7 million barrels of storage capacity and tanker trucks that deliver oil from remote locations.

The bulk of the storage, about 4.8 million barrels of capacity, is located at the Cushing pipeline interchange, about 50 miles southwest of Tulsa.

On Tuesday, SemGroup LP priced 12.5 million units at \$22 each through its subsidiary SemGroup Holdings LP. The company raised \$275 million through the IPO and will use the proceeds to reduce the outstanding amounts under its credit facility.

The \$22 price for the units was above the expected range of \$19 to \$21, according to a Securities and Exchange Commission filing.

Since April 2000, SemGroup LP has made a total of 51 acquisitions.

The company has about \$4.5 billion in assets and employs 400 people in Tulsa and 2,000 worldwide through its operations in Canada, Mexico, Wales, Switzerland and Vietnam.