



SemGroup To Purchase Koch Pavement Solutions’ U.S. and Mexico Asphalt Businesses

April 15, 2005 -- TULSA, Okla. – SemGroup, L.P. and Koch Materials Company have signed a definitive purchase and sale agreement involving a majority of Koch Pavement Solutions’ asphalt operations and assets located in the United States and Mexico.

SemGroup expects the acquisition to close during the second quarter of 2005, pending regulatory approval under the U.S. Federal Trade Commission’s Hart-Scott-Rodino Act and Mexico’s Ley Federal de Competencia Economica. Terms of the agreement were not disclosed.

The acquisition includes 47 asphalt terminals in 24 states in the U.S. and 13 asphalt terminals in Mexico; five regional technical centers; 65 worldwide patents and 10 pending patents. SemGroup said that all of the assets will be operated by its asphalt business unit, SemProducts, L.P.

Tom Kivisto, SemGroup president and chief executive officer, said that the acquisition solidifies SemGroup’s commitment to the asphalt industry. “Two smaller acquisitions earlier this year provided us insight to opportunities available through the asphalt component of the petroleum industry. Koch Pavement Solutions’ growth since its founding in 1959 is impressive. We believe it provides an excellent expansion vehicle for SemProducts and complements SemGroup’s crude oil, natural gas, natural gas liquids and refined products business segments,” Kivisto said.

“Koch Pavement Solutions has a long history of providing innovative asphalt solutions to our customers,” said Rob Witte, president of Koch Materials Company. “We are excited that SemGroup values the knowledge and talent of the employees associated with this business and is committed to growth and success for this array of great facilities, products and services.”

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Koch Materials, an indirect subsidiary of Koch Industries, LLC, is one of the largest U.S. asphalt retailers and the largest producer of asphalt emulsions and polymer modified asphalt cement in North America.

SemGroup will gain about 470 employees in the U.S. and 180 employees in Mexico through the purchase. The Mexico portion of the acquisition is a self-sufficient, stand-alone business currently operating as Koch Materials Mexico. The purchase marks SemGroup's first move into the Mexican market.

The assets offered in the sale are comprised of:

- Koch Materials' U.S. asphalt operations, other than those noted below as excluded;
- Koch Materials' and ConocoPhillips' combined 100 percent interest in KC Asphalt, LLC;
- KMC Enterprises' (KMCE) indirect interest in Koch HC (Mexico) S. De R.L. De C.V. which hold the Koch Materials Mexico business;
- KMCE's 100 percent interest in Chemical Petroleum Exchange; and
- Koch Materials' 50 percent interest in Vulcan-Koch Asphalt Marketing, LLC.

Koch Materials will retain facilities in North Dakota, South Dakota, Minnesota, Wisconsin, Iowa and Nebraska that receive asphalt produced at a Minnesota refinery owned by Flint Hills Resources, LP, an indirect wholly owned subsidiary of Koch Industries, LLC. The proposed sale also does not include KMCE's asphalt business in China and Brazil or Koch Materials' Performance Roads business interests.

Koch Materials and Koch Materials Mexico supply asphalt products to a diversified base of more than 3,000 customers in the U.S. and Mexico, including government agencies, national contractors and numerous regional and local contractors.

According to the Asphalt Institute, total sales of liquid asphalt paving products in the U.S. averaged nearly 30 million tons for the years 1999 through 2003. Of that total, 80 percent was sold to the public sector.

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SemGroup, L.P. is a midstream service company providing North America's energy industry means to move products from the wellhead to the wholesale marketplace. It is ranked #14 on Forbes magazine's list of America's Largest Private Companies. For additional information, visit www.semgrouplp.com.

Koch Materials Company is based in Wichita, Kan., and develops and markets advanced paving systems and high-quality products. Koch Materials is a subsidiary of Koch Industries, LLC. Koch companies are engaged in trading, investments and operations around the world. More information is available at www.kochpavementsolutions.com, www.kochmaterials.com, or <http://www.kochind.com/>.

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Contact Information:

SemGroup, L.P.

Frank Panzer
Director - Commercial Development
Phone: 918-388-8109
Cell: 918-906-0324

Koch Materials Company

Katie Stavinoha
Phone: 316-828-3621
Cell: 316-518-3621