IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
SEMCRUDE, L.P., *et al.*,	)	CHAPTER 11
Debtors	)	Case No. 08-11525 (BLS)
	)	(Jointly Administered)
SEMGROUP, L.P., *et al.*,	)	
Plaintiffs,	)	
v.	)	Adversary No. 09-50121
JOHN A. CATSIMATIDIS, *et al.*,	)	
Defendants.	)	

BRIEF IN SUPPORT OF THE DEBTORS' MOTION FOR PRELIMINARY INJUNCTION AGAINST THE DEFENDANTS UNDER 11 U.S.C. § 105 AND BANKRUPTCY RULE 7065, AND FOR ENFORCEMENT OF <u>THE AUTOMATIC STAY UNDER 11 U.S.C. § 362</u>

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SemGroup, L.P. ("SemGroup"), and certain direct and indirect subsidiaries of SemGroup, as debtors and debtors in possession (collectively, "SemGroup" or the "Debtors"),[1] in these chapter 11 cases and Plaintiffs in this adversary proceeding (collectively, the "Plaintiffs"), file this Brief in Support of the Debtors' Motion for Preliminary Injunction under 11 U.S.C. § 105 and Bankruptcy Rule 7065, and For Enforcement of the Automatic Stay Under 11 U.S.C. § 362(a) against John A. Catsimatidis ("Catsimatidis"), Matthew F. Coughlin, III ("Coughlin"), Martin R. Bring ("Bring"), J. Nelson Happy ("Happy"), Myron L. Turfitt ("Turfitt"), James C. Hansel ("Hansel") (collectively the "Castimatidis Group"), United Refining Energy Corp. ("UREC"), and Tulsa Energy Acquisitions, LLC ("Tulsa Acquisitions") (collectively, the "Defendants") as follows:

I.
PRELIMINARY STATEMENT

The Debtors seek injunctive relief to stop the Defendants' attempts to hijack and control the Debtors' orderly reorganization, subvert the Debtors' open and transparent bidding process, and attempts to seize control of the management committee of SemGroup's general partner (the "Management Committee"), and thereby control of the Debtors, all in direct violation of the Defendants' contractual and fiduciary obligations to the Debtors, and in violation of the automatic stay.

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[1] The jointly administered Debtors in these chapter 11 cases, along with the last four (4) digits of each Debtor's federal tax identification number, are: SemCrude, L.P. (7524), Chemical Petroleum Exchange, Incorporated (8866), Eaglwing, L.P. (7243), Grayson Pipeline, L.L.C. (0013), Greyhawk Gas Storage Company, L.L.C. (4412), K.C. Asphalt L.L.C. (6235), SemCanada II, L.P. (3006), SemCanada L.P. (1091), SemCrude Pipeline, L.L.C. (9811), SemFuel Transport LLC (6777), SemFuel, L.P. (1015), SemGas Gathering LLC (4203), SemGas Storage, L.L.C. (0621), SemGas, L.P. (1095), SemGroup Asia, L.L.C. (5852), SemGroup Finance Corp. (3152), SemGroup, L.P. (2297), SemKan, L.L.C. (8083), SemManagement, L.L.C. (0772), SemMaterials Vietnam, L.L.C. (5931), SemMaterials, L.P. (5443), SemOperating G.P., L.L.C. (5442), SemStream, L.P. (0859), SemTrucking, L.P. (5355), Steuben Development Company, L.L.C. (9042), and SemCap, L.L.C. (5317). SemGroup Holdings, L.P. (6746) is also a Debtor, but is not currently jointly administered.

In November 2008, the Defendants entered into a Confidentiality Agreement with the Debtors related to the Defendants' expressed interest in acquiring the Debtors. In exchange for gaining access to the Debtors' confidential business information, the Defendants agreed, among other things, to refrain from (i) acquiring the Debtors' voting securities; (ii) making public announcements regarding the Debtors' reorganization; and (iii) attempting to influence or control the Debtors' management.

The Defendants have openly and repeatedly violated these provisions of the Confidentiality Agreement by entering into transactions to acquire substantial amounts of the Debtors' voting securities; making numerous public announcements regarding the Defendants' efforts to reorganize the Debtors, while simultaneously subverting the reorganization efforts of the Debtors' authorized management; and attempting to undermine the Debtors' management through the Defendants' purported "control" of the Management Committee (the equivalent of the Debtors' board of directors).

Moreover, by acquiring seats on the Management Committee, the Defendants assumed fiduciary obligations to the Debtors. While purporting to be acting as fiduciaries of the Debtors, the Defendants have used their seats on the Management Committee to try to push through a self-interested plan to acquire all or part of the Debtors—attempting to act as both the seller and the buyer of the Debtors. These dual roles, however, give rise to fatal conflicts of interest that make it impossible for the Defendants to act in the best interests of the Debtors and the Debtors' creditors while also pursuing their own acquisition objectives. This is not just a theoretical conflict of interest. The Defendants' conflicted loyalties have already undermined the Debtors'

efforts to foster a productive bidding process to explore the possibility of marketing certain of the Debtors' business units and have interfered with, delayed, and raised the cost associated with the Debtors' plan of reorganization.

Injunctive relief is warranted because the Confidentiality Agreement between the Debtors and the Defendants expressly provides for injunctive relief as a remedy for its violation. In addition, the relief sought by the Debtors (to require the Defendants to pursue their acquisition interests through the established bidding process, as is required of every other bidder) simply places the Defendants on a level playing field, while preserving the integrity of the Debtors' reorganization process and the transparency of its established bidding procedures (which the Defendants' actions threaten to undermine). Also, the Defendants' efforts to control the disposition and reorganization of the Debtors' estates constitute violations of the automatic stay, further supporting injunctive relief.

After filing this adversary proceeding, the Defendants initially indicated their desire to be more cooperative with the Debtors. In reliance on their representations, the Debtors agreed to several extensions of the Defendants' answer deadline. Incredibly, and without prior notice, the Defendants filed a separate suit on April 2, 2009 in federal district court in Tulsa, Oklahoma against SemGroup's Chief Executive Officer, Terrence Ronan. The Defendants' lawsuit seeks, among other things, a declaratory judgment that the Defendants have "the authority to direct the actions of Defendant Ronan with respect to any and all bankruptcy issues." In other words, the Defendants are attempting to use the Oklahoma court to control SemGroup's CEO and the reorganization process. This action makes it clear that the Debtors' requested relief is urgently needed.

Accordingly, the Debtors seek a preliminary injunction ordering the Defendants to (i) cease and desist from further violations of the Confidentiality Agreement; (ii) withdraw from their positions on the Management Committee; (iii) refrain from continuing to obstruct the bankruptcy process; and (iv) otherwise comply with the established bidding process.

II.
STATEMENT OF FACTS

A. Catsimatidis Approaches the Debtors in September 2008 About an Acquisition Outside the Bidding Process

Catsimatidis is the owner of the Red Apple Group, which operates a chain of grocery stores in New York and also owns United Refining, a company Catsimatidis acquired from a bankruptcy proceeding.

On or around September 26, 2008, Coughlin, an associate and business partner of Catsimatidis, contacted James McCarthy, a SemGroup employee, and reported that Catsimatidis was interested in speaking to Terrence Ronan ("Ronan"), the Chief Executive Officer of SemGroup regarding Catsimatidis's interest in a possible acquisition of the Debtors. Exhibit A, Declaration of Terrence Ronan ("Ronan Decl.") ¶ 2.

Catsimatidis spoke to Ronan by telephone. *Id.* ¶ 3. During their conversation, Catsimatidis represented that he was indeed interested in acquiring the Debtors. *Id.* However, Catsimatidis indicated that he wished to do so without involving The Blackstone Group ("Blackstone"). *Id.* Blackstone is tasked with providing financial advisory services to the Debtors, and is, among other things, responsible for vetting potential bidders and conducting an orderly and transparent process for marketing the Debtors' business units, as well as advising the Debtors in connection with structure and capital requirements for a chapter 11 plan of reorganization. Exhibit B, Declaration of

Steve Zelin ("Zelin Decl.") ¶ 2. Before ever meeting with Blackstone, Catsimatidis expressed to Ronan his concern that the involvement of Blackstone was unlikely to result in a "deal" for Catsimatidis. Exhibit A, Ronan Decl. ¶ 3.

Consistent with his responsibilities to maximize the value of the Debtors' estates for the benefit of creditors, Ronan informed Catsimatidis that it would be improper to give him special treatment not accorded to other potential bidders. *Id* ¶ 4. Ronan advised Catsimatidis that Blackstone was responsible for running the marketing process, and that a transparent and competitive bidding process would be necessary to obtain the highest value for the Debtors. *Id*

B. Catsimatidis Executes the Confidentiality Agreement, Purportedly For Possible Acquisition of Some or All of the Debtors' Assets

Following the conversation with Ronan, Catsimatidis began laying the groundwork for an acquisition of, or investment in, the Debtors or some of their business units. In late October 2008, Catsimatidis requested access to the Debtors' confidential, non-public records in order to evaluate the Debtors' assets. Exhibit A, Ronan Decl. ¶ 5. In order to explore a possible transaction with Catsimatidis, the Debtors were willing to grant Catsimatidis access to their confidential records, but, as with all other interested bidders, the Debtors required Catsimatidis to execute a confidentiality agreement in order to protect the Debtors' confidential information and ensure the integrity of the process surrounding any transaction. *Id*

On November 5, 2008, after negotiating the terms of the agreement, Catsimatidis executed a Confidentiality Agreement (the "Confidentiality Agreement"). Exhibit C, Confidentiality Agreement (Nov. 5, 2008). Catsimatidis signed the Confidentiality Agreement as the "Chairman, CEO" of UREC, a special purpose

acquisition company (a "SPAC") that Catsimatidis created for the express purpose of acquiring a petroleum services company.

The Confidentiality Agreement binds Catsimatidis, UREC, and all of their "Representatives." *Id.* § 1. "Representatives" is defined in the Confidentiality Agreement as Catsimatidis's and UREC's "officers, directors, employees, agents, and outside advisors." *Id.*

The Confidentiality Agreement imposes strict and unambiguous requirements on Catsimatidis, UREC, and their "Representatives" with regard to the Debtors. Among other things, for a period of two years they (whether acting alone or as part of a group) are prohibited from: acquiring, or offering to acquire, any voting securities in the Debtors; making any public statements relating to a possible reorganization of the Debtors; or otherwise seeking to influence, or take control of, the Debtors' management:

> In consideration of and as a condition to the Confidential Information being furnished to you, you hereby further agree that, without the prior written consent of the Company [defined as SemGroup, LP and affiliated companies], for a period of two years from the date hereof, neither you nor any of your Affiliates, acting alone or as part of a group, will:
>
> (i) acquire or offer or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities (or direct or indirect rights or options to acquire any voting securities) of the Company, or any material portion of the assets or properties of the Company,
>
> * * *
>
> (iii) make any public announcement with respect to, or solicit or submit a proposal or offer for, directly or indirectly, any merger, business combination, recapitalization, reorganization, asset purchase or

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> other similar extraordinary transaction involving the Company or any of its securities, assets or properties,
>
> * * *
>
> (v) otherwise seek to influence or control, in any manner whatsoever, alone or in concert with others, the management, general partner or policies of the Company,
>
> * * *

Exhibit C, Confidentiality Agreement § 12.

By executing the Confidentiality Agreement, Catsimatidis, UREC, and their officers, directors, employees, agents, and outside advisors, agreed, for a two year period, to conform to the bidding process established by the Debtors and to refrain from taking actions that could circumvent or undermine that process.

C. Less Than a Month Later, the Defendants Blatantly Violate the Confidentiality Agreement By Purporting to Seize Control of the Management Committee

Even after executing the Confidentiality Agreement, Catsimatidis persisted in his requests to circumvent Blackstone and the established bidding process. In mid-November 2008, Catsimatidis requested an immediate meeting with Ronan and all of the Debtors' business unit leaders in order to explore in more detail the possibility of purchasing the Debtors. Exhibit A, Ronan Decl. ¶ 7.

Although the Debtors were pleased that Catsimatidis was so obviously eager to explore a possible acquisition, the Debtors continued to request that Catsimatidis work through Blackstone and the established bidding process. *Id* ¶ 8. The Debtors continued to believe that the maximum value to the Debtors would be gained through a transparent and orderly bidding process in which all interested bidders would be given an equal opportunity to participate on a level playing field. *Id.*

Thwarted in his initial efforts to circumvent the bidding process, Catsimatidis appears to have shifted tactics in late November 2008. Instead of attempting an arms-length transaction with the Debtors' management, as contemplated by the Confidentiality Agreement, Catsimatidis began a campaign to force through a self-interested deal and drive off potential competition by purporting to seize control of the Management Committee of SemGroup, G.P., L.L.C. ("SGGP"), the general partner of SemGroup.

The Management Committee is similar to a board of directors. Its members are collectively authorized to make a variety of specific management decisions relating to SemGroup and, indirectly, relating to its subsidiaries. For example, among other responsibilities, the Management Committee has the authority to retain or discharge SGGP's and SemGroup's officers; set SemGroup's operating budget; and approve certain asset sales. Exhibit D, SGGP Second Amended Operating Agreement § 5.4; Exhibit E, First Amendment to Second Amended Operating Agreement.

There are nine "seats" on the Management Committee. Prior to the Petition Date, the right to those nine seats was divided equally among three groups: (i) three seats were controlled by Thomas L. Kivisto ("Kivisto"), the former Chief Executive Officer of SemGroup; (ii) three seats were controlled by A.R. Thane Ritchie ("Ritchie"), an investor; and (iii) three seats were controlled by The Carlyle Group and Riverstone Holdings LLC ("Carlyle/Riverstone") an investment fund.[2] Under the applicable Operating Agreement, the Management Committee cannot take any action

[2] Carlyle/Riverstone has the right to appoint three members, but as of the date hereof, has appointed only two members. Each of their two appointed members exercises 1.5 votes on the Management Committee.

with respect to certain enumerated matters without at least one vote by Carlyle/Riverstone.

On November 25, 2008, Catsimatidis created an Oklahoma limited liability company, Tulsa Acquisitions, which was to serve as his investment vehicle for SemGroup. Exhibit F, Oklahoma Secretary of State Electronic Filing (Nov. 25, 2008).

Approximately one week later, Tulsa Acquisitions executed simultaneous agreements with Kivisto and Ritchie. *See* Exhibit G, Term Sheet executed by Kivisto and Coughlin (Dec. 5, 2008); Exhibit H, Assignment of Interest executed by Kivisto, Coughlin and Happy (Dec. 5, 2008); Exhibit I, Term Sheet executed by Ritchie and Coughlin (Dec. 7, 2008). Kivisto (who was terminated by SemGroup, is under investigation by the Securities and Exchange Commission and the United States Attorney's Office, and has been sued by the Official Committee of Unsecured Creditors) agreed to appoint Catsimatidis's designees to all three of his seats on the Management Committee through the end of 2009. Exhibit H. Ritchie, likewise, formally agreed to appoint Catsimatidis to one of his seats through October 2009 and also, upon information and belief, appointed Happy to one of his seats without a formal agreement. Both Kivisto and Ritchie agreed to transfer their equity interests in SGGP and SemGroup to Tulsa Acquisitions. Exhibits G and I. The Debtors believe that Kivisto has transferred units he controls to Tulsa Acquisitions, but that Ritchie has not yet transferred units to Catsimatidis.

Despite Catsimatidis's express agreement not to "seek to influence or control, in any manner whatsoever, alone or in concert with others, the management, general partner or policies of the [SemGroup]," Catsimatidis now claims to control five

of the nine votes[3] on the Management Committee as a result of his transactions with Ritchie and Kivisto. Initially, the self-proclaimed Catsimatidis members of the Management Committee (the "Catsimatidis Group") were: Catsimatidis, Happy (an attorney for UREC), Turfitt (President and a Director of UREC), Bring (a long-standing attorney for Catsimatidis), and Coughlin (Executive Vice President of Tulsa Acquisitions and a Director of UREC). On the day the Debtors filed their Original Complaint against Defendants, February 11, 2009, the Debtors received an email from Kivisto indicating that Hansel, who is a business associate of Catsimatidis, had been designated to replace Turfitt on the Management Committee. Exhibit J, Email from Kivisto to McCoy (Feb. 11, 2008).

Using their seats on the Management Committee, the Defendants have directly sought to "influence or control" the Debtors Management, particularly with regard to the Debtors' reorganization. On April 2, 2009, after requesting and receiving several extensions of time to answer the Debtors' adversary complaint, the Defendants (purporting to be acting on behalf of SGGP) filed suit against SemGroup's CEO in the United States District Court for the District of Oklahoma. Exhibit X, Complaint in *SemGroup, G.P., LLC v. Terrence Ronan*, 09CV-179 (N.D. Okla Apr. 2, 2009). In their complaint, the Defendants demand that Ronan submit to the control and direction of the Catsimatidis Group. *Id.* ¶ 35. Specifically, the Defendants seek a declaration from the Oklahoma court, *inter alia*, that the Catsimatidis Group "has the authority to direct the actions of Defendant Ronan with respect to any and all bankruptcy issues" and that

[3] Carlyle/Riverstone designees have a total of three votes regardless of the actual number of designees then serving

"Ronan does not have the authority to act without the supervision, direction and corporate governance of the Management Committee." *Id.* at 9-10.

Further, despite Catsimatidis's contractual obligation not to "acquire or offer or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities . . . of the Company," as a result of the transaction with Kivisto and Ritchie, Catsimatidis acquired Kivisto's, and offered to acquire Ritchie's, equity interests in SGGP and SemGroup.

D. In Further Violation of the Confidentiality Agreement, the Defendants Begin Announcing Publicly That They Will "Reorganize" the Debtors

Despite Catsimatidis's clear obligation under the Confidentiality Agreement not to make any "public announcement with respect to . . . any . . . reorganization," on December 15, 2008, Catsimatidis issued a press release announcing that as a result of Catsimatidis's purported "control" of the Management Committee, "he intends to develop a reorganization plan for SemGroup L.P." Exhibit K, Catsimatidis Press Release (Dec. 15, 2008). According to the release, "Mr. Catsimatidis said that he plans to work with creditors to develop a reorganization plan that enables SemGroup to repay its debts while preserving a majority of the 2,000 jobs currently at risk." *Id.*

Two days later, on December 17, 2008, Catsimatidis issued another press release, announcing his plans to meet with the Debtors' senior management. Exhibit L, Catsimatidis Press Release (Dec. 17, 2008). He also announced that he had reached out to the Administrative Agent for the Senior Secured Creditors regarding his efforts to craft a reorganization plan; and that "[w]e intend to have a preliminary plan ready for consideration in January 2009." *Id.*

Over the next two weeks, and in direct violation of the Confidentiality Agreement, Catsimatidis continued to make numerous public statements relating to his purported reorganization of the Debtors. On December 22, 2008, Catsimatidis traveled to Tulsa, Oklahoma to address the employees of the Debtors directly. Catsimatidis convened a town hall style meeting and explained to the Debtors' employees that he wanted to save their jobs and "not have [*sic*]. . . Larry the Liquidator come in and liquidate the company, because those people don't care about the company, they don't care about you, Larry the Liquidator only cares about how fast can I sell it [*sic*], how much of a commission can I make selling it. Well, that's not me." Catsimatidis boasted to the Debtors' employees that he would keep their jobs in place. "We need everyone at SemGroup. As a matter of fact, we may need to hire some people back."

On the same day that Catsimatidis held the employee town hall meeting, he arranged a "secret" dinner meeting for certain of the Debtors' business unit leaders, without informing or including the Debtors' authorized officers. The invitation for the meeting was sent by Coughlin the previous Friday. Exhibit M, Email from M. Coughlin to R. Majors (Dec. 19, 2008). In the email, Coughlin identified himself as "one of the new members of SemGroup G.P.'s Management Committee" and asked certain business unit leaders to "join me Monday evening . . . for a private dinner . . . . Please do not share this information with anyone . . . ." *Id.* The dinner, hosted by Catsimatidis, Happy, and Coughlin, was plainly an attempt to subvert and undermine the authority of Debtors' authorized officers, and is evidence of a further violation of the Confidentiality Agreement.

Catsimatidis even created a website prominently featuring the SemGroup proprietary logo and a "Reorganization Hotline." The website's home page, which has the appearance of an official SemGroup web page, is entitled "Reorganization Updates from John Catsimatidis." Exhibit N, Copy of home page for SemReorg.com (as of Feb. 5, 2008). The website includes copies of press releases, news articles, a "Q&A" section in which Catsimatidis purports to outline his plans for the Debtors and his reorganization efforts, and a "contact us" section that encourages employees to contact Catsimatidis by email. The "Reorganization Hotline" was established, according to Catsimatidis's press release, to allow "SemGroup employees and concerned citizens" to "leave a message" for Catsimatidis. Exhibit O, Catsimatidis Press Release (Feb. 10, 2008) (announcing creation of the hotline).

E. The Defendants' Public Posturing Drives Off Bidders, Chills Bidding and Undermines an Orderly Bankruptcy Process

At the December 22, 2008 meeting during which Catsimatidis addressed the Debtors' employees, one employee asked how Catsimatidis's plans would impact asset sales. In response, Catsimatidis declared that, "Right now, I think most of the asset sales are on hold . . . Nothing currently going. And what I'm saying to the banks is that I want a whole company to reorganize, not a half company to reorganize."

This statement, and others like it, have spooked bidders interested in individual assets of the Debtors. For example, a party that was preparing a bid for SemMaterials, L.P. ("SemMaterials") terminated discussions after Catsimatidis made this announcement. Exhibit B, Zelin Decl. ¶ 5. From a bidder's perspective, there is no point in investing the time and energy in bidding on an asset that Catsimatidis indicated an unwillingness to part with. *Id.* Similarly, members of Blackstone, and others, have

reported to the Debtors that other potential bidders for the Debtors' assets have expressed reluctance to continue discussions as a result of Catsimatidis's involvement.

Furthermore, upon information and belief, Catsimatidis has also acted behind the scenes in an effort to thwart asset sales. In late December, an asset sales process was taking place with regards to certain SemGroup Europe Holding, L.L.C. ("SGEH") entities and/or assets. On December 23, 2008, the day after the "secret" dinner held by Catsimatidis, one of the attendees of the dinner, the President and Chief Operating Officer of SGEH, Randy Majors ("Majors"), ordered an abrupt suspension of the SGEH asset sales process without consulting the Debtors' CEO or Chief Reorganization Officer. Exhibit A, Ronan Decl. ¶ 9. The justification offered by Majors for suspending the sales process was that the involvement of the Red Apple Group (*i.e.*, Catsimatidis) would likely delay the sales process or render it unnecessary. When the Debtors' CEO learned of Majors' unauthorized order to suspend the bidding process, he immediately relieved Majors of his responsibilities with SGEH and ordered that the sales process continue.

It is not a coincidence that asset sales are "on hold." That was precisely the Defendants' objective—to seize control of the Management Committee, drive away other potential bidders, stifle a fair and competitive bankruptcy process, and force through their own acquisition on terms favorable to Catismatidis and United Refining.

F. When Confronted, the Defendants Falsely Claim To Have No Interest In Acquiring the Debtors

The fundamental problem with the Defendants' attempts to control the reorganization, and the resulting chilling of the bidding process, is that the Defendants are attempting to control both sides of the negotiating table.

As it became apparent to the Debtors that the Defendants' actions were driving away other potential bidders and, consequently, severely narrowing and limiting the Debtors' options for reorganization, the Debtors' counsel confronted the Defendants with the fundamental conflict between their roles on the Management Committee and as active bidders for the Debtors. In a letter dated January 29, 2009, the Debtors' counsel explained that "we remain perplexed as to how the Catsimatidis Group believes that it can be (i) in charge of, and have access to, information regarding the debtors' bankruptcy plan and asset marketing process and (ii) at the same time, be an active bidder." Exhibit P, Letter from M. Saslaw to T. Kennedy (Jan. 29, 2009). The Debtors demanded, therefore, that the Catsimatidis Group "cease its hindrance of a fair process, free of all conflicts . . . ." *Id.* at 2.

The following day, the Catsimatidis Group brushed aside the Debtors' assertion of an improper conflict by making the astonishing assertion that:

> *Mr Catsimatidis is not, and never has been, an "active bidder."* As a member of the Management Committee his only current interest is in assisting the Debtor in adopting a plan of reorganization that will cause the Debtor to maximize the value of the Debtor's estate and thereby return the largest possible recovery for its creditors.

Exhibit Q, Letter from Catsimatidis Group to M. Sosland (Jan. 30, 2009). The letter was signed by Catsimatidis, Happy, Coughlin, Turfitt, and Bring.

This assertion borders on the absurd. From the outset of their contact with the Debtors, the Defendants have identified themselves to Ronan, among others, as bidders interested in acquiring the Debtors. Exhibit A, Ronan Decl. ¶¶ 2-3. In fact, the Confidentiality Agreement executed by Catsimatidis affirmatively states that the agreement is entered into "[i]n connection with your evaluation of a possible transaction

or transactions . . . with or involving SemGroup, L.P. (together with its affiliated companies . . .) . . .." Exhibit C, Confidentiality Agreement at 1. If the Defendants are not bidders, then Catsimatidis misrepresented to the Debtors his intentions for gaining access to the Debtors' confidential business information. Moreover, the Confidentiality Agreement plainly states that, if "[a]t any time you determine not to proceed with the possible Transaction, you will promptly notify the Company in writing." *Id.* No such notice has been received by the Debtors.

Furthermore, UREC, the company on whose behalf Catsimatidis executed the Confidentiality Agreement was established for the sole purpose of making an acquisition. According to UREC's filings with the Securities and Exchange Commission, UREC is "a blank check company . . . formed for the purpose of acquiring, merging with, engaging in a capital stock exchange with, purchasing all or substantially all of the assets of, or engaging in any other similar business combination of an unidentified operating business." Exhibit R, UREC Annual Report on Form 10-K at 5 (Dec. 1, 2008). UREC was focused not just on any company, but on a company exactly like SemGroup: "We are focused on identifying a prospective target business in the energy industry throughout the world, with a particular focus on businesses or assets involved in the refining of petroleum and specialized products (such as petrochemicals) and services to the energy industry . . .." *Id.*

When Catsimatidis addressed the Debtors' employees on December 22, 2008, Catsimatidis bragged that UREC was waiting in the wings with $450 million in cash. Catsimatidis declared that he was holding the cash as a "plum" and that there was

"a possibility" that UREC, and its cash, could be merged into the Debtors "to help SemGroup."

It is also clear that the Defendants created Tulsa Acquisitions, and entered into the transactions with Kivisto and Ritchie, as part of their plan to acquire the Debtors. The Ritchie term sheet (signed by Coughlin) expressly states that "[Tulsa Acquisitions] *intends to control as the owner* of the debtor in possession to effect a Chapter 11 reorganization of SGLP . . . ." Exhibit I at 4 (emphasis added).

Moreover, Catsimatidis's denial of being a "bidder" is directly contradicted by statements made by his own counsel. United Refining and SemMaterials are parties to an adversary proceeding currently pending before the Court.[4] On January 15, 2009, United Refining's counsel, Richard J. Parks ("Parks"), contacted the Debtors' counsel, requesting that the Debtors agree to a continuance of all "discovery as well as all other proceeding deadlines" in relation to the adversary. Exhibit S, Email from R. Parks to A. Swartz (Jan. 15, 2009). Parks explained that a continuation was appropriate because it did not make sense to invest in litigation between the parties when the Debtors would eventually become part of the Red Apple Group, a holding company owned by Catsimatidis. "[I]f Mr. Catsimatidis is successful, the adversary action is moot. . . [I]t is our desire not [to] divert expense and resources at this time if the company is reorganized and becomes part of the Red Apple Group." *Id.*

In fact, only three weeks after denying that he was a bidder, Catsimatidis submitted a formal bid for SemMaterials, L.P. ("SemMaterials"). In a February 27, 2009, press release, Catsimatidis publicly declared that "I placed a substantial bid for all of the

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[4] The adversary is styled *United Refining Company v. SemMaterials, L.P.* (Adversary Case No. 08-51404).

assets of SemMaterials." Exhibit T, Catsimatidis Press Release (Feb. 27, 2009). Catsimatidis's bid was ultimately unsuccessful, however, because he had not obtained the necessary financing for an acquisition of SemMaterials. In his press release, Catsimatidis noted that "my advisors believe I should obtain a $100 million increase in my open line of credit to ensure plenty of working capital . . .." *Id.* Catsimatidis was unable to obtain this additional credit before the deadline established by the Debtors. *Id.* ("I could not assure them that I could close the purchase before the end of the month."). Not only did Catsimatidis reveal himself publicly to be a bidder (shortly after expressly denying this fact to the Debtors), he was unable to obtain the financing necessary to make good on his bid for a small portion of the Debtors' business.

Catsimatidis is a bidder, plain and simple—one who appears to overstate his ability to obtain financing for the assets he seeks to acquire—but nevertheless, a bidder. He denies being a bidder only because he does not wish to subject himself to an open and transparent bidding process, in hopes that he can drive off other interested parties and pick up assets at a bargain price. The disparity between what Catsimatidis claims to be doing (acting as the philanthropic reorganizer – "That's just who I am.") and what he is actually doing (using five seats on the Management Committee to try and push through a self-interested plan to ultimately acquire all or part of the Debtors while deterring other potential suitors from participating in a transparent process) underscores and illuminates the underlying conflict between Catsimatidis's attempt to act as both seller and buyer of the Debtors. His effort to assume both roles undermines the ability of the Debtors to maximize the value of the estates through an open (and unconflicted) bidding process. Moreover, his efforts to hijack control of the Debtors' management and

reorganization, along with his refusal to operate within the established bidding procedures, constitutes a direct violation of the Confidentiality Agreement he entered into with the Debtors.

The fact that Catsimatidis and his agents refuse to act in a manner consistent with their obligations under the Confidentiality Agreement and their fiduciary obligations as members of the Management Committee, and that Catsimatidis appears to lack the funds necessary to accomplish his stated purpose, makes his actions especially harmful to the reorganization efforts of the Debtors. As a result, the Debtors have been left with no choice but to seek relief from the Bankruptcy Court.

III.
ARGUMENT

The Debtors seek a preliminary injunction ordering the Defendants to cease and desist from further violations of the Confidentiality Agreement; withdraw from their positions on the Management Committee; refrain from continuing to obstruct the bankruptcy process; and otherwise comply with the established bidding process.

A. The Debtors Meet the Requirements For a Preliminary Injunction

To obtain a preliminary injunction, the Debtors must demonstrate: (i) a likelihood of success on the merits of the underlying action; (ii) irreparable harm absent injunctive relief; (iii) the injunction will not cause substantial harm to the defendant; and (iv) public policy does not militate against an injunction. *See In re Levitz Furniture, Inc* , 267 B.R. 516, 520 (Bankr. D. Del. 2000). The Debtors meet each of these requirements.

1. The Debtors Will Likely Succeed on Their Claims For Breach of the Confidentiality Agreement and Breach of Fiduciary Duty

Catsimatidis affirmatively requested to enter into a Confidentiality Agreement with the Debtors in order to gain access to the Debtors' confidential business information. Almost immediately after executing the Confidentiality Agreement, however, the Defendants breached it, blatantly, openly, and repeatedly. Further, Catsimatidis placed himself, and the other four members of the Catsimatidis Group, on the Management Committee despite the fact that the Defendants are simultaneously attempting to acquire the Debtors. This dual role, as both buyer and purported decision maker for the seller, creates hopeless conflicts of interest that make it impossible for the Catsimatidis Group to fulfill its fiduciary obligations. This is not just a theoretical conflict. The Defendants' active advocacy of a self-interested plan of reorganization, has disrupted and hindered the chapter 11 process and marketing of the Debtors' business units.

a. The Defendants Blatantly and Repeatedly Breached the Terms of the Confidentiality Agreement

The Confidentiality Agreement executed by Catsimatidis on behalf of UREC applies not just to Catsimatidis and UREC, but to all their "Representatives." Exhibit C, Confidentiality Agreement § 1. "Representatives" is defined in the Confidentiality Agreement as Catsimatidis and UREC's "officers, directors, employees, agents, and outside advisors." *Id.* Each of the other members of the Catsimatidis Group fall within that definition. According to Catsimatidis's website, Happy "presently serves as the attorney for [UREC]." Exhibit U, "About" Page from SemReorg.com (accessed on Mar. 3, 2009). Turfitt is the President and Director of UREC. Exhibit R, UREC Annual

Report on Form 10-K at 6 (Dec. 1, 2008). Bring is described as "Catsimatidis' personal attorney" according to an article posted on Catsimatidis's website. Exhibit V, Article Posted on SemReorg.com (Dec. 16, 2008). Coughlin is the Executive Vice President of Tulsa Acquisitions, the Oklahoma LLC formed by Catsimatidis that entered into the Term Sheets and Assignments with Kivisto and Ritchie and a member of UREC's board of directors. Hansel is a business associate of Catsimatidis. Accordingly, each of the Defendants are subject to the requirements of the Confidentiality Agreement.

Catsimatidis and his "Representatives" began breaching the Confidentiality Agreement almost before the ink was dry. Despite the express prohibitions to the contrary, the Defendants appear to have acquired voting securities in the Debtors and in SGGP (and, in fact, claim to have done so); have made extensive public announcements regarding the reorganization; and have openly sought to influence or control the Debtors' management.

i. The Defendants Acquired, or Agreed to Acquire, Kivisto's And Ritchie's Equity Interest in the Debtors and SGGP

Under the Confidentiality Agreement, the Defendants agreed, for a period of two years, not to "acquire or offer or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities (or any direct or indirect rights or options to acquire any voting securities) of [SemGroup and/or its affiliated companies]." Exhibit C, Confidentiality Agreement § 12(i).

The Defendants breached this provision by orchestrating the transfer of Kivisto's and Ritchie's equity interest in the Debtors to Tulsa Acquisitions, an entity controlled by Catsimatidis. Kivisto agreed to transfer his entire equity interest in SemGroup (approximately 16%) to Tulsa Acquisitions, the Oklahoma LLC created by

Catsimatidis. Exhibit G, Kivisto-Tulsa Acquisitions Term Sheet. The assignment was executed on the same day. Exhibit H, Kivisto Assignment of Interest in SemGroup and SGGP. Two days later, Ritchie executed a similar term sheet, agreeing to transfer his entire equity interest in SemGroup (approximately 25%) to Tulsa Acquisitions. Exhibit I, Ritchie Term Sheet. In return, Kivisto and Ritchie will receive, among other things, equity interests in Tulsa Acquisitions. The term sheets and assignment were executed by Coughlin and Happy. The assignments and term sheets constitute a violation of the Confidentiality Agreement.

ii. The Defendants Made Extensive Public Announcements Regarding Reorganization

The Defendants further promised, under the Confidentiality Agreement, that for two years, they would not "make any public announcement with respect to, or solicit or submit a proposal or offer for, directly or indirectly any . . . reorganization . . . or other similar extraordinary transaction involving [the Debtors] or any of its securities, assets or properties." Exhibit C, Confidentiality Agreement § 12(iii).

The Defendants breached this provision in several different ways. Most notably, the Defendants have issued numerous press releases since mid-December 2008, announcing the Defendants' professed plan to spearhead a plan of reorganization, regardless of, and apart from, any plan the Debtors are exploring with regard to reorganization, asset sales, or some combination thereof. *See* Exhibits K, L, O, V, and W. For example, in a December 15, 2008 press release Catsimatidis announced that, as a result of his claimed "control" of the Management Committee, "he intends to develop a reorganization plan for SemGroup, L.P." Exhibit K, Catsimatidis Press Release (Dec. 15, 2008). Catsimatidis informed the public that he would "work with creditors to develop a

reorganization plan that enables SemGroup to repay its debts while preserving a majority of the 2,000 jobs currently at risk." *Id* In that same press release, Coughlin boasted that "[w]hen SemGroup is reorganized, we intend for it to become one of the largest supporters of charity and the arts in Tulsa. *Id* Coughlin further commented, "I know John Catsimatidis has the resources, expertise and dedication that will be necessary to rescue SemGroup from the liquidators."

Catsimatidis and Happy further violated the Confidentiality Agreement by making comments about their reorganization plan to the Debtors' employees at the December 22, 2008 town hall meeting. Holding himself out as "Spokesman of the Board," Catsimatidis proclaimed that he would attempt to save the jobs of the Debtors' employees and to keep "Larry the Liquidator" from liquidating the company. At that time, however, the Debtors had not determined whether the sale of certain business units would or would not be in the best interest of the estates or the best interest of the Debtors' creditors, nor had the Debtors approved any announcement to the contrary. Catsimatidis's unauthorized comments about the reorganization could only serve to confuse and further frustrate the Debtors' employees.

The Defendants' creation of an unauthorized website and hotline is yet another violation of the Confidentiality Agreement. The website, which appears to be an official SemGroup publication by prominently displaying the SemGroup proprietary logo, carries the title: "Reorganization Updates from John Catsimatidis." Exhibit N. The site describes in detail the Defendants' efforts to control the reorganization process in a "Q&A" section, allows access to Catsimatidis press releases and articles, and provides a message board through which employees and other individuals are invited to contact

Catsimatidis regarding the reorganization. *Id.* The "Reorganization Hotline," announced on February 10, 2009, purportedly allows "SemGroup employees and concerned citizens" to "leave a message" for Catsimatidis. Exhibit O, Catsimatidis Press Release (Feb 10, 2009).

iii. The Defendants Sought To Influence And Control the Debtors' Management

The Defendants are prohibited from "otherwise seek[ing] to influence or control, in any manner whatsoever, alone or in concert with others, the management, general partner or policies of the Company." Exhibit C, Confidentiality Agreement § 12(v).

The Defendants have openly violated this provision of the Confidentiality Agreement by entering into agreements with Kivisto and Ritchie through which the Catsimatidis Group now claims to control five of the nine seats on the Management Committee. As outlined in SGGP's Operating Agreement, and amendments thereto, the Management Committee is collectively responsible for making a number of management-related decisions for SGGP and SemGroup (and also indirectly SemGroup's affiliates). Exhibit D, Second Amended and Restated Operating Agreement; Exhibit E, First Amendment to Second Amended Operating Agreement. The Management Committee is vested with the authority to retain or discharge the officers of SemGroup and its subsidiaries, adopt an operating budget for SemGroup, and approve certain asset sales. By placing themselves on the Management Committee, and claiming to wield majority control, the Defendants placed themselves in a position of "influence or control" over the "management, general partner or policies" of the Debtors, thereby violating the Confidentiality Agreement.

Using their seats on the Management Committee, the Catsimatidis Group has filed suit against Ronan, SemGroup's CEO in a blatant effort to control SemGroup's authorized management and the Debtors' reorganization process. Exhibit X. In their complaint, filed on April 2, 2009 in Oklahoma federal district court, the Defendants demand that Ronan submit to the control and direction of the Catsimatidis Group. *Id.* ¶ 35. Specifically, the Defendants seek a declaration from the Oklahoma court, *inter alia*, that the Catsimatidis Group "has the authority to direct the actions of Defendant Ronan with respect to any and all bankruptcy issues" and that "Ronan does not have the authority to act without the supervision, direction and corporate governance of the Management Committee." *Id.* at 9-10.

The Defendants are attempting to use their purported "control" of the Management Committee to force through a reorganization that will favor Catsimatidis's own self-interested plan to acquire the Debtors. The Debtors' authorized officers are in the process of exploring different options for maximizing the value of the Debtors' estates for the benefit of their creditors. Exhibit B, Zelin Decl. ¶¶ 3-4. These plans may include a reorganization, the sale of certain business units, or a combination thereof. *Id.* But the Defendants are undermining the management's reorganization efforts, by publicly advocating their own reorganization approach to the exclusion of all others. *Id.*

Catsimatidis has announced that he wishes to see a reorganization of the Debtors, without the sale of any business units. At the December 22, 2008 employee town hall meeting, Catsimatidis announced, "what I'm saying to the banks is that I want a whole company to reorganize, not a half company to reorganize." Likewise, in a January 9, 2009 press release, Catsimatidis reported that he had met with "creditors' bank

group steering committee." Exhibit W, Catsimatidis Press Release (Jan. 9, 2009). At the meeting, Catsimatidis reportedly presented a proposal for "a consensual reorganization plan rather than the planned liquidation." *Id.* Catsimatidis claimed that through his plan, "creditors would realize substantially more value than through liquidation." Catsimatidis commented that the meeting "moves SemGroup in the right direction." Catsimatidis's efforts to "move SemGroup" towards his own self-interested concept of a reorganization is an attempt to "influence or control" the Debtors' management in violation of the Confidentiality Agreement.

The "secret" dinner meeting held by Catsimatidis, Happy, and Coughlin, is another example of the Defendants' efforts to influence and control the Debtors' management. The Defendants held a meeting with the Debtors' business unit leaders, without informing or including Debtors' authorized officers. Moreover, the language of the invitation sent by Coughlin to the business unit leaders demonstrates that the Defendants were actively attempting to keep the Debtors' authorized officers from learning of the meeting: "join me Monday evening . . . for a private dinner . . . Please do not share this information with anyone." Exhibit M, Email from M. Coughlin to R. Majors (Dec. 19, 2008). This meeting was plainly an attempt to subvert and undermine the authority of the Debtors' authorized officers.

A key manifestation of Defendants' efforts to influence or control the Debtors' management is the order issued by Majors (one of the attendees of the "secret" dinner) to halt the asset sales process for SGEH. The explanation offered by Majors for abruptly suspending the sales process, in which the Debtors and their representatives had invested a substantial amount of time and effort over the previous few months, was that

the involvement of the Red Apple Group in the reorganization process rendered the sales process unnecessary. Exhibit A, Ronan Decl. ¶ 9. Majors's order to suspend the sales process was not approved or authorized by the Debtors' management. Indeed, when Ronan learned of the order, after the fact, he immediately relieved Majors of his duties for SGEH, and ordered the continuation of the sales process. In other words, the day after the "secret" dinner, Majors issued unapproved, unauthorized orders to suspend certain sales processes, consistent with Catsimatidis's expressed desire not to allow the sale of individual business units.

Even at this preliminary stage of the adversary proceeding, the evidence demonstrates that the Debtors will likely prevail on their claim against the Defendants for breach of the Confidentiality Agreement.

b. The Defendants Cannot Fulfill Their Fiduciary Duties as Members of the Management Committee

The Defendants' unethical behavior extends beyond their breach of their obligations under the Confidentiality Agreement. The Defendants have placed themselves in the role of fiduciaries of the Debtors, but cannot fulfill those duties as a result of their conflicts of interest.

i. Members of the Management Committee Owe Fiduciary Duties to SemGroup and Its Affiliates

Catsimatidis himself acknowledges that members of the Management Committee owe fiduciary duties to SemGroup and its affiliates. A press release issued by Catsimatidis on December 15, 2008 states: "Mr. Catsimatidis said that he had obtained five of the nine seats on SemGroup G.P., L.L.C's Management Committee, the *equivalent of SemGroup L.P.'s board of directors*." Exhibit K, Catsimatidis Press Release (Dec. 15, 2008) (emphasis added). Indeed, the Management Committee is responsible

for various director-level decisions such as: retention or discharge of SemGroup's officers; approval of SemGroup's operating budget; and approval of certain asset sales. *See* Exhibit D, Second Amended and Restated Operating Agreement § 5.4.

As directors of SemGroup and its affiliates, the members of the Management Committee owe fiduciary duties to the Debtors. *Wilson v. Harlow*, 860 P.2d 793, 798 (Okla. 1993) ("It is well settled that directors of a corporation owe a fiduciary duty to the corporation and its stockholders under the common law.").[5] A director "cannot serve himself first and [the company] second. He cannot manipulate the affairs of his corporation to their detriment and in disregard of the standards of common decency and honesty. He cannot by the intervention of a corporate entity violate the ancient precept against serving two masters." *Pepper v. Litton*, 308 U.S. 295, 311, 60 S.Ct. 238 (1939). These fiduciary duties include the duty of due care, the duty of loyalty and the duty of good faith, all of which must be discharged constantly. *Emerald Partners v. Berlin*, 787 A.2d 85, 91 (Del. 2001). Of paramount concern, the duty of loyalty "mandates that the best interest of the corporation and its shareholders takes precedence over any interest possessed by a director, officer, or controlling shareholder and not shared by the stockholders generally." *In re Troll Commc'n, LLC*, 385 B.R. 110, 119 (Bankr. D. Del. 2008).

[5] SGGP and SemGroup are both Oklahoma limited partnerships. Moreover, SGGP's Operating Agreement, under which the Management Committee was formed, provides for the application of Oklahoma law. Exhibit D, Operating Agreement § 13.9. On the relevant points, however, Oklahoma law does not appear to conflict with Delaware law. *See N. Am. Catholic Educ. Programming Found., Inc. v. Gheewalla*, 930 A.2d 92, 99 (Del. 2007) ("It is well established that the directors owe their fiduciary obligations to the corporation and its shareholders.").

ii. The Defendants Are Actively Attempting To Acquire the Debtors

Throughout the time period in which the Defendants have purported to assume the roles of fiduciaries of the Debtors, the Defendants have actively pursued their own selfish interests of acquiring the Debtors – attempting to act as both buyer and decision-maker for the seller, in contradiction of their duties to the Debtors.

In September 2008, Catsimatidis communicated to Ronan in no uncertain terms that he wished to acquire the Debtors. Exhibit A, Ronan Decl. ¶¶ 2-3. In fact, the stated purpose of the Confidentiality Agreement, executed by Catsimatidis in November 2008, is to give Defendants access to the Debtors' confidential business information "[i]n connection with [the Defendants'] evaluation of a possible transaction or transactions . . . with or involving SemGroup, L.P. (together with its affiliated companies . . .). . . ." Exhibit C, Confidentiality Agreement at 1.

Furthermore, UREC, the company on whose behalf Catsimatidis executed the Confidentiality Agreement, is a "blank check" company, created for the sole purpose of acquiring a petroleum services company. UREC is not a philanthropic reorganization company. It is an acquisition company. Its only purpose in approaching the Debtors to obtain confidential business information was in relation to an intended acquisition of the Debtors. Catsimatidis confirmed this at the December 2008 employee town hall meeting when he asserted that UREC was waiting in the wings with $450 million in cash in relation to a possible merger with (*i.e.*, purchase of) the Debtors.

Moreover, the Defendants' creation of Tulsa Acquisitions in November 2008 and the subsequent term sheets executed with Kivisto and Ritchie demonstrate another aspect of Defendants' plan to acquire the Debtors. The Ritchie term sheet

expressly states that "*[Tulsa Acquisitions] intends to control as the owner of the debtor in possession to effect a Chapter 11 reorganization of SGLP . . ..*" Exhibit I, Ritchie Term Sheet at 4 (emphasis added).

Further, the recent communication from Catsimatidis's own counsel asserting that the adversary proceeding between SemMaterials and United Refining should be continued because "[I]f Mr. Catsimatidis is successful, the adversary action is moot. . . [I]t is our desire not [to] divert expense and resources at this time if the company is reorganized and becomes part of the Red Apple Group." Exhibit S, Email from R. Parks to A. Swartz (Jan. 15, 2009).

Finally, as recently as February 2009, Catsimatidis made a formal bid to acquire one of the Debtor entities, SemMaterials. A press release from Catsimatidis, dated February 27, 2009, states that "John Catsimatidis, chairman of the Red Apple Group of New York, has made a bid for all of the assets of SemMaterials." Exhibit T, Press Release (Feb. 27, 2009). Indeed, Catsimatidis and the Debtors drafted an APA and traveled to New York for the purpose of finalizing an acquisition. The proposed acquisition fell through, however, as a result of Catsimatidis's inability to obtain the necessary financing, notwithstanding his representations that he was financially able to timely complete the transaction.

These facts demonstrate that Defendants are actively pursuing a plan to acquire the Debtors.

iii. The Defendants' Conflict Of Interest Precludes Them From Serving On the Management Committee

The Defendants' ongoing efforts to acquire the Debtors raises fatal conflicts of interest that preclude them from fulfilling their fiduciary duties to the Debtors

as members of the Management Committee. As fiduciaries of a corporation, directors cannot uphold their duties of loyalty to the company if they are "appearing on both sides of a transaction or . . . receiving a personal benefit from a transaction not received by the shareholders generally." *Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1994). Where a fiduciary, Catsimatidis, has financial interests on both sides of a transaction between the corporation and another company, the member is no longer upholding his or her duties of loyalty. *In re Troll Commc'n, LLC*, 385 B.R. 110, 119 (Bankr. D. Del. 2008).

The Defendants' inability to fulfill their duties as fiduciaries of the Debtors has already manifested itself in relation to the Defendants' interference with the bidding process. A director's subversion of a predetermined process for evaluating any asset acquisition proposals clearly violates his or her duty of loyalty to the shareholders. *Hollinger Int'l Co. v. Black*, 844 A.2d 1022, 1062 (Del. Ch. 2004). Catsimatidis interfered with the bidding process by making public statements against the sale of certain of the Debtors' business units, and by publicly claiming that he preferred to have a "whole company to reorganize, not a half company to reorganize." These statements caused bidders to walk away from the bidding process. Moreover, the Defendants' own disregard for the Debtors' predetermined acquisition process, and their refusal to work with Blackstone likewise demonstrates a disregard for the process established by the Debtors in conjunction with its legitimate stakeholders. Furthermore, it is not a coincidence that the day after attending a "secret" dinner with Catsimatidis, one of the Debtors business unit leaders ordered a halt to an ongoing bidding process with regard to

one of SemGroup's affiliate companies due to the involvement of the Red Apple Group, contrary to the wishes of authorized management.

The Defendants' complete disregard for the terms of the Confidentiality Agreement represents further evidence of the Defendants' inability to serve as fiduciaries. As the *Hollinger* court noted, a variety of actions by a director can typify a violation of a directors duty of loyalty: improper use of confidential information, efforts to conceal bids by other companies, misleading fellow members about one's conduct or intentions, or even using one's influence to hide competing bids from being considered by the predetermined process for bid evaluation. 844 A.2d at 1062. The Defendants induced the Debtors to give them access to the Debtors confidential business information by representing that they would abide by the established bidding process. The Defendants refused to abide by the terms of the agreement, and have expressed their disdain for the established bidding procedures. This behavior demonstrates an inability, or perhaps unwillingness, to fulfill the Defendants' duty of loyalty.

The terms of the transactions with Kivisto and Ritchie also demonstrate the Defendants' intentions to serve their personal interests at the expense of the Debtors. The Kivisto and Ritchie term sheets appear to attempt to alter important legal rights of SGGP and the Debtors. For example, the term sheets refer to a "release or deemed release". *See* Exhibit G at 3; Exhibit I at 3. Further, the Ritchie term sheet provides that if SGGP's Operating Agreement is amended to reduce the "rights of indemnification and exculpation afforded Ritchie, such amendments or alterations shall be ineffective and Ritchie shall continue to be indemnified and exculpated by [the Debtors and SGGP] as if the provisions of the Operative Documents effecting exculpation and indemnification

continued in full force and effect." Exhibit I at 3. Although Catsimatidis's company has no right to do so, it is purporting to provide releases, indemnifications, and exculpations to Kivisto and Ritchie on behalf of the Debtors and SGGP in violation of their fiduciary duties. This is particularly troubling in light of the investigations and adversary pending against Kivisto.

In reality, the Defendants have no intention or interest in fulfilling their fiduciary duties to the Debtors. Their only objective is to use their claimed seats on the Management Committee to circumvent the bidding process and force through a self-interested acquisition of the Debtors. Even if the Defendants wished to fulfill their fiduciary duties, they are too conflicted to do so. It is apparent, therefore, that the Defendants have not fulfilled their fiduciary duties to the Debtors, and cannot hope to do so.

2. Without Injunctive Relief, the Debtors Will Suffer Irreparable Harm

By entering into the Confidentiality Agreement, the Defendants acknowledged that a breach of the agreement would cause irreparable harm to the Debtors. Specifically, the Confidentiality Agreement provides that "[g]iven the nature of the Confidential Information and our current discussions, [SemGroup and its affiliates] would be irreparably damaged by any . . . breach of this Agreement by you or your Representatives." Exhibit C, Confidentiality Agreement § 3.

Even without this contractual provision, however, the Debtors are entitled to injunctive relief as a result of the harm caused to the Debtors' reorganization process. Irreparable harm is a "potential harm which cannot be redressed by a legal or an equitable remedy following a trial." *In re Advanced Mktg. Serv., Inc.*, 360 B.R. 421, 428 (Bankr.

D. Del. 2007). Within the context of bankruptcy proceedings, courts have held that injunctive relief is appropriate "to enjoin an activity that threatens the reorganization process . . .." *In re Keene Corp* , 162 B.R. 935, (Bankr. S.D.N.Y. 1994). Defendants' efforts to thwart the Debtors' orderly reorganization and asset sale process has already caused irreparable harm to the Debtors due to the consequent chilling of the bidding process. For example, a bidder, who was actively pursuing a bid of SemMaterials, called an immediate halt to the bidding process as a result of Catsimatidis's announcement that he did not favor the sale of individual business units. Exhibit B, Zelin Decl. ¶ 5. The Defendants' attempted seizure of control of the Management Committee and their public pronouncements regarding the reorganization process have directly impacted the Debtors' options for reorganization. The Debtors cannot maximize the value of the estates for the benefit of their creditors if the Defendants drive away parties interested in bidding on the Debtors' estates.

3. The Defendants Will Not Be Harmed By An Injunction

The Defendants cannot claim to be harmed by a preliminary injunction because they expressly agreed to injunctive relief as a remedy. The Confidentiality Agreement provides that, in the event of a breach, SemGroup and its affiliates "shall be entitled, without the requirement of posting a bond or other security, to equitable relief, including an injunction or specific performance, in the event of any breach or threatened breach of the provisions of this Agreement by you or your Representatives." *Id.* If the Defendants believed that injunctive relief would cause them harm, they would not have agreed to injunctive relief as a remedy.

Moreover, the injunctive relief requested by the Debtors would merely place the Defendants in the same position as every other bidder or interested party. The

Debtors are not asking that the Defendants be excluded from the bidding process, nor are the Debtors requesting that the Defendants be prohibited from otherwise pursuing an interest in the Debtors. The Debtors merely ask that the Defendants be ordered to do so in a manner that complies with the terms of the Confidentiality Agreement, and that the Defendants not be permitted to serve in the role as fiduciaries of the Debtors while pursuing such an interest. This does not harm the Defendants, it simply places them on equal footing with everyone else.

4. The Public's Interest Weighs In Favor Of a Preliminary Injunction

There is a strong public interest in enforcing the terms of a contract. *See In re Steaks To Go, Inc.*, 226 B.R. 32, 34 (Bankr. E.D. Mo. 1998) ("[T]he public interest is best served by recognizing a rule of law that supports the enforceability of contracts . . . ."); *J.C. Penney Co., Inc. v. Giant Eagle, Inc.*, 813 F. Supp. 360, 371 (W.D. Pa. 1992) ("There is a strong public interest in fair dealing between businesses and the solemnity of contracts; if commerce is to function smoothly, 'entrepreneurs must play by the rules.'").

The preliminary injunction sought by the Debtors would serve this interest by requiring the Defendants to abide by the terms of the contract they voluntarily entered into with the Debtors. Contracts are meaningless, and contractual relationships are impossible, if a party to a contract can wantonly disregard its obligations. This is especially true in the case of a Confidentiality Agreement where a monetary remedy may not sufficiently address the harm caused by a breach.

There is also a strong public interest in promoting a successful chapter 11 reorganization. *In re Rickel Home Ctr., Inc.*, 199 B.R. 498, 501 (Bankr. D. Del. 1996); *In*

re Bernhard Steiner Pianos USA, Inc., 292 B.R. 109, 118 (Bankr. N.D. Tex. 2002) (Injunctive relief is in the public's interest where it will "facilitate the Debtor's successful reorganization."); *In re Diamond Indus Corp*, 265 B.R. 707, (Bankr. D.V.I. 2001) ("The public interest unquestionably is served by a preliminary injunction. At the very least, it gives debtor an opportunity to successfully reorganize.)

Without an injunction, the Defendants will continue to impair the Debtors' efforts to conduct an orderly and transparent reorganization process. The Debtors are determined to maximize the value of their estates for the benefits of their creditors. The Debtors cannot properly conduct that process or achieve that objective while the Defendants actively thwart the possibility of the sale of certain business units and publicly push a self-interested plan of reorganization, to the exclusion of all other options. Therefore, the injunctive relief sought by the Debtors will serve to maintain the integrity of their reorganization process.

B. Injunctive Relief Is Also Appropriate To Enforce the Automatic Stay

The Defendants' efforts to seize control of the Management Committee in order to force through their own self-interested reorganization agenda also constitutes a violation of the automatic stay. The automatic stay is "applicable to all entities," and, *inter alia*, prohibits "any act to . . . exercise control over property of the estate." 11 U.S.C. § 362(a)(3) (emphasis added). The purpose of the stay is "to give the debtors some 'breathing room' and the chance to effect a plan of reorganization or repayment." *In re White*, 2007 WL 2023490 *4 (Bankr. D. Ariz. July 9, 2007).

As discussed above, the Defendants' efforts to exercise control over the Debtors' estates are numerous. The Defendants entered into transactions with Kivisto and Ritchie in an attempt to control the Management Committee. Then, as purported

members of the Management Committee, the Defendants began an incessant public relations campaign in an attempt to seize control of the reorganization process itself. The Defendants have obstructed the Debtors efforts to maximize the value of the estates for their creditors by driving off potential bidders. The Defendants have even attempted to exercise control over the Debtors' employees by holding "secret" meetings for the Debtors' business unit leaders, and attempting to undermine the goodwill of the Debtors' employees by characterizing the Debtors' reorganization professionals as "Larry the Liquidator."

All of these actions are examples of the Defendants' efforts to exercise control over the property of the Debtors' estates. Rather than preserving the Debtors' "breathing room," the Defendants' attempts to hijack the reorganization process are threatening to suffocate the Debtors' efforts to maximize the value of the estates. These actions are, therefore, violations of the automatic stay.

IV.
CONCLUSION AND REQUESTED RELIEF

For the aforementioned reasons, the Debtors are entitled to a preliminary injunction ordering the Defendants to (i) cease and desist from further violations of the Confidentiality Agreement; (ii) withdraw from their positions on the Management Committee; (iii) refrain from continuing to obstruct the bankruptcy process; and (iv) otherwise comply with the established bidding process.

Dated: April 3, 2009
Wilmington, Delaware

Respectfully submitted,

Mark D. Collins (No. 2981)
John H. Knight (No. 3848)
L. Katherine Good (No. 5101)
Maris J. Finnegan (*DE admission pending*)
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Sylvia A. Mayer
Andrew R. Swartz

Attorneys for the Debtors and
Debtors-in-Possession

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
SEMCRUDE, L.P., *et.al.*,	)	CHAPTER 11
Debtors	)	Case No. 08-11525 (BLS)
	)	(Jointly Administered)
SEMGROUP, L.P., *et.al.*,	)	
Plaintiffs,	)	
v.	)	Adversary No. ______________
JOHN A. CATSIMATIDIS, *et al.*,	)	
Defendants.	)	

DECLARATION OF TERRENCE RONAN IN SUPPORT OF THE DEBTORS' MOTION FOR PRELIMINARY INJUNCTION

I, Terrence Ronan, hereby declare:

1. I am the Chief Executive Officer of SemGroup, L.P. ("SemGroup").

2. On or around September 26, 2008, I received an email from James McCarthy, a SemGroup employee, indicating that he had been contacted by Matthew Coughlin, a business associate of Mr. Catsimatidis. According to McCarthy, Coughlin had indicated that Mr. Catsimatidis was interested in speaking with me about his interest in a possible acquisition of the Debtors.

3. I spoke to Mr. Catsimatidis by telephone shortly afterwards. During our discussion, Mr. Catsimatidis confirmed his interest in an acquisition of the Debtors. Mr. Catsimatidis indicated, however, that he did not wish to involve The Blackstone Group in the process. According to Mr. Catsimatidis, working with Blackstone was unlikely to result in "a deal" for Mr. Catsimatidis. At this point, however, my understanding was that Mr. Catsimatidis had not met or spoken with Blackstone about a possible acquisition.

4. I declined Mr. Catsimatidis's request to circumvent Blackstone and the established bidding process. I advised Mr. Catsimatidis that Blackstone is responsible for running the marketing process, and that a transparent and competitive bidding process is essential to obtaining the highest value for the Debtors and their creditors. Accordingly, my view was that Mr. Catsimatidis should not be treated differently than any other bidder.

5. In late October 2008, Mr. Catsimatidis requested access to the Debtors' confidential, non-public records in order to evaluate the Debtors' assets. The Debtors were willing to give Mr. Catsimatidis and his associates access to the Debtors confidential business information in order to facilitate a possible transaction, but the Debtors required (as with all other interested bidders) the execution of a confidentiality agreement with the Debtors.

6. On November 5, 2008, Mr. Catsimatidis executed a confidentiality agreement (the "Confidentiality Agreement").

7. In mid-November 2008, Mr. Catsimatidis requested an immediate meeting with me and all of the Debtors' business unit leaders in order to explore in more detail the possibility of purchasing the Debtors.

8. Although the Debtors were pleased that Mr. Catsimatidis was so obviously eager to explore a possible acquisition, I continued to request that Mr. Catsimatidis and his associates work through Blackstone and the established bidding process. The Debtors continued to believe that the maximum value to the Debtors would be gained through a transparent and orderly bidding process in which all interested bidders would be given an equal opportunity to participate on a level playing field.

9. In late December, an asset sales process was taking place with regards to certain SemGroup Europe Holding, L.L.C. ("SGEH") entities and/or assets. On December 23, 2008, the President and Chief Operating Officer of SGEH, Randy Majors, ordered an abrupt suspension of the SGEH asset sales process without first consulting with me or informing me of his decision. I later learned that the explanation Mr. Majors gave for suspending the bidding process was that the involvement of the Red Apple Group in the reorganization would likely delay the sales process or render it unnecessary. When I learned of Mr. Majors's unauthorized order to suspension of the bidding process, I immediately relieved Mr. Majors of his responsibilities with SGEH and ordered that the sales process continue.

I declare under the penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Dated: March 3, 2009

Terrence Ronan

EXHIBIT B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	CHAPTER 11
SEMCRUDE, L.P., *et.al.*,	)	
Debtors	)	Case No. 08-11525 (BLS)
	)	(Jointly Administered)
SEMGROUP, L.P., *et.al.*,	)	
Plaintiffs,	)	
v.	)	Adversary No. 09-50121
JOHN A. CATSIMATIDIS, *et al.*,	)	
Defendants.	)	

DECLARATION OF STEVE ZELIN IN SUPPORT OF THE DEBTORS' MOTION FOR PRELIMINARY INJUNCTION

I, Steve Zelin, hereby declare:

1. I am a Senior Managing Director in the Restructuring and Reorganization Advisory group of The Blackstone Group ("Blackstone").

2. Blackstone is tasked with providing certain financial advisory services to the Debtors. Among other things, Blackstone is responsible for vetting potential bidders and conducting an orderly and transparent process for marketing the Debtors' business units, as well as advising the Debtors in connection with structure and capital requirements for a chapter 11 plan of reorganization.

3. Blackstone is assisting the Debtors' authorized officers in the process of exploring different options to maximize the value of the Debtors' estates for the benefit of their creditors. The options currently under consideration include a reorganization, the sale of certain business units, or a combination thereof.

4. At this stage of the chapter 11 proceedings, the Debtors have not made a definitive determination as to which of these options, or combination of options, best maximize the value of the Debtors' estates for the benefit of their creditors. Neither the Debtors, nor Blackstone, have determined that the sale of certain of the Debtors' business units is *not* in the best interests of the Debtors' and their creditors.

5. Mr. Catsimatidis, however, has made public statements that have directly, and negatively, impacted the Debtors' ability to maximize the value of the Debtors' estates through the sales of certain of the Debtors' business units. For example, in December 2008, Mr. Catsimatidis announced publicly that he disfavored the sale of the Debtors' individual business units. Immediately following this announcements, an entity that was actively exploring a possible bid for SemMaterials withdrew its bid as a direct result of this announcement. From the bidder's perspective, it did not make sense to invest the necessary time and resources in exploring a potential bid for SemMaterials, if Mr. Catsimatidis would use his position on the Management Committee to possibly undermine or halt the entity's bid.

I declare under the penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Dated: April 3, 2009

_/s/____Steve Zelin___________
Steve Zelin

EXHIBIT C

CONFIDENTIALITY AGREEMENT

Nov 5, 2008

United Refining Energy Corp.
823 11th Avenue
New Yor, New York 10019

Ladies and Gentlemen:

In connection with your evaluation of a possible transaction or transactions (the "Transaction") with or involving SemGroup, L.P. (together with its affiliated companies, the "Company"), you have requested information concerning the Company and the Transaction from the Company. As a condition to your receipt of such Confidential Information (as hereinafter defined), you agree to treat the Confidential Information and any other information concerning the Transaction or the Company which is furnished to you or your Representatives (as defined below) by or on behalf of the Company in accordance with the provisions of this Confidentiality Agreement (this "Agreement") and to take or refrain from taking certain other actions herein set forth.

1. You recognize and acknowledge the competitive value and confidential nature of the Confidential Information and the damage that would result to the Company and its Affiliates if any of the Confidential Information is disclosed to any third party. You hereby agree that the Confidential Information will be used solely for the purpose of evaluating the Transaction and that all of the Confidential Information will be kept confidential; provided that any such information may be disclosed only to the limited group of your officers, directors, employees, agents, and outside advisors (such Persons hereinafter collectively being referred to as "Representatives"), who are actually engaged in and need to know the Confidential Information for the purpose of evaluating the Transaction, who have been informed of the confidential nature of the Confidential Information, and who have been advised by and agree with you that such information is to be kept confidential and shall not be used for any purpose other than the evaluation of the Transaction. You agree that you will cause your Representatives to observe all terms of this Agreement, that you shall be responsible for any breach of this Agreement by any of your Representatives, and that (at your own expense) you will specifically enforce your agreements with any such breaching Representatives through court proceedings.

2. The term "Confidential Information" includes (i) all information furnished by the Company or any of its representatives, whether furnished before or after the date hereof, whether oral or written, and regardless of the manner in which it is furnished, (ii) all analyses, compilations, forecasts, studies, interpretations or other documents prepared by you or your Representatives in connection with your evaluation of the Transaction (including, without limitation, such that reflects or is based upon, in whole or part, the information furnished to you or your Representatives pursuant hereto), and (iii) the fact that discussions or negotiations are taking place concerning a possible Transaction between the Company and you, and any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof. The term

"Confidential Information" does not include any information which (i) at the time of disclosure or thereafter is generally available to and known by the public (other than as a result of its disclosure by you or your Representatives in breach of this Agreement), (ii) was available to you on a non-confidential basis prior to disclosure by the Company, or (iii) becomes available to you on a non-confidential basis from a Person who is not bound by a confidentiality agreement with the Company, or is not otherwise prohibited from transmitting the information to you. The Confidential Information shall remain the property of the Company. No rights to use, license, or otherwise exploit the Confidential Information are granted to you, by implication or otherwise. You will not by virtue of our disclosure of the Confidential Information and/or your use of the Confidential Information acquire any rights with respect thereto, all of which rights shall remain exclusively with the Company.

3. Given the nature of the Confidential Information and our current discussions, the Company would be irreparably damaged by any unauthorized disclosure or use of any Confidential Information or of our discussions or by any breach of this Agreement by you or your Representatives. Without prejudice to the rights and remedies otherwise available to the Company, you agree that the Company shall be entitled, without the requirement of posting a bond or other security, to equitable relief, including an injunction or specific performance, in the event of any breach or threatened breach of the provisions of this Agreement by you or your Representatives. Such remedies shall not be deemed to be exclusive remedies but shall be in addition to all other remedies available at law or equity to the Company. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that you or any of your Representatives have breached this Agreement, then you shall be liable and pay to the Company the reasonable costs and expenses (including attorney's fees) incurred by the Company in connection with such litigation, including any appeal therefrom.

4. In the event you or any of your Representatives become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigation, demand, order or other legal process) to disclose any of the contents of the Confidential Information, or either the fact that discussions or negotiations are taking place concerning a possible Transaction between the Company and you, or any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof, the Company agrees that you and your Representatives may do so without liability, provided you (i) promptly notify the Company prior to any such disclosure to the extent practicable, (ii) cooperate with the Company in any attempts it may make to obtain a protective order or other appropriate assurance that confidential treatment will be afforded the Confidential Information, and (iii) if no protective order is obtained and disclosure is required, (a) furnish only that portion of the Confidential Information that, in your counsel's opinion, you are legally compelled to disclose, and (b) take all reasonable measures to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

5. The Company may elect at any time to terminate further access by you to the Confidential Information. At any time you determine not to proceed with the possible Transaction, you will promptly notify the Company in writing. Following any request by the Company or any of its representatives, you agree (i) to promptly redeliver to the

Company all written Confidential Information and any other written material containing or reflecting any of the Confidential Information in your possession or your Representatives' possession, (ii) you and your Representatives will not retain any copies, extracts or other reproductions in whole or in part, mechanical or electronic, of such written material, and (iii) all computer records, documents, memoranda, notes and other writings whatsoever prepared by you or your Representatives based on the Confidential Information will be destroyed, and that any such destruction shall be confirmed to the Company in writing.

6. You understand and acknowledge that neither the Company nor any of its representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information. You agree that neither the Company nor any of its representatives shall have any liability to you or any of your Representatives relating to or resulting from your or their use of the Confidential Information or any errors therein or omissions therefrom. You further understand and agree that (i) the Company (a) shall be free to conduct the process for a Transaction as it in its sole discretion shall determine (including changing or terminating such process, providing any information to any other Person, negotiating with any other Person or entering into a definitive agreement with any other Person with respect to any transaction, in each case, at any time and without notice to you or any other Person) and (b) shall be free at its sole discretion to at any time accept or reject any proposal relating to the Company for any reason without notice to you or any other Person, and (ii) you shall have no claim against the Company or any of its representatives in connection with any of the foregoing.

7. For a period of two years after the date hereof, neither you nor any of your controlled Representatives will not solicit for employment or hire, or cause to be solicited or hired, any employee of the Company; <u>provided</u> that this Agreement shall not prohibit any advertisement or general solicitation (or hiring as a result thereof) that is not specifically targeted at such persons.

8. You hereby represent and warrant that you are not bound by the terms of a confidentiality agreement or other agreement with a third party that would conflict with any of your obligations under this Agreement.

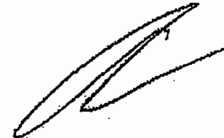
9. In accepting and reviewing the Confidential Information, you represent and warrant that you are acting solely for yourself. Further, you represent and warrant that neither you nor any of your controlled Representatives have discussed or shared, and you hereby covenant that unless you have first received the written consent of the Company neither you nor any of your controlled Representatives will discuss or share, with any third party any aspect of the Confidential Information or the fact that the Company is interested in a proposed Transaction. You acknowledge that the effect of this covenant is that without the full disclosure to and the written consent of the Company, neither you nor any of your controlled Representatives can act as agent, partner, co-participant or co-venturer for any third party or third parties with respect to a proposed Transaction. In order to obtain the consent of the Company, which the Company is entitled to withhold in its sole discretion, you shall notify the Company of the identity of each Person for whom or with whom you or any of your Representatives had considered pursuing a possible Transaction and the

nature and interest you or any of your Representatives and each such Person would have in respect of such possible Transaction.

10. You agree that, unless and until a binding agreement is entered into between the Company and you with respect to the Transaction, neither the Company nor you will be under any legal obligation of any kind whatsoever with respect to the Transaction by virtue of this or any other written or oral expression, except with respect to the matters specifically agreed to herein. Except as provided in Paragraphs 8 and 9, herein, nothing contained in any discussions between you and the Company or in any Confidential Information shall be deemed to constitute a representation or warranty. Except for the matters set forth in this Agreement or in any such binding agreement, neither party shall be entitled to rely on any statement, promise, agreement or understanding, whether oral or written, any custom, usage of trade, course of dealing or conduct.

11. You agree that all (i) communications regarding the Transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings, and (iv) discussions or questions regarding procedures, will be submitted or directed only to The Blackstone Group. You further agree that under no circumstances will you or your Representatives discuss or otherwise communicate any aspect of the Transaction to any member of the management of the Company without the express written permission of the Company. Without the Company's prior written consent, you shall not, and you shall direct your Representatives not to, make any contact of any nature regarding a proposed Transaction (including inquiries or requests concerning Confidential Information) with any supplier, customer, bank or other lender of or to the Company or any of its Affiliates.

12. In consideration of and as a condition to the Confidential Information being furnished to you, you hereby further agree that, without the prior written consent of the Company, for a period of two years from the date hereof, neither you nor any of your Affiliates, acting alone or as part of a group, will (i) acquire or offer or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities (or direct or indirect rights or options to acquire any voting securities) of the Company, or any material portion of the assets or properties of the Company, (ii) make or participate in, directly or indirectly, any solicitation of proxies to vote, or to seek to influence or control, in any manner whatsoever, the voting of any securities of the Company, (iii) make any public announcement with respect to, or solicit or submit a proposal or offer for, directly or indirectly, any merger, business combination, recapitalization, reorganization, asset purchase or other similar extraordinary transaction involving the Company or any of its securities, assets or properties, (iv) form, join or in any way participate in, directly or indirectly, a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing, (v) otherwise seek to influence or control, in any manner whatsoever, alone or in concert with others, the management, general partner or policies of the Company, (vi) disclose, directly or indirectly, any intention, plan or arrangement inconsistent with any of the foregoing, (vii) advise, assist or encourage, directly or indirectly, any other person in connection with any of the foregoing, (viii) take any action that could reasonably be expected to require the Company to make a public announcement regarding the possibility of any of the events described in this paragraph, or (ix) request the Company, directly or indirectly, to amend or waive any provision of this paragraph.



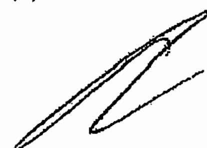
13. You acknowledge and agree that you are aware (and that your Representatives are aware or, upon providing any Confidential Information to such Representatives, will be advised by you) that the Confidential Information being furnished to you contains material, non-public information regarding the Company and that the United States securities laws prohibit any persons who have such material, non-public information from purchasing or selling securities of the Company on the basis of such information or from communicating such information to any person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities on the basis of such information.

14. This Agreement and all actions that may arise with respect thereto (whether in tort, contract or otherwise) shall be governed and construed in accordance with the laws of the State of New York without regard to conflict of laws principles. The United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement or any breach or default hereunder, and any and all actions, suits or proceedings arising out of or related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and you hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court; provided, however, that if the bankruptcy cases jointly administered under Case No. 08-11525-(BLS) have closed, you agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County and any appellate court thereof, for the resolution of any such claim or dispute. You agree not to commence any such action, suit, or proceeding except in such courts, and further agree that any service of any process, summons, notice or document by US registered mail or internationally recognized carrier to your address set forth above shall be effective service of process in any action, suit or proceeding brought against you in any such court.. You hereby unconditionally and irrevocably waive, to the fullest extent permitted by applicable law, any objection which you may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement brought in any court specified above, or any defense of inconvenient forum for the maintenance of such dispute. . You further agree that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

15. The provisions of this Agreement shall be binding solely upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, expressly including any successor to or acquirer of the Company; provided that your obligations are personal to you and may not be assigned to another party.

16. This Agreement represents the entire understanding and agreement of the parties hereto and may be modified only by a separate written agreement executed by you and the Company expressly modifying this Agreement. This Agreement supersedes and cancels any and all prior agreements between the parties hereto, express or implied, relating to the Transaction.

17. In the event that any provision or portion of this Agreement is determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this



Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law, and such invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the Company's intention with respect to such invalid or unenforceable term or provision.

18. The failure or refusal of the Company to insist upon strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right, nor shall such failures or refusals be deemed a custom or practice contrary to such provision or right.

19. For purposes of this Agreement, except as otherwise defined herein: (a) "Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person (for this purpose, "control" (including "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise); and (b) "Person" shall be broadly interpreted to include any individual, corporation, company, partnership, limited liability company, trust or other group or entity (including any court, government or agency, commission, board or authority thereof, federal, state or local, domestic, foreign or multinational).

20. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but such counterparts shall together constitute one and the same Agreement.

21. This Agreement shall terminate upon the earlier to occur of (i) the closing of the Transaction contemplated by this Agreement, and (ii) two years after the date hereof.

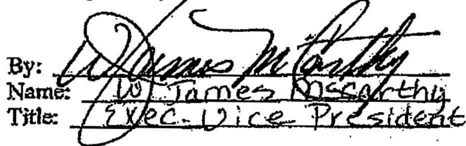
22. The Company acknowledges that it is party to that certain adversary proceeding in the Bankruptcy Court filed at Adversary No. 08-51404-BLS commenced by you in respect of your claim to that certain limited liability company interest also claimed by the Company by and through its subsidiary, SemMaterials, LLC. The Company agrees with you that the existence of this Agreement or any discussions concerning a Transaction shall not prejudice any right or claim made in this adversary proceeding or any related proceeding by you or the Company. For the avoidance of doubt, any Confidential Information received pursuant to this Agreement may not be analyzed, considered or offered into evidence by you in the adversary proceeding described in this Paragraph 22 in furtherance of your position unless otherwise obtained by you through the discovery process in connection with such adversary proceeding.

Please confirm your agreement with the foregoing by signing and returning to the undersigned a duplicate copy of this Agreement.

Sincerely,

SEMGROUP, L.P.

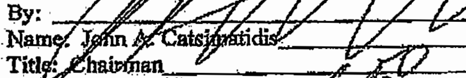
By: SemGroup G.P., L.L.C.,
its general partner



By:
Name: W. James McCarthy
Title: Exec. Vice President

ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE:

United Refining Energy Corp.



By:
Name: John A. Catsimatidis
Title: Chairman

EXHIBIT D

SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

SEMGROUP G.P., L.L.C.

AN OKLAHOMA LIMITED LIABILITY COMPANY

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SECOND AMENDED AND RESTATED
OPERATING AGREEMENT
OF
SEMGROUP G.P., L.L.C.
AN OKLAHOMA LIMITED LIABILITY COMPANY

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT is entered into and shall be effective as of January 25, 2005, by and among the members named on the signature pages hereto (the "***Members***") of SemGroup G.P., L.L.C., an Oklahoma limited liability company (the "***Company***").

WHEREAS, the Company was formed on November 13, 2002 with the original operating agreement among the parties dated November 14, 2002, and the Members made initial aggregate capital contributions of approximately $10,000 and received 14,150,880 Units;

WHEREAS, the Operating Agreement of the Company was initially amended pursuant to the Amended and Restated Operating Agreement, dated as of April 30, 2004;

WHEREAS, the Company's sole assets as of January 21, 2005 are 385,474.44 Units in SemGroup, L.P. ; and

WHEREAS, the Members desire to amend and restate this Agreement to evidence the sale of certain Units to Carlyle/Riverstone and to evidence certain tag-along, drag-along rights and other restrictions on the transfer of Units.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

ORGANIZATIONAL MATTERS

Section 1.1 *Formation*. The Company is formed as a limited liability company pursuant to the provisions of the Act (as hereinafter defined). The rights and obligations of the Members, and the affairs of the Company, shall be governed first by the Mandatory Provisions of the Act, second by the Company's Articles of Organization, third by this Agreement and fourth by the optional provisions of the Act. In the event of any conflict among the foregoing, the conflict shall be resolved in the order of priority set forth in the preceding sentence.

Section 1.2 *Name*. The name of the Company shall be "SemGroup G.P., L.L.C."

Section 1.3 *Principal Office; Registered Agent*. The principal office of the Company in the State of Oklahoma shall be 6120 S. Yale, Suite 700, Tulsa, Oklahoma 74136. The Company may also maintain offices at such other place or places as the Management Committee deems advisable. The registered agent of the Company in the State of Oklahoma shall be as stated in the Articles of Organization.

Section 1.4 *Term*. The Company commenced upon the filing of record of the Company's Articles of Organization with the Oklahoma Secretary of State, and shall continue until the date specified in the Company's Articles of Organization, unless sooner terminated as herein provided.

Section 1.5 *Purpose of the Company*. The purpose of the Company shall be to transact any and all lawful business for which limited liability companies may be organized under the Act, except the business of banking or insurance.

ARTICLE II

DEFINITIONS

Section 2.1 *Definitions*. For purposes of this Agreement, the following terms shall have the following meanings.

"***Act***" means the Oklahoma Limited Liability Company Act as it may be amended from time to time, and any successor to such act.

"***Affiliate***" means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this definition of "Affiliate," the term "control" means either: (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise; or (ii) a direct or indirect equity interest of ten percent (10%) or more in the entity.

"***Agreement***" means this Operating Agreement, as it may be amended or supplemented from time to time.

"***Articles of Organization***" means the articles of organization, as amended from time to time, filed by the Company under the Act.

"***Assignee***" means a Person to whom one or more Units have been transferred, by transfer or assignment or otherwise, in a manner permitted under this Agreement and under the Act, and who has agreed to be bound by the terms of this Agreement but who has not become a Substitute Member.

"***Business Line***" means owning and operating proprietary and common carrier pipelines, oil transports, pipeline injection stations and owned and leased storage facilities and terminals and the business of (a) buying, selling, transporting, marketing and trading crude oil and natural gas and their products and by-products, and derivatives thereof, in the United States and Canada; (b) buying and selling refined products and byproducts and derivatives thereof through bulk, rack and blending operations; and (c) the provision of sales assistance to customers for price risk management.

"***Capital Account***" means a capital account maintained pursuant to Section 3.2.

"***Capital Contributions***" means the amount of cash or fair market value of property contributed or services rendered, or a promissory note or other binding obligation to contribute cash or property or to perform services, contributed to the capital of the Company by all Members, or any one Member, as the case may be (or the predecessor holders of any Units) as a prerequisite for ownership of, or in connection with, Units.

"***Capital Gain***" means the Company's allocable share of gain from the disposition by the Company of a capital asset as defined in the Code (including any portion of such gain treated as ordinary income).

"***Carlyle/Riverstone***" means C/R SemGroup, C/R Energy and any Affiliate of such Persons that owns Units in the Company.

"***Cash Available For Distribution***" means, with respect to any period, all cash receipts and funds received by the Company (except for Capital Contributions and borrowings) minus: (i) all cash expenditures; and (ii) the Company's cash representing working capital or other reserves as determined by the Management Committee.

"***Code***" means the Internal Revenue Code of 1986, as amended, as in effect from time to time, and any successor thereto.

"***Company Property***" means all property owned or acquired, or any leasehold interests held, by the Company from time to time.

"***Contribution Agreement***" means the contribution agreement, dated of even date herewith by and among the Partnership, the Company, and Carlyle/Riverstone.

"***C/R Energy***" means C/R Energy Coinvestment II, L.P., a Delaware limited partnership.

"***C/R SemGroup***" means C/R SemGroup Investment Partnership, L.P., a Delaware limited partnership.

"***Credit Facility***" means that certain Amended and Restated Credit Agreement (as amended, supplemented or restated through the date hereof or in the future), dated as of August 27, 2004, by and among SemCrude, L.P., a Delaware limited partnership, as Borrower, SemOperating G.P., L.L.C., an Oklahoma limited liability company, SemGroup, L.P., an Oklahoma limited partnership, as Guarantors, Bank of America, N.A., as Administrative Agent and L/C Issuer, Banc of America Securities LLC, as Joint Lead Arranger and Sole Book Manager, BNP Paribas, as Joint Lead Arranger and Co-Syndication Agent, Bank of Montreal dba "Harris Nesbitt," as Co-Syndication Agent, Bank of Oklahoma, N.A. and The Bank of Nova Scotia, as Co-Documentation Agents, and the other Lenders party thereto.

"***Excluded Unit Issuances***" means the issuance, sale or other transfer of (a) any Unit Equivalents in connection with a public offering of equity or an Internal Restructure, (b) any Unit Equivalents to sellers as consideration in connection with the Company's or any Subsidiary's acquisition of all or substantially all of another Person or another Person's line of business or division, or all or substantially all of a Person's assets, in any case, by merger, consolidation, stock purchase, asset purchase, recapitalization, or other reorganization, (c) any

Unit Equivalents to or on behalf of managers, directors, officers or other key employees of the Company or any of its Subsidiaries pursuant to any employment agreement or arrangement, unit option plan, incentive compensation plan or program or similar incentive compensation program approved by the Management Committee, (d) any Unit Equivalents to any third-party unaffiliated investor if the Management Committee determines that there are strategic reasons to exempt such issuance, sale or transfer from the preemptive rights terms of Article IX and (e) any Unit Equivalents to any lender (including the Members and their Affiliates) in connection with any loan or commitment to loan made by such lender to the Company or any Subsidiary thereof.

"***Income***" and "***Loss***" mean an amount equal to the Company's taxable income or loss (including capital loss) for each taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss).

"***Internal Restructure***" means any re-formation, conversion, transfer of assets, transfer of Units and/or other securities, merger, incorporation, liquidation or other transaction of, relating to or affecting the Company, the Partnership and/or its Subsidiaries including any conversion, merger or other reorganization that results in an entity succeeding to the Company, the Partnership and/or its Subsidiaries.

"***Kivisto Unitholders***" means, collectively, Thomas L. Kivisto, the Thomas L. Kivisto Trust, dated June 5, 1996, and Eaglwing Energy, LLC, an Oklahoma limited liability company, and any Affiliate of such Persons that owns Units in the Company.

"***Limited Partners***" means limited partners of the Partnership.

"***LP Unit***" means a unit representing the rights of a Limited Partner or, in the case of an Assignee, the rights of the assigning Limited Partner in distributions (liquidating or otherwise) and allocations of the profits, losses, gains, deductions, and credits of the Partnership.

"***Majority Vote***" or "***Majority Vote of the Members***" means the affirmative vote, or written consent in lieu of a vote, of Members holding a simple majority (more than fifty percent (50%)) of the Outstanding Units held by all the Members.

"***Management Committee***" means that Person or those Persons appointed as members of the Management Committee pursuant to Section 5.1.

"***Management Group***" means the Kivisto Unitholders, Gregory C. Wallace, The Gregory C. Wallace Trust dated November 25, 2003, Foxx Holdings, L.L.C. and Kevin L. Foxx and any Affiliate of such Persons that owns Units in the Company.

"***Mandatory Provisions of the Act***" means those provisions of the Act which may not be waived by the Members acting unanimously or otherwise.

"***Member***" means those persons executing this Agreement as Members of the Company, on the signature pages hereto, and any other Persons who have been or may be admitted as a Member pursuant to this Agreement.

"***Opinion of Counsel***" means a written opinion of counsel (who shall be regular counsel to the Company).

"***Outstanding***" means the number of Units issued by the Company as shown on the Company's books and records, less any previously issued Units then held by the Company. No Units held by an unadmitted assignee shall be deemed to be Outstanding with respect to the voting of Units and no Units issuable upon conversion, exchange or exercise of Company securities shall be deemed to be Outstanding for any purpose.

"***Partnership***" means SemGroup, L.P., an Oklahoma limited partnership.

"***Partnership Agreement***" means the Second Amended and Restated Limited Partnership Agreement of SemGroup, L.P., an Oklahoma limited partnership.

"***Percentage Ownership***" means, with respect to any Member a fraction (expressed as a percentage), the numerator of which equals the number of Units held of record by such Member and the denominator of which equals the number of Outstanding Units.

"***Permitted Transfer***" means (a) a transfer of a Unit or Unit Equivalents by a Member to (i) individuals who are the spouse, parents, lineal descendants of parents, children, grandchildren or great grandchildren (or any individual related by consanguinity or legal adoption prior to such adopted individual attaining eighteen years of age thereto) of such Member, (ii) a trust for the benefit of any Member or Permitted Transferee, (iii) any corporation in which, at the applicable time, each class of stock is 100% owned, directly or indirectly, by one or more Members or Permitted Transferee(s), (iv) any limited liability company or other form of incorporated or unincorporated business organization in which, at the applicable time, each class of ownership interest is 100% owned, directly or indirectly, by one or more Members or Permitted Transferee(s), (v) any partnership in which, at the applicable time, each class of partnership interest is 100% owned, directly or indirectly, by one or more Members or Permitted Transferee(s), (vi) any individual who is the owner of a Member and any individual related to such owner as described in item (i) above, (vii) any officer, director, manager, or employee of the Company, the Partnership, or SemManagement, L.L.C., or any other Affiliate of the Partnership, (viii) any other Member or (ix) any corporation, partnership or limited liability company which, at the applicable time, directly or indirectly controls such Person, and (b) a transfer pursuant to a pledge of any Units securing a bona fide loan in existence on the date hereof.

"***Permitted Transferee***" means, with respect to any Member, any Person that receives, directly or indirectly, Units from such Member pursuant to a Permitted Transfer.

"***Person***" means a natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, trust, estate, association or domestic or foreign corporation.

"***Pro Rata Share***" means, as determined for any Person, such Person's Percentage Ownership of Units.

"***Record Holder***" means the Person, whether a Member or Assignee, in whose name a Unit is registered on the books and records of the Company as of the close of business on a particular date.

"***Responsible Officer***" means any of the president, vice presidents, secretary, chief executive officer or chief financial officer of the Company or any other officer of the Company performing similar functions regardless of his or her title.

"***Ritchie***" means, collectively, Ritchie SG Holdings, L.L.C., formerly named Ritchie Energy Ventures, L.L.C., a Delaware limited liability company, SGLP Holding, Ltd, a Cayman Islands exempted company, and SGLP US Holding, L.L.C. a Delaware limited liability company, and any Affiliate of such Persons that owns Units in the Company.

"***Ritchie Percentage***" means, a fraction (expressed as a percentage), the numerator of which equals the number of Units, LP Units and Unit Equivalents held of record by Ritchie or any of its Affiliates at the time of any Ritchie Target Sale (after conversion of its convertible debentures) and the denominator of which equals the number of Outstanding Units, LP Units and Unit Equivalents.

"***Ritchie Target Sale***" means an arms-length transaction or series of related transactions (including a recapitalization, Unit sale, merger or other business combination) with an unaffiliated third party on terms and conditions that are usual and customary for similar transactions that, after giving effect thereto, results in the sale of 100% of the Units, LP Units and Unit Equivalents and whereby the aggregate price paid for all such Units, LP Units and Unit Equivalents multiplied times the Ritchie Percentage would result in a 20% compounded annual internal rate of return; *provided, however*, in calculating such return there shall be taken into account all cash and other property (valued at the fair market value thereof at the time of distribution) received by Ritchie or any of its Affiliates as a distribution or dividend from the Company or the Partnership (other than tax distributions) on account of all securities of the Company or the Partnership at any time owned by Ritchie or any of its Affiliates, including any convertible debentures of the Partnership. For the avoidance of doubt, if an internal rate of return is required to be determined other than at the end of an annual period, the effect of compounding the rate of return that would otherwise be included in the annual period in which the determination is made shall be prorated over the portion of the annual period expired prior to the date of determination.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Substitute Member***" means a transferee of a Unit who is admitted as a Member to the Company pursuant to Article X in place of and with all the rights of a Member with respect to the transferred Unit.

"***Subordinated Convertible Debenture***" means those certain Amended and Restated Subordinated Debentures, in the aggregate principal amount of $6,392,100, issued by the Partnership, as maker, to SGLP Holding, Ltd.

"***Subsidiary***" means, with respect to any Person, (a) any corporation of which a majority of the outstanding capital stock of the class or classes having ordinary voting power to elect a

majority of the board of directors are owned, directly or indirectly, by such Person or (b) any partnership, limited liability company or other entity (other than a corporation) of which interests of any class or classes that are entitled to receive more than 50% of the distributions made by such entity to all holders of all classes of interests are owned, directly or indirectly, by such Person.

"***Targeted Sale***" means an arms-length transaction or series of related transactions (including a recapitalization, Unit sale, merger or other business combination) with an unaffiliated third party on terms and conditions that are usual and customary for similar transactions that, after giving effect thereto, results in (a) the sale of all or substantially all of the assets of the Company, the Partnership and their Subsidiaries, taken as a whole, or (b) the sale of 100% of the Units of the Company and 100% of the LP Units of the Partnership which, in each case will generate aggregate net cash proceeds equal to or in excess of (x) 2.5 times all amounts contributed by Carlyle/Riverstone to the Company and the Partnership less the amount of cash and other property distributed by the Company and the Partnership to Carlyle/ Riverstone, and (y) a 30% compounded annual internal rate of return to Carlyle/Riverstone; *provided, however*, in calculating the 30% compounded annual internal rate of return to Carlyle/Riverstone there shall be taken into account all cash and other property distributed by the Company and the Partnership to Carlyle/Riverstone (other than tax distributions). For the avoidance of doubt, if an internal rate of return is required to be determined other than at the end of an annual period, the effect of compounding the rate of return that would otherwise be included in the annual period in which the determination is made shall be prorated over the portion of the annual period expired prior to the date of determination.

"***Tax Item***" means each item of income, gain, loss, deduction, or credit of the Company for federal tax purposes, as separately stated and calculated pursuant to the Code.

"***Tax Matters Person***" means the individual designated pursuant to Section 8.2.

"***Unit***" means a unit representing the rights of a Member or, in the case of an Assignee, the rights of the assigning Member in distributions (liquidating or otherwise) and allocations of the profits, losses, gains, deductions, and credits of the Company.

"***Unit Equivalent***" means any Unit or LP Unit and any right, warrant, option, convertible security or exchangeable security, in each case, exercisable for or convertible or exchangeable into, directly or indirectly, into Units or LP Units, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

ARTICLE III

CAPITAL CONTRIBUTIONS

Section 3.1 *Schedule A*. Each Member's name, the number of Outstanding Units and each Member's Percentage Ownership of Units are set forth on Schedule A hereto.

Section 3.2 *Capital Accounts*.

(a) The Company shall maintain for each Member a separate Capital Account. The term "***Capital Account***" shall mean as to any Member and as to any Units held by that Member the amount of the initial Capital Contribution attributable to the Units held by that Member, which amount shall be (i) increased by subsequent Capital Contributions by such Member, and Capital Gain and Income allocated to such Member pursuant to Section 4.2, and (ii) decreased by distributions and Loss allocated to such Member. Each distribution shall be debited to Capital Accounts in the year containing the record date for such distribution.

(b) In the event any in-kind contributions or contributions in the form of services are ever made, the Capital Account of the Member shall be increased by the fair market value of the property or services contributed by such Member.

(c) The foregoing definition of Capital Account and certain other provisions of this Agreement are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with that regulation. Such regulation contains additional rules governing maintenance of capital accounts that have not been addressed in this Agreement, but to which the Company will adhere for purposes of maintaining Capital Accounts.

(d) An Assignee of a Unit will succeed to the Capital Account relating to the Unit transferred. However, if the transfer causes a termination of the Company under Section 708(b)(l)(B) of the Code, the Company will follow the deemed contribution and distribution rules as provided in Section 1-708-1(b)(4) of the Code. The Capital Accounts of such reconstituted Company shall be maintained in accordance with the principles of this Section 3.2.

(e) At such times as may be permitted or required by Treasury Regulations issued pursuant to Section 704 of the Code, the Capital Accounts shall be revalued and adjusted to reflect the then fair market value of the Company Property and the Capital Accounts shall be maintained to comply with Treasury Regulations Section 1.704-l(b)(2)(iv)(f). All allocations of gain resulting from such revaluation shall be made consistently with that regulation; and to the extent not inconsistent therewith, the income allocation provisions of Section 4.2 hereof.

Section 3.3 *Interest.* No interest shall accrue or be paid by the Company on Capital Contributions, balances of a Member's Capital Account or any other funds distributed or distributable under this Agreement.

Section 3.4 *No Withdrawal.* Without the written consent of all remaining Members of the Company, no Member shall have (i) any right to resign voluntarily or otherwise to withdraw from the Company or (ii) any right to the withdrawal or reduction of any part of his Capital Contribution.

Section 3.5 *Additional Contributions.* The Members shall not be obligated to contribute additional capital to the Company.

ARTICLE IV

TAX ALLOCATIONS AND DISTRIBUTIONS

Section 4.1 *Distribution of Cash Available for Distribution*. Subject to the voting provisions of Section 5.4, distributions of all Cash Available for Distribution shall be made not less frequently than annually to the Record Holders with respect to their respective Pro Rata Share of Units. However, the Company shall distribute cash to each Record Holder, pro rata, quarterly, at least five (5) days prior to the date a calendar year corporation is required to make an estimated tax payment under Code Section 6655. The aggregate amount of the distribution by the Company to the Record Holders shall be determined by multiplying the Company's estimated aggregate taxable income for such quarter by 45%. On or before March 10 of each year, the Company shall make a final tax distribution to the Members in an aggregate amount

Treasury Regulations promulgated thereunder. Any items allocated under this Section 4.2(c) shall not be debited or credited to Capital Accounts to the extent that item is already taken into account (upon formation or otherwise) in determining a Record Holder's Capital Account. For purposes of applying Section 704(c) of the Code, the Company shall adopt the "remedial method of allocations".

(d) Upon the transfer of a Unit, Income, and Tax Items attributable to the transferred Unit, shall, for federal income tax purposes, be allocated to the owners of such Unit on the basis of the Tax Items for each month that such Person was the owner of such Units, determined on an interim closing of the books method. The Members may revise, alter, or otherwise modify the method of allocation as they determine necessary to comply with Section 706 of the Code and regulations or rulings promulgated thereunder.

ARTICLE V

MANAGEMENT AND OPERATION OF BUSINESS

Section 5.1 *Management Committee*. There is hereby established a Management Committee, the members of which shall be "***Managers***" and which shall have the authority to manage the business and affairs of the Company and is hereby authorized to act on behalf of the Members and the Company as provided for herein, and shall have the authority to delegate such authority to officers as provided in Section 5.2 below. ~~Except as to the matters set forth in Section 5.3(a), Section 5.4 and Section 11.1 hereof, the decisions of the Management Committee shall require consent of a simple majority of its members. The Management Committee shall consist of nine (9) members~~.

Amended 2/_/05

(a) Designation

(i) *Ritchie Committee Designees*. From and after the date hereof and for so long as Ritchie holds, in the aggregate, at least five percent (5%) of the total capital and profits interest of the Partnership, Ritchie shall have the right to designate three (3) members of the Management Committee (each, a "***Ritchie Designee***").

(ii) *Kivisto Unitholders Committee Designees*. From and after the date hereof and for so long as the Kivisto Unitholders hold, at least five percent (5%) of the total capital and profits interest of the Partnership, Thomas L. Kivisto shall have the right to designate three (3) members of the Management Committee.

(iii) *Carlyle/Riverstone Committee Designees*. From and after the date hereof and for so long as Carlyle/Riverstone holds, in the aggregate, at least five percent (5%) of the total capital and profits interest of the Partnership, Carlyle/Riverstone shall have the right to designate three (3) members of the Management Committee (each a "***Riverstone Designee***"). For as long as Carlyle/Riverstone is entitled to designate at least one Riverstone Designee as provided in this subsection, C/R SemGroup will be entitled to designate one Riverstone Designee, Carlyle/Riverstone will not assign its rights to appoint more than two Riverstone Designees under this subsection to any entity other than C/R SemGroup without the consent of C/R SemGroup. The initial Riverstone

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Designees are Pierre F. Lapeyre, Jr., Andrew W. Ward and David M. Leuschen. Mr. Pierre F. Lapeyne is the initial designee of C/R SemGroup.

(iv) *Limited Partners' Committee Designees*. To the extent that Ritchie is no longer entitled under Section 5.1(a)(i) to designate members of the Management Committee, the Limited Partners upon a Majority Vote shall be entitled to designate the same number of members of the Management Committee that Ritchie is no longer entitled to designate; and to the extent the Kivisto Unitholders are no longer entitled to designate members of the Management Committee pursuant to Section 5.1(a)(ii), the Limited Partners upon a majority vote shall be entitled to designate the same number of members of the Management Committee that the Kivisto Unitholders are no longer entitled to designate; and to the extent the Carlyle/Riverstone is no longer entitled to designate members of the Management Committee pursuant to Section 5.1(a)(iii), the Limited Partners upon a majority vote shall be entitled to designate the same number of members of the Management Committee that Carlyle/Riverstone is no longer entitled to designate; *provided, however*, that as long as C/R SemGroup continues to own any capital and profits interests in the Partnership, C/R SemGroup will have the right to designate one member to the Management Committee.

(v) *Vacancies*. If any designee shall be elected or appointed as a member of the Management Committee under Sections 5.1(a)(i), (ii), (iii) or (iv) but shall thereafter cease to serve as a member of the Management Committee (whether as a result of his or her death or resignation or termination or for any other reason) prior to the expiration of his or her term of office, the Person, including for the avoidance of doubt C/R SemGroup, pursuant to Sections 5.1(a)(iii) or (iv), who designated such designee shall have the right to designate another person to fill the resulting vacancy in the Management Committee.

Section 5.2 *Officers*. The Management Committee shall designate one or more Persons to be officers of the Company ("***Officers***"); however, the designation of an officer shall not of itself create contract rights. No Officer need be a Member. Each Officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same Person. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if later, at the time of its receipt by any Management Committee member. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Subject to the voting requirements of Section 5.4, any Officer may be removed as such, either with or without cause, by the Management Committee whenever in their judgment the best interests of the Company will be served thereby; *provided, however*, that such removal shall be without prejudice to the contract rights, if any, of the Person so removed and that designation of an Officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company shall be filled by the Management Committee. The authority and duties of the respective Officers shall be as follows, unless and until such authority and duties are changed by the Management Committee:

(a) *President*. The President shall be the chief executive officer of the Company and, subject to direction by the Management Committee, he shall have general executive charge,

management, and control of the properties and operations of the Company in the ordinary course of its business, with all such powers with respect to such properties and operations as may be reasonably incident to such responsibilities.

(b) *Vice Presidents*. Each Vice President shall have such powers and duties as may be assigned to him by the Management Committee or the President, and shall exercise the powers of the President during that Officer's absence or inability to act. As between the Company and third parties, any action taken by a Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

(c) *Treasurer*. The Treasurer shall have custody of the Company's funds and securities, shall keep full and accurate account of receipts and disbursements, shall deposit all monies and valuable effects in the name and to the credit of the Company in such depository or depositories as may be designated by the Management Committee, and shall perform such other duties as may be prescribed by the Management Committee or the President.

(d) *Secretary*. Except as otherwise provided in this Agreement, the Secretary shall keep the minutes of all meetings of the Management Committee and of the Members in books provided for that purpose, and he shall attend to the giving and service of all notices. He may sign with the President, in the name of the Company, all contracts of the Company. He shall in general perform all duties incident to the office of the Secretary, subject to the control of the Management Committee and the President.

Section 5.3 *Management Committee Indemnification.*

(a) From time to time, at the request of any member of the Management Committee or any Person entitled to designate such a member, the Company will obtain a policy of liability insurance covering each of the members of the Management Committee. The amount of such insurance is to be determined by agreement of at least seventy percent (70%) of the members of the Management Committee.

(b) Each of the members of the Management Committee is intended to be a third-party beneficiary of the obligations of the Company pursuant to this Section 5.3, and the obligations of the Company pursuant to this Section 5.3 shall be enforceable by each such individual.

Section 5.4 *Actions by the Management Committee.*

(a) Notwithstanding anything to the contrary in this Agreement, no action by the Company or its Subsidiaries (including, but not limited to, any action by the Management Committee or any committee thereof or any action taken by the Company as the general partner of the Partnership) shall be taken with respect to any of the following matters without the approval of a majority of the members of the Management Committee, which majority must include at least one Riverstone Designee (so long as a Riverstone Designee is then serving as a member of the Management Committee):

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(i) except for a Targeted Sale, (A) any sale, merger or consolidation of the Company, the Partnership or any of their Subsidiaries with or into any Person, other than a merger or consolidation involving exclusively the Partnership or its Subsidiaries; or (B) the sale of all or substantially all of the assets of the Company, the Partnership or any of their Subsidiaries, other than the sale of all or substantially all of the assets by one Subsidiary of the Partnership to the Partnership or another Subsidiary or Subsidiaries of the Partnership; or (C) any other sale of any significant operations of the Company, the Partnership or any of their Subsidiaries or any disposition of assets, business, operations or securities by the Company, the Partnership or any of their Subsidiaries (in a single transaction or a series of related transactions) having a value in each case in this clause (C) in excess of $100,000;

(ii) except for the indebtedness incurred as of the date hereof under the Credit Facility (including without limitation the Credit Facility as increased pursuant to the commitment letter dated January 4, 2005), any incurrence by the Company, the Partnership or any of their Subsidiaries of any indebtedness for borrowed money which, when taken together with other indebtedness of the Company, the Partnership and their Subsidiaries not previously approved pursuant to this Section 5.4(a)(ii), exceeds $10,000,000 (or the guaranty by the Company, the Partnership or any of their Subsidiaries of any such indebtedness), *provided*, the term indebtedness for borrowed money (or the guaranty by the Company, the Partnership or any of their Subsidiaries of any such indebtedness) shall not include contractual obligations incurred in the Partnership's business of trading in commodities, including hydrocarbons, trade accounts payable or other indebtedness or guarantees or letters of credit issued on behalf of the Company, the Partnership or any of their Subsidiaries that arise in the ordinary course of the business of the Company, the Partnership or any of their Subsidiaries;

(iii) any (A) recapitalization of the Company, the Partnership or any of their Subsidiaries, (B) application for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator, liquidator or the like for the Company, the Partnership or any of their Subsidiaries or all or a substantial portion of the assets of the Company, the Partnership or any of their Subsidiaries; (C) admission in writing the Company's, the Partnership's or any of their Subsidiaries' inability to pay it's debts as such debts become due; (D) convening of a meeting of the Company's, the Partnership's or any of their Subsidiaries' creditors for the purpose of consummating an out-of-court arrangement, or entering into a composition, extension or similar arrangement, with the Company's, the Partnership's or any of their Subsidiaries' creditors in respect of all or a substantial portion of its debts; (E) making of a general assignment for the benefit of the Company's, the Partnership's or any of their Subsidiaries' creditors; (F) placement of the Company, the Partnership or any of their Subsidiaries or allowing it to be placed, voluntarily or involuntarily, under the protection of the law of any jurisdiction relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or (G) taking of any action for the purpose of effecting any of the foregoing;

(iv) the declaration of any dividend on or the making of any distribution with respect to, or the redemption, repurchase or other acquisition of, any securities of the

Company, the Partnership or any of their Subsidiaries, except as expressly required by this Agreement, the Partnership Agreement or the organizational documents of any of their Subsidiaries;

(v) any requests by the Company or the Partnership for additional capital contributions from the Members or the Limited Partners in the Partnership, as applicable;

(vi) the amendment or modification of any of the Subordinated Convertible Debentures; or

(vii) except for transactions approved in the Memorandum of Action Taken By All the Members of the Management Committee of the Company dated as of December 2004, a copy of which has been delivered to Carlyle/Riverstone, the acquisition, by merger or otherwise by the Company, the Partnership or any of their Subsidiaries (in a single transaction or a series of related transactions), of (A) any assets or pieces of equipment or (B) any equity interests in any third-party, in each case having a purchase price or, if not a cash transaction, a fair market value (as determined in the reasonable discretion of the Management Committee) which exceeds $5,000,000.

(b) Notwithstanding anything to the contrary in this Agreement, no action by the Company or its Subsidiaries (including, but not limited to, any action by the Management Committee or any committee thereof or any action taken by the Company as the general partner of the Partnership) shall be taken with respect to any of the following matters without the approval of a majority of the members of the Management Committee, which majority must include at least one Riverstone Designee (so long as a Riverstone Designee is then serving as a member of the Management Committee) and one Ritchie Designee (so long as a Ritchie Designee is then serving as a member of the Management Committee):

Amended 2/—/05

(i) any modification or amendment to this Agreement or the Partnership Agreement, any waiver of any provision thereof or any adoption of or amendment to the certificate of incorporation or bylaws, or other organizational documents, of any of the Company's Subsidiary;

(ii) other than issuances of Units upon the contribution of capital pursuant to the Contribution Agreement or the issuance of Units with respect to outstanding Unit Equivalents of the Partnership as listed on Schedule 5.4(b)(ii) or the issuance of units to McCoy Petroleum Corporation, a Kansas corporation (*"**McCoy**"*) by SemKan, L.L.C., an Oklahoma limited liability company (*"**SemKan**"*), pursuant to that certain Option Agreement by and among McCoy, SemKan and Discovery Capital, L.L.C. a Kansas limited liability company, dated as of October 22, 2004, the authorization, creation, modification or issuance of Unit Equivalents, Units in or by the Company or LP Units in or by the Partnership or any of their Subsidiaries including issuances of securities in connection with any employee stock offering or any stock option plan or as consideration in any acquisition (whether by stock purchase, asset purchase or merger);

(iii) other than the payment by the Partnership of an amount not to exceed $996,168.00 to certain holders of convertible indebtedness of the Partnership on the date

hereof in connection with the conversion of such indebtedness into LP Units, any application of any of its assets to the redemption or acquisition of any Units or Unit Equivalents, except pursuant to agreements with employees, advisors, officers, directors, consultants and service providers of such Company (upon the occurrence of certain events such as the termination of service) on terms approved by the Management Committee;

(iv) any increase in the number of members on the Management Committee;

(v) any transaction by the Company or any of its Subsidiaries outside the ordinary course of business having a value in excess of $100,000 other than the transactions contemplated by the Contribution Agreement;

(vi) other than those transactions set forth on Schedule 5.4(b)(vi) or contemplated by the Contribution Agreement, the purchase, sale or exchange of property, the lending or borrowing of any monies or the rendering of any service, with any Affiliate *provided*, portfolio companies of Carlyle/Riverstone and Ritchie shall not be deemed Affiliates;

(vii) any material change in the Business Line of the Company, the Partnership or any of their Subsidiaries;

(viii) the making or approval of any expenditures or commitment (including third party debt) in any fiscal year by the Company, the Partnership or any of their Subsidiaries which is not included in the annual operating budget for the Company, the Partnership or any of their Subsidiaries approved in accordance with Section 5.4(b)(ix) for such year;

(ix) the adoption of any annual operating budget for the Company, the Partnership or any of their Subsidiaries;

(x) the retention or discharge of any officer of the Company, the Partnership or any of their Subsidiaries or any individual acting in a similar capacity and the amendment or modification of any employment agreement with said Officer; and

(xi) any Internal Restructure.

The enumeration of the foregoing rights shall not diminish or affect the existence or exercise of other rights expressly granted to the Management Committee elsewhere in this Agreement.

ARTICLE VI

RIGHTS AND OBLIGATIONS OF THE MEMBERS

Section 6.1 *Limitation of Member's Liability for Company Obligations*. Anything herein to the contrary notwithstanding, except as otherwise expressly agreed in writing, a Member shall not be personally liable for any debts, liabilities, or obligations of the Company,

whether to the Company, to any of the other Members, to creditors of the Company, or to any other Person. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under the Agreement or the Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

Section 6.2 *Rights of Member Relating to the Company.* In addition to other rights provided by this Agreement or by applicable law, a Member may, for any purpose reasonably related to a Member's interest in the Company, inspect and obtain upon reasonable request during normal business hours and at such Member's own expense:

(a) any and all information regarding the state of the business and financial condition of the Company and its Subsidiaries (including without limitation financial information, including any projections);

(b) promptly after becoming available, a copy of the Company's federal, state, and local income tax returns for each year;

(c) a current list of the name and last known business, residence or mailing address of each Member, the Officers and the Management Committee;

(d) information regarding the Capital Contributions made by each Member;

(e) a copy of this Agreement and the Articles of Organization and all amendments hereto and thereto, together with copies of any powers of attorney pursuant to which this Agreement, the Articles of Organization, and all amendments hereto and thereto have been executed; and

(f) any of the Company's books and records, and any other information regarding the affairs of the Company and its Subsidiaries.

Section 6.3 *Reports*. The Company covenants that it will deliver to each Member owning Units that represent at least 10% of all outstanding Units:

(a) as soon as practicable and in any event within forty-five (45) days after the end of each calendar month (including the last calendar month of the Company's fiscal year), a consolidated and consolidating balance sheet of the Partnership and its Subsidiaries as at the end of such month and the related consolidated and consolidating statements of operations and cash flows for such month, and for the portion of the fiscal year ended at the end of such month setting forth in each case, to the extent applicable, in comparative form the figures for the corresponding periods of the previous fiscal year and the figures for such month and for such portion of the fiscal year ended at the end of such month, all in reasonable detail and certified by a Responsible Officer as fairly presenting the financial condition and results of operations of the Company, the Partnership and their Subsidiaries and as having been prepared in accordance with United States generally accepted accounting principles including customary footnotes (***"GAAP"***) applied on a basis consistent with the audited financial statements of the Company, subject to changes resulting from audit and normal year-end adjustments and the absence of footnote disclosures;

(b) as soon as practicable and in any event within forty-five (45) days after the end of each of the first three calendar quarters of each year, a consolidated and consolidating balance sheet of the Partnership and their Subsidiaries as at the end of such quarter and the related consolidated and consolidating statements of operations and cash flows for such quarter, and for the portion of the fiscal year ended at the end of such quarter setting forth in each case, to the extent applicable, in comparative form the figures for the corresponding periods of the previous fiscal year and the figures for such quarter and for such portion of the fiscal year ended at the end of such quarter, all in reasonable detail and certified by a Responsible Officer as fairly presenting the financial condition and results of operations of the Company, the Partnership and their Subsidiaries and as having been prepared in accordance with GAAP applied on a basis consistent with the audited financial statements of the Company, subject to changes resulting from audit and normal year-end adjustments and the absence of footnote disclosures;

(c) as soon as available and in any event within ninety (90) days, the Partnership, after the end of each fiscal year, a consolidated and consolidating balance sheet of the Partnership and its Subsidiaries as of the end of such fiscal year and the related consolidated and consolidating statements of operations, partners' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, and the figures for such fiscal year, certified (solely with respect to such consolidated statements) by PriceWaterhouseCoopers, LLP or another independent public accounting firm of nationally or regionally recognized standing acceptable to Carlyle/Riverstone, Ritchie and the Management Group;

(d) as soon as available, and in any event at least thirty (30) days prior to the beginning of each fiscal year, an operating budget covering expected revenues, salaries and expenses of management, other operating expenses, including office equipment and working capital requirements, as approved by the Management Committee, for such fiscal year, in reasonable detail, and certified by a Responsible Officer; and

(e) prompt notice of any material events affecting the Company, the Partnership or their Subsidiaries, and copies of all compliance certificates delivered to any Person (including any lender).

Section 6.4 *Certain Additional Management Rights.*

(a) For as long as C/R SemGroup continues to directly or indirectly own Units, the Company covenants that it will deliver to C/R SemGroup the reports and information set forth in Section 6.3.

(b) The Company shall permit any authorized representatives designated by C/R SemGroup to visit and inspect the properties of the Company and its Subsidiaries, including its and their books of account, and to discuss its and their affairs, finances and accounts with its and their managers, directors, officers and independent accountants, during normal business hours as C/R SemGroup may reasonably request.

(c) The rights provided to C/R SemGroup under this Section 6.4 shall automatically terminate when C/R SemGroup no longer directly or indirectly owns any Units.

Section 6.5 *Initial Public Offering; Registration Rights.*

(a) Notwithstanding anything in this Agreement to the contrary, for so long as Carlyle/Riverstone owns at least 5% of the Outstanding Units, the Company shall, upon the request of Carlyle/Riverstone, promptly initiate and use its best efforts to complete in the United States an initial public offering of Units or other securities representing interests in Units (or into which Units are converted pursuant to an Internal Restructure) to be registered on a registration statement to be filed with the United States Securities and Exchange Commission. In any such initial registered public offering, Carlyle/Riverstone shall determine (i) whether the offering will be underwritten on a firm commitment basis or sold by underwriters on an agency, best efforts or reasonable efforts basis; (ii) in consultation with the underwriters, the desired aggregate amount of net proceeds of the offering to be received by the Company; (iii) whether the offering shall include a tranche offered outside the United States either pursuant to the corresponding registration statement or in reliance on Regulation S under the Securities Act; and (iv) upon completion of the offering, whether the securities sold in the offering shall be listed on a United States national securities exchange or the Nasdaq Stock Market.

(b) Each Member understands and agrees that the Units issued on or prior to the date hereof have not been registered under the Securities Act and are restricted securities within the meaning of the Securities Act. Each Member hereby agrees that he, she or it will, on or prior to any registration of any Units or other securities representing interests in Units (or into which Units are converted pursuant to an Internal Restructure) by the Company, execute and deliver all agreements, instruments and documents as are required, in the reasonable judgment of the Management Committee to be executed by such Member in order to consummate such registration. On or prior to any registration of any Units or other securities representing interests in Units (or into which Units are converted pursuant to an Internal Restructure), Carlyle/Riverstone and Ritchie shall enter into a registration rights agreement with the Company governing and providing for, among other matters, the registration rights of Carlyle/Riverstone and Ritchie. Such registration rights agreement shall contain at least the following terms, which shall apply to any entity into which the Company is transformed and any entity created solely for the purposes of effecting an initial public offering of equity of the Company:

(i) Carlyle/Riverstone and Ritchie shall each be granted three demand registration rights, which shall come into effect on the earlier of (i) the date two years after the date on which Carlyle/Riverstone is first issued Units or (ii) the date of the Company's initial public offering; *provided*, that each of Carlyle/Riverstone and Ritchie will be deemed to have waived one such demand registration right the first time that it refuses to participate in a demand registration initiated by the other party.

(ii) Carlyle/Riverstone and Ritchie shall each be provided with unlimited piggyback registration rights.

(iii) Carlyle/Riverstone and Ritchie shall each be granted the right to demand a registration of any number of their Units or other securities representing interests in Units (or into which Units are converted pursuant to an Internal Restructure) on Form S-3 twice per year, though solely during such periods as Form S-3 is available for registration of Units.

(iv) The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of the Units or other securities representing interests in Units (or into which Units are converted pursuant to an Internal Restructure).

Section 6.6 *Restrictions on Power.* No Member (except a Member who is also an Officer) shall have the authority or power to act on behalf of, or to bind, the Company, or any other Member. No Member shall have the right or power to take any action which would change the Company to a general partnership, change the limited liability of a Member, or affect the status of the Company for federal income tax purposes.

Section 6.7 *Indemnification.*

(a) *Company Indemnity.* To the maximum extent permitted by law, the Company shall indemnify and hold harmless all Members, the Officers and the members of the Management Committee (each, an "***Indemnitee***") from and against any and all losses, claims, demands, costs, damages, liabilities, joint and several, expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements, penalties and other expenses actually and reasonably incurred by the Indemnitee in connection with any and all claims, demands, actions, suits, or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved, as a party or otherwise, by reason of the fact that the Indemnitee is or was a Member, an Officer or a member of the Management Committee of the Company, arising out of or incidental to the business of the Company, provided, (i) the Indemnitee's conduct did not constitute willful misconduct or recklessness, (ii) the action is not based on breach of this Agreement by the Indemnitee, (iii) the Indemnitee acted in good faith and in a manner he or it reasonably believed to be in, or not opposed to, the best interests of the Company and to be within the scope of the Indemnitee's authority and (iv) the Indemnitee had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Indemnitee acted in a manner contrary to that specified above.

(b) *Advancement of Expenses.* Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding subject to this Section 6.7 may, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of a commitment by or on behalf of the Indemnitee to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified as authorized in this Section 6.7.

(c) *Non-Exclusivity.* The indemnification provided by this Section 6.7 shall be in addition to any other rights to which the Indemnitee may be entitled under any agreement, vote of the Members, as a matter of law or equity, or otherwise, and shall inure to the benefit of the successors, assignees, heirs, personal representatives and administrators of the Indemnitee.

(d) *Insurance.* The Company may purchase and maintain insurance, at the Company's expense, for the benefit of any Indemnitee, as an insured, against any liability that may be asserted against or expense that may be incurred by an Indemnitee in connection with the

activities of the Company regardless of whether the Company would have the power to indemnify such Indemnitee against such liability under the provisions of this Agreement.

Section 6.8 *Representations and Warranties*. Each Member, and in the case of an organization, the person(s) executing the Agreement on behalf of the organization, hereby represents and warrants to the Company and each other Member: (a) if that Member is an organization, that it is duly organized, validly existing, and in good standing under the law of its state of organization and that it has full organizational power to execute and agree to the Agreement and to perform its obligations hereunder; (b) that the Member is acquiring Units in the Company for the Member's own account as an investment and without an intent to distribute such Units to the public; (c) that the Units have not been registered under the Securities Act or any state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements; and (d) that the Member has been furnished and granted access to all information which he has requested in connection with his purchase of Units.

Section 6.9 *Expenses*. The Company agrees that it shall, and shall cause the Partnership and their Subsidiaries to, reimburse Carlyle/Riverstone for its out-of-pocket costs and expenses (including but not limited to attorneys fees and disbursements) related to the participation by Carlyle/Riverstone in the management or operation of the Company, the Partnership and their Subsidiaries, both with respect to the duties of it representatives on the Management Committee and with respect to diligence or business development activities relating to acquisition or financing opportunities of the Company, the Partnership and their Subsidiaries.

^ Section 6.10

ARTICLE VII

BOOKS, RECORDS, ACCOUNTING, INTERNAL RESTRUCTURE

Section 7.1 *Books and Records*. Appropriate books and records with respect to the Company's business, including, without limitation, all books and records necessary to provide to the Member any information, lists and copies of documents required to be provided pursuant to Sections 6.2 or 6.3, shall at all times be kept at the principal office of the Company or at such other places as agreed to by the Members. Without limiting the foregoing, the following shall be maintained at the Company's principal office: (a) a current and a past list of the full name and last known mailing address of each Member, the Officers and the Management Committee; (b) copies of records that would enable a Member to determine the relative voting rights of the Members; (c) a copy of the Articles of Organization, and any amendments thereto; and (d) copies of the Company's federal, state and local income tax returns and reports, if any, for the three (3) most recent fiscal years. Any records maintained by the Company in the regular course of its business may be kept on, or be in the form of, magnetic tape, photographs or any other information storage device, provided that the records so kept are convertible into clearly legible written form within a reasonable period of time.

Section 7.2 *Internal Restructure*.

(a) Upon the approval of the Management Committee in accordance with Section 5.4, at any time on or after the date of this Agreement, the Management Committee may effect an

Internal Restructure on such terms as the Management Committee in the exercise of its discretion deems advisable. Each Member agrees that it will consent to and raise no objections to an Internal Restructure, *provided*, (i) the Internal Restructure is undertaken in a manner that results in the Members continuing to have in place substantially the same direct or indirect ownership of the Company's assets in place prior to the Internal Restructure, and (ii) the Internal Restructure preserves the relative economic interests of the Members in the Company or any entity that succeeds to the Company in such Internal Restructure transaction. Each Member hereby agrees that it will execute and deliver all agreements, instruments and documents as are required, in the reasonable judgment of the Management Committee, to be executed by such Member in order to consummate the Internal Restructure while continuing in effect, to the extent consistent with such Internal Restructure, the terms and provisions of this Agreement including, without limitation, those provisions granting the Management Committee authority to manage the affairs of the Company, granting certain Persons the right to designate, nominate or cause the election of members of the Management Committee, providing for certain registration rights, or restricting transfer of Units or other equity securities and providing for indemnification. The Members acknowledge that, pursuant to an Internal Restructure, a foreign corporation, partnership or other entity may succeed to the assets, business and liabilities of the Company, and that each Member's economic benefits currently derived from ownership in the Company may, following an Internal Restructure, be derived from a foreign entity.

(b) Upon the consummation of an Internal Restructure, the surviving entity or entities shall assume all of the outstanding debt and other liabilities and obligations of the Company. The governing instruments of the surviving entity shall incorporate the governance provisions of this Agreement.

(c) The Members acknowledge that an Internal Restructure may be undertaken in connection with other events, such as a public offering of common equity of the Company, an acquisition of another business or entity or the sale of equity in the surviving entity to other Persons and, if so determined by the Management Committee, that such Internal Restructure shall be deemed completed immediately before any such event.

Section 7.3 *Accounting*. The books of the Company for regulatory and financial reporting purposes shall be maintained on the method of accounting determined by the Management Committee. The Company books for purposes of maintaining and determining Capital Accounts shall be maintained in accordance with the provisions of this Agreement, Section 704 of the Code and, to the extent not inconsistent therewith, the principles described above for financial reporting and regulatory purposes.

Section 7.4 *Fiscal Year*. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII

TAX MATTERS

Section 8.1 *Taxable Year*. The taxable year of the Company shall be the calendar year.

Section 8.2 *Tax Controversies; Tax; Elections.* Subject to the provisions hereof, the Management Committee shall designate the "Tax Matters Person" (as defined in Section 6231 of the Code), that is authorized and required to represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings. Each Member agrees to cooperate with the Tax Matters Person, and to do or refrain from doing any or all things reasonably required by the Tax Matters Person to participate in such proceedings. The Tax Matters Person is also hereby authorized to make any and all elections for federal, state, local and foreign tax purposes including, without limitation, any election, if permitted by applicable law: (1) to adjust the basis of Company Property pursuant to Code Sections 754, 734(b), and 743(b), or comparable provisions of state, local or foreign law, in connection with transfers of Units and Company distributions; and (ii) to extend the statute of limitations for assessment of tax deficiencies against Members with respect to adjustments to the Company's federal, state, local or foreign tax returns.

Section 8.3 *Taxation as Partnership.* No election shall be made by the Company or any Member for the Company to be excluded from the application of any provision of subchapter K, Chapter 1 of Subtitle A of the Code or from any similar provisions of any state tax laws.

ARTICLE IX

TRANSFER OF UNITS

Section 9.1 *Grant of Preemptive Rights.* Other than Excluded Unit Issuances, prior to the Company issuing, selling or otherwise transferring any Unit Equivalents (collectively, the "***Offered Units***") to a proposed purchaser (the "***Proposed Purchaser***"), each Member that certifies to the Company's reasonable satisfaction that it is at such time an "accredited investor," as defined in Rule 501 under Regulation D of the Securities Act (each, an "***Eligible Purchaser***"), shall have the right to purchase the number of Offered Units as provided below in Section 9.2. In order to confirm that a Person is an accredited investor for the foregoing purposes, the Company may require such Person to deliver customary investor eligibility certificates and documentation supporting the financial representations made therein.

Section 9.2 *Preemptive Right Procedures.*

(a) Other than Excluded Unit Issuances, the Company shall give each Eligible Purchaser at least fifteen (15) days' prior notice (the "***First Notice***") of any proposed issuance of Offered Units, which notice shall set forth in reasonable detail the proposed terms and conditions thereof (including a range of terms and conditions if the terms and conditions of the issuance have not been finalized) and shall offer to each Eligible Purchaser the opportunity to purchase its Pro Rata Share (which Pro Rata Share shall be calculated as of the date of such notice) of the Offered Units at the same price, on the same terms and conditions (including, if more than one type of security is issued, each type of security in the same proportion offered) and at the same time as the Offered Units are proposed to be issued by the Company. If, following the giving of the First Notice, the terms of the proposed issuance materially change, the Company shall furnish a supplemental notice (a "***Supplemental Notice***") describing the revised terms, *provided,* the

Supplemental Notice shall not restart the foregoing fifteen (15) day period, but the Company shall give each Eligible Purchaser a reasonable period of time (not to exceed five (5) Business Days after the initial fifteen (15) day period) to consider the revised terms. If any Eligible Purchaser wishes to exercise its preemptive rights, it must do so by delivering an irrevocable written notice to the Company within fifteen (15) days after delivery by the Company of the First Notice (the "***Election Period***") unless the Company extends the response time by furnishing a Supplemental Notice, in which case an Eligible Purchaser must deliver its irrevocable written notice to the Company before the end of the Election Period, as extended, which notice shall state the dollar amount of Offered Units such Eligible Purchaser (each a "***Requesting Purchaser***") would like to purchase up to a maximum amount equal to such Eligible Purchaser's Pro Rata Share of the total offering amount plus the additional dollar amount of Offered Units such Requesting Purchaser would like to purchase in excess of its Pro Rata Share (the "***Over-Allotment Amount***"), if any, if other Eligible Purchasers do not elect to purchase their full Pro Rata Share of the Offered Units. The rights of each Requesting Purchaser to purchase a dollar amount of Offered Units in excess of each such Requesting Purchaser's Pro Rata Share of the Offered Units shall be based on the relative Pro Rata Share of the Offered Units of those Requesting Purchasers desiring Over-Allotment Amounts and not based on the Requesting Purchasers' relative Over-Allotment Amounts.

(b) If all of the Offered Units are not fully subscribed for by the Eligible Purchasers pursuant to the foregoing, the Company shall have the right, but shall not be required, to issue and sell the unsubscribed portion of the Offered Units to the Proposed Purchaser at any time during the ninety (90) days following the termination of the Election Period pursuant to the terms and conditions set forth in the First Notice, as modified by a Supplemental Notice, if applicable. The Management Committee may, in its reasonable discretion, impose such other reasonable and customary terms and procedures such as setting a closing date, rounding the number of Units covered by this Section 9.2 to the nearest whole Unit and requiring customary closing deliveries such as accredited investor certificates, unit powers, representations of ownership and absence of encumbrances in connection with any preemptive rights offering. In the event any Eligible Purchaser refuses to purchase offered Units for which it subscribed pursuant to the exercise of preemptive rights granted thereto under this Article IX, in addition to any other rights the Company may be permitted to enforce at law or in equity, such Member and any Permitted Transferee of such Member shall not be considered an Eligible Purchaser for any future rights granted under Section 9.1 unless the Management Committee expressly designates such Person as an Eligible Purchaser (which the Management Committee, in its sole discretion, may do on an offer-by-offer basis or not at all).

Section 9.3 *Transfer Restrictions and Repurchase Rights*. The Members' Units shall be bound by, and the Members shall comply with, the terms set forth on Exhibit A hereto governing, among other matters, the transfer and repurchase of the Units.

Section 9.4 *Transfer; Termination of Rights*. The rights granted to the Members under this Article IX and Exhibit A hereto may be transferred by any Member to any of its Permitted Transferees. The rights granted in this Article IX and Exhibit A hereto shall terminate upon the consummation of an public offering of equity of the Company or the merger of the Company with or into a public company.

Section 9.5 *Transfer.*

(a) The term "transfer," when used in this Agreement and Exhibit A attached hereto with respect to a Unit, shall be deemed to refer to a transaction by which a Record Holder assigns all or a portion of its Units, or any interest therein, to another Person, or by which a Record Holder of a Unit assigns the Unit to another Person as Assignee, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, transfer by will or intestate succession, exchange, or any other disposition.

(b) No Unit shall be transferred, in whole or in part, except in accordance with the provisions of this Article IX and Exhibit A. Any transfer or purported transfer of any Unit not made in accordance with this Article IX and Exhibit A shall be null and void. An Assignee shall not be a Substitute Member, and shall have no right to participate in the Company's affairs as a Member thereof, but instead shall be entitled to receive only the share of profits, distributions or other economic interest to which the transferring Member would otherwise be entitled at the time said transferring Member would be entitled to receive the same.

Section 9.6 *Transfer of Units by a Member.*

(a) In addition to the requirements of Section 9.3 hereof, no Unit may be transferred by a Record Holder unless the following conditions are first satisfied.

(i) There shall have been filed with the Company and recorded on the Company's books a duly executed and acknowledged counterpart of the instrument of assignment, with such instrument evidencing the written acceptance by the Assignee of all of the terms and provisions of this Agreement and representing that such assignment was made in accordance with all applicable laws and regulations; and

(ii) The Company receives an Opinion of Counsel that such transfer would not materially adversely affect the classification of the Company as a partnership for federal and state income tax purposes.

(b) The transfer restrictions on Units shall be conspicuously noted in an appropriate legend on any Unit certificates issued.

(c) In no event shall any Unit be transferred to a minor or any incompetent except by will or intestate succession.

(d) Any holder of a Unit (including a transferee thereof) shall be deemed conclusively to have agreed to comply with and be bound by all terms and conditions of this Agreement, with the same effect as if such holder had executed such an express acknowledgment.

Section 9.7 *Restrictions on Transfer.* Notwithstanding the other provisions of this Article IX, no transfer of any Unit shall be made if the transfer (a) would violate applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission, any state securities commission or any other governmental authority with jurisdiction over the transfer; (b) would materially adversely affect the classification of the Company as a partnership for federal or state income tax purposes; (c) would affect the

Company's qualification as a limited liability company under the Act; or (d) would cause the dissolution of the Company for any reason (including, without limitation, a dissolution caused by the fact that the transfer results in the Company having less than two (2) Members).

Section 9.8 *Issuance of Certificates.* The Company may, at the Management Committee's sole discretion, issue one or more Certificates in the name of a Member evidencing the number of Units issued. Such Certificates shall be signed by the President. All Certificates evidencing Units of any class shall be consecutively numbered. The name and address of each Member and the date of issuance of the Certificate shall be entered on the records of the Company. When a Member has been elected to membership and has paid any sums that may then be required, a Certificate evidencing Units owned by such Member shall be issued in his name, if the Management Committee shall have provided for the issuance of Certificates under the provisions of this Article IX. Upon the transfer of a Unit in accordance with Article IX and Exhibit A, the Company shall, if Certificates have been issued, issue replacement Certificates. All Certificates shall contain any legends required by this Agreement or otherwise required by law.

Section 9.9 *Company Acknowledgment of the Transfer of Certain Rights.* To the extent that C/R SemGroup transfers any Units to a Permitted Transferee in accordance with this Article IX or assigns or transfers all or a portion of its management and information rights under Sections 5.1 or 6.4, the Company will acknowledge the transfer of such rights upon the request of C/R SemGroup or the Permitted Transferee.

Section 9.10 *Pledges.* Pledges of Units to secure a bona fide loan from a national or state bank or similar financial institution shall be permitted hereunder, provided, that Unit certificates delivered to the lender contain a restrictive legend in form and substance reasonably satisfactory to the Management Committee acknowledging that any transfer of the pledged Units by or on behalf of the lender shall be subject to this Agreement generally and to Section 2 of Exhibit A in particular. In the event of any transfer pursuant to a pledge of any Units in existence on the date hereof, the Company and the Members shall have the right to purchase such Units in the same manner and subject to the same conditions as set forth in Section 10.10 of the Partnership Agreement.

ARTICLE X

ADMISSION OF SUBSTITUTE AND ADDITIONAL MEMBERS

Section 10.1 *Admission of Substitute Members.* Upon transfer of a Unit by a Member in accordance with Article IX and Exhibit A (but not otherwise), the transferor shall have the power to give the transferee the right to apply to become Substitute Member with respect to the Unit acquired, subject to the conditions of and in the manner permitted under this Agreement. A transferee of a Unit shall be an Assignee only with respect to the transferred Unit (whether or not such transferee is a Member or Substitute Member with respect to other previously acquired Units) and shall not become a Substitute Member with respect to the transferred Unit unless and until all of the following conditions are satisfied:

(a) The instrument of assignment sets forth the intentions of the assignor that the Assignee succeed to the assignor's interest as a Substitute Member in his place with respect to a transferred Unit;

(b) The assignor and Assignee shall have fulfilled all other requirements of this Agreement;

(c) The Assignee shall have paid all reasonable legal fees and filing costs incurred by the Company in connection with his substitution as a Member;

(d) A Majority Vote of the Members shall be obtained in favor of the admission of the Assignee as a Substitute Member (the vote of each Member may be granted or withheld by such Member in its sole and absolute discretion and may be arbitrarily withheld); and

(e) The books and records of the Company have been modified to reflect the admission.

The admission of an Assignee as a Substitute Member with respect to a transferred Unit shall become effective on the date the Members give their consent through a Majority Vote of the Members to the admission, and the books and records of the Company have been modified to reflect such admission. Any Member who transfers all of his Units with respect to which it had been admitted as a Member shall cease to be a Member of the Company upon a transfer of such Units in accordance with Article IX and the execution of a counterpart of this Agreement by the transferee and shall have no further rights as a Member in or with respect to the Company (regardless of whether the Assignee of such former Member is admitted to the Company as a Substitute Member).

Section 10.2 *Issuance of Additional Units and Admission of Additional Members.*

(a) The Company, subject to the provisions of Article IX, may issue additional Units which may be in the form of options, rights, warrants and appreciation rights relating to the Company interest for any Company purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as shall be established by the Management Committee in accordance with Section 5.4.

(b) Each additional Unit authorized to be issued by the Company pursuant to this Section 10.2 may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Units), as shall be fixed by Management Committee, subject to Section 5.4, including (i) the right to share Income and Losses or items thereof; (ii) the right to share in Company distributions; (iii) the rights upon dissolution and liquidation of the Company; (iv) whether, and the terms and conditions upon which, the Company may redeem such Unit; (v) whether such Unit is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Unit will be issued, evidenced by certificates and assigned or transferred; and (vii) the right, if any, of each such Unit to vote on Company matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Company interest.

(c) Subject to Section 5.4, the Management Committee is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with (i) each issuance of Units pursuant to this Section 10.2; (ii) the admission of additional Members and (iii) all additional issuances of Units subject to the provisions of Article IX. The Management Committee is further authorized and directed to specify the relative rights, powers and duties of the Members and Units being so issued. The Management Committee shall do all things necessary to comply with the Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency.

(d) Notwithstanding the foregoing, no Person taking or acquiring additional Units in the Company shall be admitted as an additional Member without the prior written consent of the Management Committee, which shall be given upon such Person (1) executing, acknowledging, and delivering to the Company the written acceptance and adoption by such Person of the provisions of this Agreement; and (2) executing, acknowledging, and delivering such other instruments as the Management Committee may deem necessary or advisable to effect the admission of such Person as an additional Member.

ARTICLE XI

DISSOLUTION AND LIQUIDATION

Section 11.1 *Dissolution.* The Company shall be dissolved and its affair shall be wound up upon the occurrence of any of the following: (a) the term of the Company stated in the Articles of Organization expires; or (b) upon the affirmative vote of the members of the Management Committee to dissolve the Company in accordance with Section 5.4.

Section 11.2 *Method of Winding Up.* Upon dissolution of the Company, the Company shall immediately commence to liquidate and wind up its affairs. The Record Holders shall continue to share Income and Losses during the period of liquidation and winding up in the same proportion as immediately before commencement of winding up and dissolution. The proceeds from the liquidation and winding up shall be applied in the following order of priority:

(a) To creditors, including Record Holders who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company other than liabilities to Record Holders on account of their Capital Contributions or on account of a Member's withdrawal from the Company or pursuant to a withdrawal of capital; and

(b) The balance, to Record Holders in accordance with their Capital Accounts, and if there is any excess amount available for distribution, in accordance with the number of Units each Record Holders holds.

Unless the Members shall unanimously determine otherwise, all distributions will be made in cash, and none of the other Company Property will be distributed in kind to the Members.

Section 11.3 *Filing Articles of Dissolution.* Upon the completion of the distribution of Company Property as provided in this Article XI, Articles of Dissolution shall be filed as

required by the Act, and each Member agrees to take whatever action may be advisable or proper to carry out the provisions of this Section.

Section 11.4 *Return of Capital.* The return of Capital Contributions shall be made solely from Company Property.

ARTICLE XII

AMENDMENT OF AGREEMENT; MEETINGS; RECORD DATE

Section 12.1 *Amendments.* All Amendments to this Agreement shall, subject to Section 5.4, require a Majority Vote of the Members. Notwithstanding the prior sentence, for as long as C/R SemGroup continues to hold Units, either directly or indirectly, any provision of Section 5.1, and Sections 6.1 through 6.4 may be amended for purposes of preserving the qualification of the investment by C/R SemGroup in the Company as a "venture capital investment," as defined by the regulations issued by the United States Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the United States Code of Federal Regulations, or otherwise to ensure that the assets of C/R SemGroup are not considered "plan assets" of the benefit plan investors in C/R SemGroup for purposes of ERISA. Any such amendment shall require a Majority Vote of the Members and the acknowledgement of the Company, which consent and acknowledgment shall not be unreasonably withheld.

Section 12.2 *Limitations on Amendments.* Notwithstanding any other provision of this Agreement, no amendment to this Agreement may (a) enlarge the obligations of any Member under this Agreement or amend Section 6.6 or Article X without the consent of Partners holding 95% of the then Outstanding Units, or (b) amend Section 12.1 or this Section 12.2 without the unanimous approval of all Members.

Section 12.3 *Meetings.* Meetings of Members may be called by a Majority Vote of the Members or with the consent of seventy percent (70%) of the members of the Management Committee, by giving at least two (2) days' prior notice of the time, place and purpose of the meeting to all Members.

Section 12.4 *Adjournment.* When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than forty-five (45) days. If the adjournment is for more than forty-five (45) days, a notice of the adjourned meeting shall be given in accordance with Section 12.3. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting.

Section 12.5 *Waiver of Notice Consent of Meeting; Approval of Minutes.* The transactions of any meeting of the Company, however called and noticed, and whenever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, but not present in person or by proxy, approves by signing a written waiver of notice or an approval to the holding of the meeting or an approval of the minutes thereof. All

waivers, consents, and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

Section 12.6 *Quorum*. The holders of more than fifty percent (50%) of the Units entitled to vote represented in person or by proxy, shall constitute a quorum at a meeting of Members. The members present at a duly called or held meeting at which a quorum is present may continue to participate at such meeting until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by the requisite percentage of Units of Members specified in this Agreement. In the absence of a quorum, any meeting of Members may be adjourned from time to time by a Majority Vote of the Members represented either in person or by proxy entitled to vote, but no other matters may be proposed, approved or disapproved, except as provided in Section 12.4.

Section 12.7 *Action Without a Meeting*. Any action that may be taken by a vote of the Members may be taken without a meeting if a consent to such action is signed by Members holding Units representing not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Units entitled to vote thereon were present and voted. Prompt notice of the taking of any action without a meeting shall be given to those Members who have not consented in writing.

Section 12.8 *Proxies*. Members shall be entitled to vote or act by a duly executed written proxy but only if the Person designated as a proxy is also a Member.

Section 12.9 *Approval by Members*. Any vote by Members shall not be effective to take any action unless (a) it is an act which must be approved by Members under the terms of this Agreement and (b) the act receives approval by a Majority Vote of the Members unless specifically provided otherwise in this Agreement.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 *Notices*. Any notice, demand, request or report required or permitted to be given or made to a Member under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class mail or express delivery to the Member at the address set forth on Schedule A, or sent by facsimile transmission to a phone number provided in writing to the Company by that Member. Any Notice, payment, or report to be given or sent to a Member hereunder shall be deemed conclusively to have been given or sent, by any method of delivery identified above, regardless of any claim of any Person who may have an interest, by reason of an assignment or otherwise, in one or more Units owned by such Member.

Section 13.2 *Captions*. All article and section captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 13.3 *Pronouns and Plurals.* Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 13.4 *Further Action.* The parties to this Agreement shall execute and deliver all documents, provide all information and take or refrain from taking any action necessary or appropriate to achieve the purposes of this Agreement.

Section 13.5 *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assignees.

Section 13.6 *Integration.* This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supercedes all prior agreements and understandings pertaining thereto.

Section 13.7 *Waiver.* No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 13.8 *Counterparts.* This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

Section 13.9 *Applicable Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of Oklahoma, without regard to its principals of conflict of laws.

Section 13.10 *Invalidity of Provisions.* If any provision of this Agreement is or becomes invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 13.11 *Conveyances.* All of the assets of the Company shall be held in the name of the Company. Any deed, bill of sale, mortgage, lease, contract of sale or other instrument purporting to convey or encumber the interest of the Company or all or any portion of the assets of the Company shall be sufficient if signed on behalf of the Company by the President or Vice President who is a Manager (subject to the approval of the Management Committee if otherwise required). No person shall be required to inquire into the authority of any individual to sign any instrument which is executed pursuant to the provisions of this Section 13.11.

Section 13.12 *Power of Attorney.*

(a) *President as Attorney-in-Fact.* By the execution of this Agreement, or a counterpart hereof, each Member irrevocably constitutes and appoints the President as its true and lawful attorney-in-fact and agent to effectuate, with full power and authority to act in his

name, place, and stead in effectuating, the purposes of the Company pursuant to the terms and conditions of this Agreement, including the execution, acknowledgement, delivery, filing, and recording of all certificates, documents, contracts, loan documents, or counterparts thereof, and all other documents which the President deems necessary or reasonably appropriate to do any of the following: (i) organize, qualify, or continue the Company as a limited liability company, including qualification of the Company in such other jurisdictions as the Company's activities may require; (ii) reflect an amendment to this Agreement or the Company's Articles of Organization required by a change in the name of the Company, a change in the principal place of business of the Company; (iii) subject to the provisions of this Agreement accomplish the purposes and carry out the powers of the Company as set forth herein; and (iv) subject to the provisions of this Agreement, effect the dissolution and termination of the Company.

(b) *Nature of Special Power.* The power of attorney granted herein: (i) shall be deemed to be coupled with an interest, shall be irrevocable and shall survive the death, incompetency, or legal disability of a Member; (ii) may be exercised only by the President, for each Member, or any or all of them, listing all, or any, of the Members required to execute any such instrument and executing such instrument as attorney-in-fact for all, or any one, of such Members; and (iii) shall be binding upon any transferee of a membership interest of a Member hereunder, or any portion thereof; except that where such transferee is qualified as a Substitute Member under this Agreement, the power of attorney shall survive the delivery of such Units for the sole purpose of enabling the President, to execute, acknowledge, and file any instrument on behalf of the transferor of the Units necessary to effect such substitution.

Section 13.13 *No Partnership Intended for Nontax Purposes.* The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under either the Oklahoma Uniform Partnership Act, the Oklahoma Revised Uniform Limited Partnership Act or any similar law. The Members do not intend to be partners one to another, or partners as to any third party. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

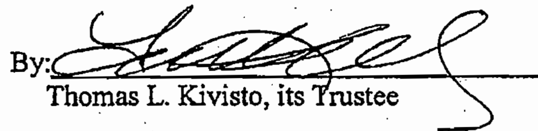
Section 13.14 *Rights of Creditors and Third Parties Under Agreement.* The Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and assignees. The Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement, or any agreement between the Company and any Member with respect to any Capital Contribution or otherwise.

Section 13.15 *Limitation of Liability.* To the fullest extent permitted by the Act as the same exists or may hereafter be amended, a Member, Manager or Officer of the Company shall not be liable to the Company, its Members or otherwise for monetary damages for breach of fiduciary duty including without limitation any duty arising under Section 2016 of the Act. No amendment to or repeal of this Agreement shall apply to or have any effect on the liability or alleged liability of any Member, Manager or Officer of the Company for or with respect to any acts or omissions of such Person occurring prior to such amendment or repeal.

IN WITNESS WHEREOF, the parties have entered into this Second Amended and Restated Operating Agreement as of the date first set forth above which will become effective and binding on all Members in accordance with Article XII hereof.

THE MEMBERS OF SEMGROUP G.P., L.L.C.:

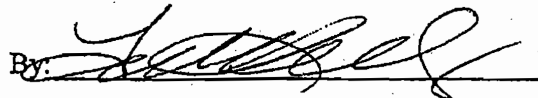
THE THOMAS L. KIVISTO TRUST, dated June 5, 1996



By:______________________

Thomas L. Kivisto, its Trustee

EAGLWING ENERGY, L.L.C.



By:______________________

Name: Thomas L. Kivisto

Its: Manager

MURFIN, INC.

By:______________________

Name:______________________

Its:______________________

VESS ENERGY GROUP, INC.

By:______________________

Name:______________________

Its:______________________

IN WITNESS WHEREOF, the parties have entered into this Second Amended and Restated Operating Agreement as of the date first set forth above which will become effective and binding on all Members in accordance with Article XII hereof.

THE MEMBERS OF SEMGROUP G.P., L.L.C.:

THE THOMAS L. KIVISTO TRUST, dated June 5, 1996

By:______________________________
Thomas L. Kivisto, its Trustee

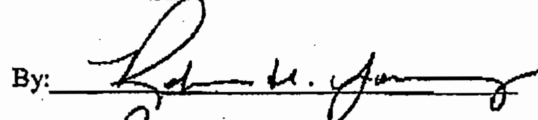
EAGLWING ENERGY, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

MURFIN, INC.

By: 

Name: ROBERT D. YOUNG

Its: PRES.

VESS ENERGY GROUP, INC.

By:______________________________

Name:____________________________

Its:______________________________

IN WITNESS WHEREOF, the parties have entered into this Second Amended and Restated Operating Agreement as of the date first set forth above which will become effective and binding on all Members in accordance with Article XII hereof.

THE MEMBERS OF SEMGROUP G.P., L.L.C.:

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By:______________________________
Thomas L. Kivisto, its Trustee

EAGLWING ENERGY, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

MURFIN, INC.

By:______________________________

Name:____________________________

Its:______________________________

VESS ENERGY GROUP, INC.

By:

Name: J. M. Vess

Its: Managing Member

PRICE PIPE, LLC

By: Will G. Price

Name: Will G. Price

Its: Managing Member

WARREN KENT DUNBAR

____
Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By: _______________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

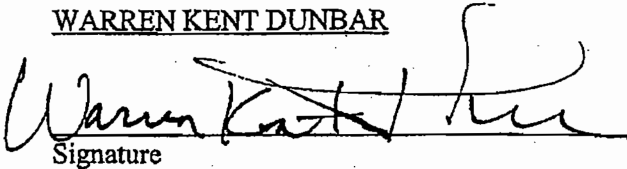
PRICE PIPE, LLC

By:________________________________

Name:______________________________

Its:________________________________

WARREN KENT DUNBAR



Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By:________________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

PRICE PIPE, LLC

By:________________________________

Name:______________________________

Its:________________________________

WARREN KENT DUNBAR

____

Signature

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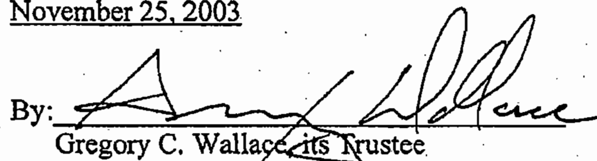
By: 
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____

Signature

PRICE PIPE, LLC

By:______________________________

Name:____________________________

Its:______________________________

WARREN KENT DUNBAR

____
Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By:______________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

BRENT C. COOPER

Signature

J. MICHAEL VESS

Signature

BANADA, INC.

By:

Name:

Its:

COTTONWOOD PARTNERSHIP, LLP

By:

Name:

Its:

HIGH PLAINS TRADING CORPORATION

By:

Name:

Its:

BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.

By:______________________________

Name:______________________________

Its:______________________________

COTTONWOOD PARTNERSHIP, LLP

By:______________________________

Name:______________________________

Its:______________________________

HIGH PLAINS TRADING CORPORATION

By:

Name: J. M. Vess

Its: President

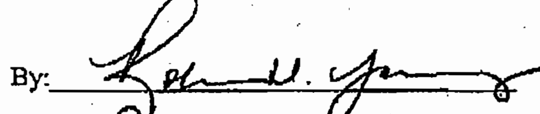
BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.

By: 
Name: ROBERT D. YOUNG
Its: TREAS.

COTTONWOOD PARTNERSHIP, LLP

By: ______________________
Name: ______________________
Its: ______________________

HIGH PLAINS TRADING CORPORATION

By: ______________________
Name: ______________________
Its: ______________________

BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.

By:______________________________

Name:____________________________

Its:______________________________

COTTONWOOD PARTNERSHIP, LLP

By:______________________________

Name: Cottonwood Partnership LLP

Its: Manager

HIGH PLAINS TRADING CORPORATION

By:______________________________

Name:____________________________

Its:______________________________

FOXX HOLDINGS, L.L.C.

By: [signature]

Name: Kevin L. Foxx

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

WARREN F. KRUGER

____

Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By:______________________________

Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

____

Signature

FOXX HOLDINGS, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:

Name: Michael J. Cooke

Its: Manager

WARREN F. KRUGER

____

Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By:______________________________

Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

____

Signature

FOXX HOLDINGS, L.L.C.

By:____________________________

Name:__________________________

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:____________________________

Name:__________________________

Its: Manager

WARREN F. KRUGER

Warren F. Kruger
Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By:____________________________
Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

____
Signature

FOXX HOLDINGS, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:______________________________

Name:____________________________

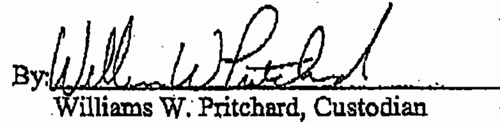
Its: Manager

WARREN F. KRUGER

____

Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By: 
Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

Signature

502652.2:731256:01830

PRICE SEMGROUP

By: Will G. Price

Name: Will G. Price

Its: Managing Partner

DARRELL WEAKLAND

____
Signature

DAVID KRUGER, by his guardian

____
Signature

KATHERINE KRUGER, by her guardian

____
Signature

ALEX STALLINGS

____
Signature

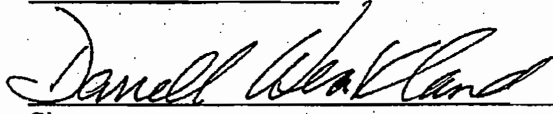
PRICE SEMGROUP

By:____________________________

Name:__________________________

Its:____________________________

DARRELL WEAKLAND



Signature

DAVID KRUGER, by his guardian

____

Signature

KATHERINE KRUGER

____

Signature

ALEX STALLINGS

____

Signature

PRICE SEMGROUP

By:____________________________

Name:__________________________

Its:____________________________

DARRELL WEAKLAND

____

Signature

DAVID KRUGER, by his guardian

Signature

KATHERINE KRUGER

Signature

ALEX STALLINGS

____

Signature

PRICE SEMGROUP

By:______________________________

Name:____________________________

Its:______________________________

DARRELL WEAKLAND

____
Signature

DAVID KRUGER, by his guardian

____
Signature

KATHERINE KRUGER

____
Signature

ALEX STALLINGS

____
Signature

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RITCHIE SG HOLDINGS, L.L.C.
By: Ritchie Partners, L.L.C., its Investment Advisor

By: ______________________________

Name: David R. Popovich

Its: Member

SGLP US HOLDING, LLC

By: ______________________________

Name: James R. Park

Its: Authorized Signatory

C/R ENERGY COINVESTMENT II, L.P.

By: ______________________________

Name: Pierre F. Lapeyre

Its: Authorized Person

C/R SEMGROUP INVESTMENT PARTNERSHIP, L.P.

By: ______________________________

Name: Pierre F. Lapeyre

Its: Authorized Person

RITCHIE SG HOLDINGS, L.L.C.

By:____________________

Name:____________________

Its:____________________

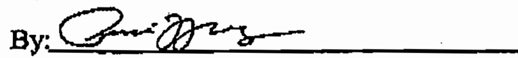
SGLP US HOLDING, LLC

By:____________________

Name:____________________

Its:____________________

C/R ENERGY COINVESTMENT II, L.P.



Name: Pierre F. Lapeyre

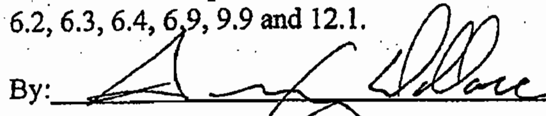
Its: Authorized Person

C/R SEMGROUP INVESTMENT PARTNERSHIP, L.P.

Name: Pierre F. Lapeyre

Its: Authorized Person

SEMGROUP G.P., L.L.C., signing solely for the purposes of accepting and acknowledging the rights granted to C/R SemGroup under Sections 5.1, 6.1, 6.2, 6.3, 6.4, 6.9, 9.9 and 12.1.



By: ______________________

Name: Gregory C. Wallace

Its: Vice President

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SCHEDULE 5.4(b)(ii)

Outstanding Unit Equivalents of the Partnership

Partnership Unitholder	Options
1) Brent C. Cooper	2003 Option Plan – 6,250
2) Kevin Foxx	2001 Option Plan – 250,850 2003 Option Plan – 151,875
3) Gregory C. Wallace	2001 Option Plan – 250,850 2003 Option Plan – 151,875
4) Thomas L. Kivisto	2001 Option Plan – 542,850 2003 Option Plan – 151,875
5) Darrell Weakland	2003 Option Plan – 62,500
6) David Pope	2003 Option Plan – 6,250
7) Employee/Other Options	2003 Option Plan – 94,375
8) SGLP Holdings, Ltd. holds Subordinated Convertible Debentures in the aggregate principal amount of $6,392,100, issued by the Partnership, as maker	

Schedule A

Name and Address	Number of Units	% of Units Issued
Banada, Inc. 250 North Water, Suite 300 Wichita, Kansas 67202	**15,264.09**	**0.6431%**
Brent C. Cooper 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	**3,055.86**	**0.1288%**
Cottonwood Partnership, L.L.P. 1437 South Boulder, Suite 930 Tulsa, Oklahoma, 74119	**73,463.92**	**3.0953%**
Foxx Holdings L.L.C. 7676 Woodway, Suite 350 Houston, Texas 77063	**118,004.92**	**4.9721%**
Gregory C. Wallace Trust Dated November 25, 2003 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	**108,679.62**	**4.5791%**
High Plains Trading Corporation 8100 E. 22nd St. N., Bldg. 300 Wichita, Kansas 67226	**14,391.93**	**0.6064%**
J. Michael Vess 8100 E. 22nd St. N. Wichita, Kansas 67226	**2,678.44**	**0.1129%**
Vess Energy Group, Inc. 8100 E. 22nd St. N. Wichita, Kansas 67226	**30,814.84**	**1.2984%**
Murfin, Inc. 250 North Water, Suite 300 Wichita, Kansas 67202	**80,427.29**	**3.3887%**
Price Pipe LC 26 Hampton Wichita, Kansas 67207	**20,172.49**	**0.8500%**
Price SemGroup 26 Hampton Wichita, Kansas 67207	**2,537.03**	**0.1069%**
Robert B. Rosene, Jr. 1200 Park Centre 525 South Main Tulsa, Oklahoma 74103-4409	**27,819.18**	**1.1721%**
Satco Investments, LLC 320 S. Boston, Suite 400 Tulsa, Oklahoma 74103	**14,606.24**	**0.6154%**

Name and Address	Number of Units	% of Units Issued
Eaglwing Energy, LLC 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	92,747.13	3.9078%
Thomas L. Kivisto Trust Dated June 5, 1996 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	407,862.75	17.1850%
Warren Kent Dunbar 1630 East 30th Pl. Tulsa, Oklahoma 74114	4,128.24	0.1739%
Warren F. Kruger 1613 E. 15th St. Tulsa, Oklahoma 74120	4,701.22	0.1981%
Robert. T. Pritchard, UGMA 320 S. Boston, Suite 400 Tulsa, Oklahoma 74103	3,178.84	0.1339%
William W. Pritchard 320 S. Boston, Suite 400 Tulsa, Oklahoma 74103	9,112.24	0.3839%
Darrell Weakland 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	13,063.33	0.5504%
David Kruger 1613 E. 15th St. Tulsa, Oklahoma 74120	287.02	0.0121%
Katherine Kruger 1613 E. 15th St. Tulsa, Oklahoma 74120	287.02	0.0121%
Ritchie SG Holdings, L.L.C. 2100 Enterprise Avenue Geneva, Illinois 60134	533,899.84	22.4955%
SGLP US Holding, L.L.C. 2100 Enterprise Avenue Geneva, Illinois 60134	80,657.71	3.3985%
C/R Energy Coinvestment II, L.P. 712 Fifth Avenue, Floor 51 New York, New York 10019	60,708.50	2.5579%
C/R SemGroup Investment Partnership, L.P. 712 Fifth Avenue, Floor 51 New York, New York 10019	649,983.91	27.3866%
Alex Stallings 6120 S. Yale, Suite 700 Tulsa, Oklahoma 74136	831.26	0.0350%
Total	**2,373,364.85**	**100.0000%**

SCHEDULE 5.4(b)(vi)

Related Party Contracts

1) The Partnership has implemented a Nonqualified Executive Retirement Plan (also known as the "*Top Hat Plan*") which provides a select group of management employee participants in the plan with an annual retirement benefit payable for up to fifteen (15) years. The plan also provides a lump sum pre-retirement death benefit, a disability benefit and a termination benefit for qualifying employees with at least five (5) years of service. Upon a change of control, as defined in the plan, the participants, excluding Thomas L. Kivisto, Gregory C. Wallace and Kevin L. Foxx, will receive either a paid up policy on their respective lives or a cash payment sufficient to pay for all premium payments on their respective policy.

2) High Plains Trading Corporation, Eaglwing Energy, L.L.C., J. Michael Vess, David Murfin and Murfin, Inc., each of which is a limited partner in the Partnership, and certain of their respective affiliates may invest in a drilling program related to SemKan, L.L.C.'s gas plant located in Offerle, Kansas.

3) The Partnership leases a condominium in Chicago, Illinois, from an entity which is owned by Thomas L. Kivisto and Gregory C. Wallace. Affiliates of Thomas L. Kivisto and Gregory C. Wallace are limited partners in the Partnership and Thomas L. Kivisto and Gregory C. Wallace are executive officers of the Company.

4) Satco Investments, LLC ("Satco") is a minority owner of the Company and the Partnership. Satco is owned by two shareholders of Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C. ("Hall Estill"). Hall Estill serves as outside legal counsel for the Company, the Partnership and the Partnership's subsidiaries.

5) In conjunction with the execution of the Contribution Agreement, certain Amended and Restated Subordinated Debentures payable by the Partnership to the debenture holders listed below are to be converted to limited partnership units of the Partnership pursuant to the terms and conditions of Conversion Agreements between the Partnership and the debenture holders. The Conversion Agreements require that a conversion fee be paid to the debenture holders.

Date of Debenture	Debenture Holder	Conversion Fee
10-09-03	Banada, Inc.	$24,000.00
10-09-03	Cottonwood Partnership, L.L.P.	$96,000.00
10-09-03	Foxx Holdings, LLC	$72,000.00
10-09-03	High Plains Trading Corporation	$24,000.00
10-09-03	Eaglwing Energy, L.L.C.	$96,000.00
10-09-03	Thomas L. Kivisto Trust dated June 5, 1996	$84,000.00
10-09-03	Warren F. Kruger	$9,600.00
10-09-03	Williams Pritchard	$19,200.00
10-09-03	SATCO Investments, L.L.C.	$12,000.00
10-09-03	Gregory C. Wallace Trust dated November 25, 2003	$48,000.00
04-30-04	SGLP US Holding, L.L.C.	$511,368.00

6) Personnel Services Agreement between SemManagement, L.L.C. ("SemManagement") and SemGroup, L.P., dated December 31, 2003.

7) Personnel Services Agreement between SemManagement and Eaglwing Trading, L.P. (n/k/a Eaglwing, L.P.), dated December 31, 2003.

8) Personnel Services Agreement between SemManagement and Seminole Transportation & Gathering, L.P. (n/k/a SemCrude, L.P.), dated December 31, 2003.

9) Personnel Services Agreement between SemManagement and Seminole Refined Products, L.P. (n/k/a SemFuel, L.P.), dated December 31, 2003.

10) Personnel Services Agreement between SemManagement and Seminole Creek, Ltd. (n/k/a SemPipe, L.P.), dated December 31, 2003.

11) Personnel Services Agreement between SemManagement and SemStream, L.P., dated December 31, 2003.

12) Personnel Services Agreement between SemManagement and New Avoca Gas Storage LLC, dated November 1, 2004.

13) Personnel Services Agreement between SemManagement and SemGas Storage, L.L.C., dated November 1, 2004.

14) Personnel Services Agreement between SemManagement and SemKan, L.L.C., dated November 1, 2004.

15) Personnel Services Agreement between SemManagement and SemProducts, L.P., dated November 1, 2004.

16) Employment contracts and arrangements listed in Schedule 4.20(a) to the Contribution Agreement.

EXHIBIT A

PROVISIONS RELATING TO TRANSFERS

Capitalized terms used in this Exhibit that are not defined in this Exhibit shall have the meanings given to them in the Agreement to which this Exhibit is attached. Unless the context requires otherwise, all references in this Exhibit to Sections refer to the Sections of this Exhibit.

1. General Rule. Any attempted transfer that is not in accordance with this Exhibit A shall be, and is hereby declared, null and void *ab initio*. The Members agree that a breach of the provisions of this Exhibit A may cause irreparable injury to the Company and the Members for which monetary damages (or other remedy at law) are inadequate in view of (a) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Person to comply with such provisions and (b) the uniqueness of the Company's business and the relationship among the Members. Accordingly, the Members agree that the provisions of this Exhibit A may be enforced by specific performance.

2. Right of First Offer; Right of First Refusal.

(a) The provisions of Section 2(b) below shall not apply to (i) a transfer pursuant to the exercise of co-sale (tag-along) rights under Section 3 below following application of the right of first refusal provisions contained in this Section 2 with respect to the applicable Acquisition Proposal (as defined below); (ii) a transfer as part of a Targeted Sale or (iii) a Permitted Transfer.

(b) If any Member (other than Carlyle/Riverstone or Ritchie) desires to transfer any Units to any Person (including another Member), other than a transfer described in Section 2(a), such Member (the "***Disposing Member***") shall, prior to entering into negotiations or discussions with any Person, notify Carlyle/Riverstone and Ritchie of the Disposing Member's desire to sell such Units and each of Carlyle/Riverstone and Ritchie shall have a period of 15 days to make an offer to purchase all, but not less than all, such Units. If the Units are not sold to Carlyle/Riverstone or Ritchie pursuant to the immediately preceding sentence (either because the Disposing Member rejects an offer to purchase by Carlyle/Riverstone or Ritchie or because no such offers are made) and the Disposing Member desires to transfer such Units to any Person pursuant to a bona fide binding offer (the transaction or series of transactions related to such binding offer being referred to as an "***Acquisition Proposal***"), then the Disposing Member shall promptly give written notice (a "***Disposition Notice***") thereof to any Member and its Affiliates that are collectively Record Holders of more than 15% of the aggregate number of Outstanding Units (the "***Eligible Non-Disposing Members***"). For the purpose of determining status as an Eligible Non-Disposing Member under this Section 2, each of Carlyle/Riverstone, Ritchie and the Management Group shall be deemed to be a single Member. In the event Carlyle/Riverstone, Ritchie or the Management Group should ever own less than 15% of the aggregate number of Outstanding Units, then such less than 15% owner shall cease to be an Eligible Non-Disposing Member. The Disposition Notice shall set forth the following information in respect of the proposed transfer: (i) the name and address of the prospective acquiror (the "***Proposed Transferee***"), (ii) the number and type of Units subject to the Acquisition Proposal (the "***Sale Units***"), (iii) the per-Unit purchase price offered by such

Proposed Transferee and (iv) reasonable detail concerning any non-cash portion of the proposed consideration, if any, to allow the determination of the fair market value of such non-cash consideration (which shall be determined by the Management Committee). The period during which the fair market value is being determined shall not delay the time period set forth in this Section 2(b) or the ROFR Acceptance Deadline defined below but shall delay any closing under Section 2(c) or Section 2(e) below, which delayed closing shall occur within five (5) days following the determination of the fair market value of the non-cash consideration (the "***Non-Cash Appraisal***").

(c) The giving of a Disposition Notice to the Eligible Non-Disposing Members shall constitute an offer by the Disposing Member to sell all of the Sale Units to the Eligible Non-Disposing Members on the terms set forth below. The Eligible Non-Disposing Members shall have the option, but not the obligation, exercisable by giving written notice to the Disposing Member at any time prior to the 15th day (the "***ROFR Acceptance Deadline***") after its receipt of a Disposition Notice, to acquire all or any portion of its ROFR Pro Rata Share (determined as of the date of the Disposition Notice) of the Sale Units to be transferred as described in the Disposition Notice. Each Eligible Non-Disposing Member shall have the right to accept such offer for the per-Unit purchase price set forth in the Disposition Notice, including the amount of cash equal to the per-Unit value of the Non-Cash Appraisal, by giving notice of such acceptance to the Disposing Member with a copy to the Company at any time prior to the ROFR Acceptance Deadline, which notice shall set forth the number of Sale Units such Eligible Non-Disposing Member desires to purchase, which may be more or less than, or equal to, its ROFR Pro Rata Share of such Sale Units. Each Eligible Non-Disposing Member shall have the right to purchase up to its ROFR Pro Rata Share of the Sale Units on substantially the same terms and conditions as specified in the applicable notice. If any Eligible Non-Disposing Member elects to purchase more than its ROFR Pro Rata Share, Sale Units not purchased by other Eligible Non-Disposing Members shall be allocated among those that elect to purchase more than their ROFR Pro Rata Share pro rata. Notwithstanding anything to the contrary in this Exhibit A, an Eligible Non-Disposing Member shall have the right to revoke its acceptance by written notice to the Disposing Member with a copy to the Company within five (5) days following the Non-Cash Appraisal determination in accordance with Section 2(b) above. For purposes of this Section 2 "***ROFR Pro Rata Share***" with respect to an Eligible Non-Disposing Member shall mean a fraction, the numerator of which will be the total Units owned by such Eligible Non-Disposing Member and the denominator of which will be the total Units owned by all Eligible Non-Disposing Members.

(d) The closing of the purchase and sale of the Sale Units to the applicable Eligible Non-Disposing Members (each, an "***Accepting Member***") pursuant to this Section 2, shall be at 9:00 a.m. on the 20th day following the ROFR Acceptance Deadline, subject to any delay in the closing provided for herein, unless the Disposing Member and the Accepting Members otherwise agree. At the closing, each Accepting Members' pro rata share of the consideration to be paid in accordance with Section 2(c) above shall be delivered by such Accepting Member to the Disposing Member, and the Disposing Member shall represent and warrant to the Accepting Members and the Company that the Sale Units are free and clear of all liens, encumbrances and adverse claims, and shall deliver to each Accepting Member and the Company such warrant certificates representing the Sale Units so purchased, accompanied by duly executed transfer instruments and such other matters, as are deemed reasonably necessary

by the Company for the proper transfer of such Sale Units so purchased, to the Accepting Members on the books of the Company. The Company, the Disposing Member, and each Accepting Member shall cooperate in good faith in obtaining all necessary governmental and other third-Person approvals, waivers and consents required for the closing. Any such closing shall be delayed, to the extent required, until the third day following the expiration of any required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, provided, such delay shall not exceed sixty (60) days and, if governmental approvals and waiting periods shall not have been obtained or expired, as the case may be, by such 60th day, then the Accepting Members affected by such delay shall be deemed to have waived the preferential purchase right with respect to the Sale Units described in the Disposition Notice and thereafter neither the Disposing Member nor such affected Accepting Members shall have any further obligation under this Section 2 with respect to such Sale Units unless such Sale Units again become subject to this Section 2 pursuant to Section 2(f).

(e) If, in connection with any transfer under this Section 2, any record date for any distribution by the Company or any record date for the issuance of any Units of the Company or any other Person in respect of Units in connection with any exchange, merger, recapitalization, consolidation, reorganization or other transaction involving the Company (in any such case, a "***Record Date***") occurs on or after the date of the Disposition Notice and prior to the closing of the purchase of any Sale Units pursuant to this Section 2, then the Accepting Members shall be entitled to receive, unless the Disposition Notice specifically indicates to the contrary, any such distributions of Units, as the case may be, in respect of the Units they acquire pursuant to the exercise of their preferential purchase rights (including any such distributions made prior to the closing of the purchase of Sale Units pursuant to this Section 2), and appropriate documentation shall be delivered at the closing by the Disposing Member to evidence the Accepting Members' rights to receive such distributions or capital stock.

(f) If, after completion of the foregoing procedures under this Section 2, the Eligible Non-Disposing Members fail to elect to purchase all of the Sale Units subject to any Disposition Notice, then (i) unless the Disposing Member consents otherwise, the Eligible Non-Disposing Members shall not be entitled to purchase any of the Sale Units pursuant to this Section 2 in connection with the applicable Acquisition Proposal and (ii) the Disposing Member may transfer all (but not less than all) of the Sale Units to the Proposed Transferee under the Acquisition Proposal in accordance with the terms and conditions set forth in the Disposition Notice, subject to the co-sale rights of the Members under Section 3 below. If the Disposing Member's transfer to the Proposed Transferee is not consummated in accordance with the terms of the Acquisition Proposal within the later of (A) ninety (90) days after the later of the ROFR Acceptance Deadline and the 30th day after delivery of the Co-Sale Response Notice pursuant to Section 3 below, if applicable, and (B) ten (10) days after the satisfaction of all governmental approval or filing requirements, if any, the Acquisition Proposal shall be deemed to lapse, and the Disposing Member may not transfer any of the Sale Units described in the Disposition Notice without complying again with the provisions of this Section 2 if and to the extent then applicable.

3. Co-Sale (Tag-Along) Rights.

(a) The rights set forth in this Section 3 shall be extended to the Affiliates of an Eligible Purchaser who own Units and shall be allocated among such Affiliates as determined by such Eligible Purchaser. To the extent a Potential Co-Sale Member wishes to designate Units that may be acquired upon the conversion of Subordinated Convertible Debentures, such debenture shall be converted prior to the consummation of the proposed transfer.

(b) The remaining provisions of this Section 3 shall not apply to (i) a transfer as part of a Targeted Sale or (ii) a Permitted Transfer.

(c) If (i) any Member or Members (the "***Transferors***") desires to transfer all or any portion of their respective Sale Units, other than by a transfer described in Section 3(b) above, pursuant to an Acquisition Proposal; (ii) all of the Sale Units have not been purchased pursuant to the right of first refusal terms in Section 2 above; and (iii) the aggregate number of Sale Units to be transferred pursuant to the applicable Acquisition Proposal equals or exceeds 15% of the outstanding number of securities of the class of securities comprising the Sale Units, then such Transferors shall offer (the "***Co-Sale Offer***") to include in the proposed transfer a number of Sale Units owned and designated by any other Member that is an Eligible Purchaser (each, a "***Potential Co-Sale Member***"), in each case, in accordance with the following terms of this Section 3.

(d) In connection with such transfer, each Potential Co-Sale Member shall (i) only be required to represent and warrant as to customary corporate matters about itself (such as due authorization, absence of conflicts and enforceability) and as to the unencumbered title to its Sale Units; (ii) be required to bear its pro rata share of any post-closing indemnity obligations; *provided*, such indemnification obligations shall be several and not joint and several; (iii) be subject to the same post-closing purchase price adjustments, escrow terms, offset rights and holdback terms as the Transferors; and (iv) be required to deliver customary transfer instruments; *provided*, in no event shall any Potential Co-Sale Member's obligations exceed the consideration to be received from such transaction.

(e) The Transferors shall give written notice to each Potential Co-Sale Member of the Co-Sale Offer (the "***Transferor's Notice***") at least fifteen (15) days prior to the proposed transfer. The Transferor's Notice shall specify the Proposed Transferee, the number and class or series of the Sale Units to be transferred to such Proposed Transferee, the amount and type of consideration to be received therefor, and the place and date on which the transfer is to be consummated. Each Potential Co-Sale Member who wishes to include Sale Units in the proposed transfer, on the terms and conditions in the Co-Sale Offer, in accordance with the terms of this Section 3 shall so notify the Transferors (the "***Co-Sale Response Notice***") not more than ten (10) days after its receipt of the Transferors' Notice, which notice shall set forth the number of Sale Units such Potential Co-Sale Member desires to transfer, which may be more or less than, or equal to, its Pro Rata Share of Sale Units subject to a Co-Sale Offer. If Potential Co-Sale Members elect to transfer more than their respective Pro Rata Shares of Sale Units, Sale Units not transferred by other Potential Co-Sale Members shall be allocated among those that elect to transfer more than their Pro Rata Share pro rata. Within ten (10) days after the date by which the Potential Co-Sale Members are required to notify the Transferors of their intent to

exercise their rights under this Section 3, the Transferors shall notify each participating Potential Co-Sale Member of the number of Sale Units held by such Potential Co-Sale Member that will be included in the transfer (including Units allocated pursuant to any over-allotment as set forth above) and the date on which the transfer will be consummated, which shall be no earlier than five (5) days after the delivery of the Transferor's Notice and no later than the later of (i) thirty (30) days after delivery of the Transferor's Notice and (ii) the satisfaction of governmental approval or filing requirements, if any, provided that such delay under this clause (ii) shall not exceed sixty (60) days following delivery of the Transferors' Notice.

(f) The Co-Sale Offer shall be conditioned upon the Transferors' transfer of Sale Units pursuant to the transactions contemplated in the Transferors' Notice with the Proposed Transferee named therein. If any Potential Co-Sale Member has accepted the Co-Sale Offer, then the Transferor shall reduce, to the extent necessary, the number of Sale Units the Transferor otherwise would have sold in the proposed sale so as to permit each Potential Co-Sale Member to sell the number of Sale Units they are entitled to sell under this Section 3, and the Transferor and each Potential Co-Sale Member shall sell the number of Sale Units specified in the Co-Sale Offer to the Proposed Transferee in accordance with the terms of such sale set forth in the Transferor's Notice. The Transferors shall not sell any Units to any Proposed Transferee unless such Proposed Transferee agrees to purchase the Units from the Potential Co-Sale Members pursuant to this Section 3. The per-Unit consideration to be received by each Potential Co-Sale Member and the Transferors with respect to any Sale Units included in the sale to the Proposed Transferee shall be equal. No transfer of Units shall be made under this Section 3 to any Proposed Transferee that is not an "accredited investor," as defined in Rule 501 under Regulation D of the Securities Act.

(g) In the event the proposed transfer is not consummated within the period required by Section 3(d) above (including the remittance of the applicable portion of the sale proceeds to any Potential Co-Sale Members participating in the proposed transfer), the Acquisition Proposal shall be deemed to lapse, and any transfer of Units pursuant to such Acquisition Proposal shall be deemed to be in violation of the provisions of this Agreement unless the Transferor once again complies with the provisions of Sections 2 and 3 with respect to such Acquisition Proposal.

4. Drag-Along Obligations.

(a) If any Person that is not a Member or an Affiliate thereof (a "***Third-Party Buyer***") submits a written offer to any Member and its Affiliates that are collectively the Record Holders of more than 15% of the Outstanding Units (an "***Accepting Person***") to purchase all but not less than all of such Accepting Person's Units (a "***Sale of the Company Offer***") then the Accepting Persons shall have the right to require each other Member (each, a "***Drag-Along Person***") to, in the case of a Unit sale or Unit exchange, transfer to such Third-Party Buyer or, in the case of a recapitalization, transfer to the Company all of the Units and Unit Equivalents held thereby, *provided* that (i) Carlyle/Riverstone shall not be required to transfer any of its Units in any sale that is not a Targeted Sale and (ii) Ritchie shall not be required to transfer any of its Units in any sale in which the average per Unit purchase price is less than $13.00 (as adjusted for any subdivision of outstanding Units into a greater number of Outstanding Units or combination of its Outstanding Units into a smaller number of Outstanding Units) if such sale is not a Ritchie

Target Sale. For the purpose of determining status as an Accepting Person under this Section 4, each of Carlyle/Riverstone, Ritchie and the Management Group shall be deemed to be a single Member. In the event Carlyle/Riverstone, Ritchie or the Management Group should ever own less than 15% of the aggregate number of Outstanding Units, then such less than 15% owner shall cease to be an Accepting Person. Ritchie agrees that it shall, and shall cause its Affiliates, to convert all Unit Equivalents held by Ritchie or any of its Affiliates in connection with any sale pursuant to which any Member has exercised its drag right pursuant to this Section 4(a) to cause Ritchie to sell all of its Units, unless a purchaser of Units, LP Units or Unit Equivalents has requested in writing that such Unit Equivalents not be converted.

(b) In connection with such transfer, each Drag-Along Person shall (i) only be required to represent and warrant as to customary corporate matters about itself (such as due authorization, absence of conflicts and enforceability) and as to the unencumbered title to its Units; (ii) be required to bear its pro rata share of any post-closing indemnity obligations (*provided*, such indemnification obligations shall be several and not joint and several); (iii) be subject to the same post-closing purchase price adjustments, escrow terms, offset rights and holdback terms as the Accepting Persons; and (iv) be required to deliver customary stock powers, letters of transmittal or other similar transfer documentation; *provided*, in no event shall any Drag-Along Person's obligations exceed the consideration to be received from such transaction.

(c) The Company shall give written notice to each Drag-Along Person of the Sale of the Company Offer (the "***Accepting Persons' Notice***") at least ten (10) days prior to the proposed transfer. The Accepting Persons' Notice shall specify the Third-Party Buyer, the number of Unit Equivalents to be transferred to such Third-Party Buyer, the amount and type of consideration to be received therefor, and the place and date on which the transfer is to be consummated. If the Accepting Persons elect to exercise their rights under this Section 4, (i) the Accepting Persons and each Drag-Along Person shall sell the number of Units determined pursuant to Section 4(a) to the Third-Party Buyer in accordance with the terms set forth in the Accepting Persons' Notice and (ii) the Drag-Along Persons shall take such other actions as may be reasonably required and otherwise cooperate in good faith with the Company and the Accepting Persons in connection with consummating the proposed transfer.

(d) All of the consideration payable to the Members in a sale pursuant to this Section first shall be aggregated by the Company, as disbursing agent, before distributing any such consideration to any of the Members. The Company, acting solely as the disbursing agent of the Members, shall then distribute the aggregate consideration to the Members in the same manner such consideration would have been distributed had such distribution been made under Section 4.1 of the Agreement. If the sale involves the issuance of any stock consideration in a transaction not involving a public offering and any Member otherwise entitled to receive consideration in such transaction is not an "accredited investor," as defined in Rule 501 under Regulation D of the Securities Act, then the holders of a majority of the Unit Equivalents to be sold in such transaction may require each Member that is not an accredited investor (A) to receive solely cash in such transaction; (B) to otherwise be cashed out (by redemption or otherwise) by the Company or any other Member prior to the consummation of such transaction; and/or (C) to appoint a purchaser representative (as contemplated by Rule 506 of Regulation D of the Securities Act) selected by the Company, with the intent being that such Member that is

not an accredited investor receive substantially the same value that such Member would have otherwise received had such Member been an accredited investor.

(e) Each Member hereby makes, constitutes and appoints the secretary of the Company, in its official Company capacity, as its true and lawful attorney-in-fact for it and in its name, place, and stead and for its use and benefit, to sign, execute, certify, acknowledge, swear to, file and record any instrument that is now or may hereafter be deemed necessary by the Company in its reasonable discretion to carry out fully the provisions and the agreements, obligations and covenants of such Member in this Section 4 in the event such Member is or becomes a Drag-Along Person pursuant to this Section 4. Each Member hereby gives such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in connection with such Member's obligations and agreements as a Drag-Along Person pursuant to this Section 4 as fully as such Member might or could do personally, and hereby ratifies and confirms all that any such attorney-in-fact shall lawfully do or cause to be done by virtue of the power of attorney granted hereby. The power of attorney granted pursuant to this Section 4(e) is a special power of attorney, coupled with an interest, and is irrevocable, and shall survive the bankruptcy, insolvency, dissolution or cessation of existence of the applicable Member.

EXHIBIT E

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF
SEMGROUP G.P., L.L.C.
AN OKLAHOMA LIMITED LIABILITY COMPANY

This First Amendment (this "***Amendment***") to the Second Amended Operating Agreement (as defined below) by and among the members named on the signature pages hereto (the "***Members***") of SemGroup G.P., L.L.C., an Oklahoma limited liability company (the "***Company***") is entered into and shall be effective as of March 2, 2005;

WHEREAS, the Company was formed on November 13, 2002 with the original operating agreement among the parties thereto dated November 14, 2002 (the "***Operating Agreement***");

WHEREAS, the Operating Agreement of the Company was initially amended pursuant to the Amended and Restated Operating Agreement, dated as of April 30, 2004 and subsequently amended pursuant to the Second Amended and Restated Operating Agreement, dated as of January 25, 2005 (the "***Second Amended Operating Agreement***"); and

WHEREAS, the Members desire to amend the Second Amended Operating Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** In addition to the terms defined in the body of this Amendment, capitalized terms used herein shall have the meanings given to them in the Second Amended Operating Agreement.

2. **Amendments to Purchase Agreement.** The Second Amended Operating Agreement is hereby modified in the manner described in this Section 2.

(a) The last two sentences of the initial paragraph of Section 5.1 of the Second Amended Operating Agreement are amended in their entirety to read:

> "Except as to the matters set forth in 5.3(a), Section 5.4 and Section 11.1 hereof, the decisions of the Management Committee shall require a simple majority of the votes of its members. The Management Committee shall consist of nine (9) members, except as otherwise set forth in Section 5.1(a)(iii)."

(b) Section 5.1(a)(iii) is amended in its entirety to read:

"(iii) *Carlyle/Riverstone Committee Designees*. From and after the date hereof and for so long as Carlyle/Riverstone holds, in the aggregate, at least five percent (5%) of the total capital and profits interest of the Partnership, Carlyle/Riverstone shall have the right to designate three (3) members of the Management Committee (each a "***Riverstone Designee***"), *provided* that (A) as of the date of this Agreement, Carlyle/Riverstone has

designated only one (1) designee to the Management Committee and (B) such Riverstone Designee shall, until the appointment of the two additional Riverstone Designees, have three (3) votes on the Management Committee with respect to any decision taken thereby. For as long as Carlyle/Riverstone is entitled to designate at least one Riverstone Designee as provided in this subsection, C/R SemGroup will be entitled to designate such Riverstone Designee, Carlyle/Riverstone will not assign its rights to appoint more than two Riverstone Designees under this subsection to any entity other than C/R SemGroup without the consent of C/R SemGroup. The initial Riverstone Designee is Pierre F. Lapeyre, Jr. Mr. Pierre F. Lapeyne is the initial designee of C/R SemGroup."

(c) The initial paragraph of Section 5.4(a) is amended in its entirety to read:

"(a) Notwithstanding anything to the contrary in this Agreement, no action by the Company or its Subsidiaries (including, but not limited to, any action by the Management Committee or any committee thereof or any action taken by the Company as the general partner of the Partnership) shall be taken with respect to any of the following matters without the approval of a majority of the votes of the members of the Management Committee, which majority must include at least one vote by a Riverstone Designee (so long as a Riverstone Designee is then serving as a member of the Management Committee):"

(d) The initial paragraph of Section 5.4(b) is amended in its entirety to read:

"(b) Notwithstanding anything to the contrary in this Agreement, no action by the Company or its Subsidiaries (including, but not limited to, any action by the Management Committee or any committee thereof or any action taken by the Company as the general partner of the Partnership) shall be taken with respect to any of the following matters without the approval of a majority of the votes of the members of the Management Committee, which majority must include at least one vote of a Riverstone Designee (so long as a Riverstone Designee is then serving as a member of the Management Committee) and at least one vote of a Ritchie Designee (so long as a Ritchie Designee is then serving as a member of the Management Committee):"

(e) The following provisions is hereby added as Section 6.10 of the Second Amended Operating Agreement:

"Section 6.10 *Conflicts of Interest.* The Members expressly acknowledge that, subject to the confidentiality provisions set forth in Section 14.18 of the Partnership Agreement and subject to any conflicts of interest policy adopted by the Management Committee, (a) the Members and their respective Affiliates are permitted to have, and may presently and in the future have, investments or other business relationships other than through the General Partner, the Partnership and its Subsidiaries (an "***Other Business***"), (b) the Members and their respective Affiliates have and may develop a strategic relationship with businesses that are and may be competitive with the General Partner, the Partnership and its Subsidiaries, (c) none of the Members or their respective Affiliates (including their respective representatives serving on the Management Committee or the

governing body of any Subsidiary) will be prohibited by virtue of their investments in the General Partner, the Partnership or its Subsidiaries or their service on the Management Committee or the governing body of any Subsidiary from pursuing and engaging in any such activities, (d) none of the Members or their respective Affiliates (including their respective representatives serving on the Management Committee or the governing body of any Subsidiary) will be obligated to inform the General Partner, the Partnership or any of its Subsidiaries of any such opportunity, relationship or investment, (e) the other Members will not acquire or be entitled to any interest or participation in any Other Business as a result of the participation therein of any of the Members or their respective Affiliates (including their respective representatives serving on the Management Committee or the governing body of any Subsidiary), and (f) the involvement of the Members or their respective Affiliates (including their respective representatives serving on the Management Committee or the governing body of any Subsidiary) in any Other Business will not constitute a conflict of interest by such Persons with respect to the General Partner, the Partnership or any of its Subsidiaries, any of their equity holders or any of their respective Affiliates."

3. **Miscellaneous.**

(a) Ratification. Each of the Members does hereby adopt, ratify and confirm the Operating Agreement, as amended and supplemented hereby, and acknowledges and agrees that the Operating Agreement, as amended and supplemented hereby, is and remains in full force and effect.

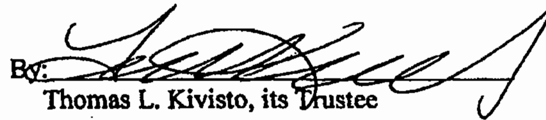
(b) Counterparts. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement between the Members.

(c) Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCODRANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF OKLAHOMA, WITHOUT REGARD TO ITS PRINCIPALS OF CONFLICTS OF LAWS.

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the day first above set forth which will become effective and binding on all Members in accordance with Section 12.1 of the Second Amended Operating Agreement.

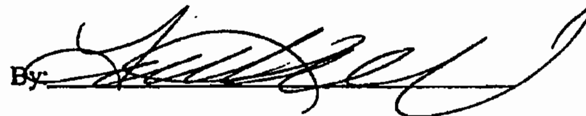
THE MEMBERS OF SEMGROUP G.P., L.L.C.:

THE THOMAS L. KIVISTO TRUST, dated June 5, 1996



By:______________________________
Thomas L. Kivisto, its Trustee

EAGLWING ENERGY, L.L.C.



By:______________________________

Name:______________________________

Its: Manager

MURFIN, INC.

By:______________________________

Name:______________________________

Its:______________________________

VESS ENERGY GROUP, INC.

By:______________________________

Name:______________________________

Its:______________________________

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the day first above set forth which will become effective and binding on all Members in accordance with Section 12.1 of the Second Amended Operating Agreement.

THE MEMBERS OF SEMGROUP G.P., L.L.C.:

THE THOMAS L. KIVISTO TRUST, dated June 5, 1996

By:______________________________
Thomas L. Kivisto, its Trustee

EAGLWING ENERGY, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

MURFIN, INC.

By: Robert D. Young

Name: ROBERT D. YOUNG

Its: PRES.

VESS ENERGY GROUP, INC.

By:______________________________

Name:____________________________

Its:______________________________

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the day first above set forth which will become effective and binding on all Members in accordance with Section 12.1 of the Second Amended Operating Agreement.

THE MEMBERS OF SEMGROUP G.P., L.L.C.:

THE THOMAS L. KIVISTO TRUST, dated June 5, 1996

By:______________________________
Thomas L. Kivisto, its Trustee

EAGLWING ENERGY, L.L.C.

By:______________________________

Name:____________________________

Its: Manager

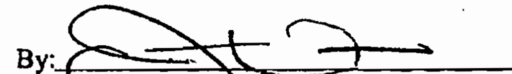
MURFIN, INC.

By:______________________________

Name:____________________________

Its:______________________________

VESS ENERGY GROUP, ~~INC.~~ LLC

By: 

Name: J. M. Vess

Its: Managing Member

PRICE PIPE, LLC

By: Will G Price

Name: Will G. Price

Its: Managing Member

WARREN KENT DUNBAR

____
Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By:______________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

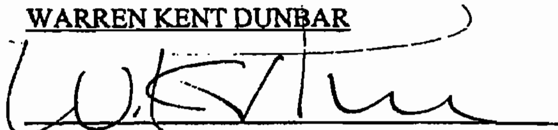
PRICE PIPE, LLC

By:________________________________

Name:______________________________

Its:________________________________

WARREN KENT DUNBAR



Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By:________________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

PRICE PIPE, LLC

By:______________________________

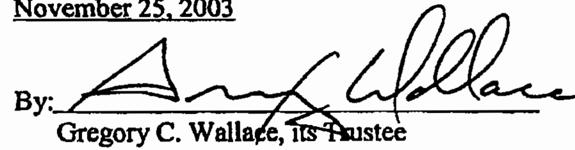
Name:____________________________

Its:______________________________

WARREN KENT DUNBAR

____
Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003



By:______________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

____
Signature

PRICE PIPE, LLC

By:________________________________

Name:______________________________

Its:________________________________

WARREN KENT DUNBAR

____
Signature

THE GREGORY C. WALLACE TRUST dated November 25, 2003

By:________________________________
Gregory C. Wallace, its Trustee

ROBERT B. ROSENE, JR.

Robert B. Rosene Jr
Signature

BRENT C. COOPER

Signature

J. MICHAEL VESS

Signature

BANADA, INC.

By:______________________________

Name:____________________________

Its:______________________________

COTTONWOOD PARTNERSHIP, LLP

By:______________________________

Name:____________________________

Its:______________________________

HIGH PLAINS TRADING CORPORATION

By:______________________________

Name:____________________________

Its:______________________________

BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.

By:______________________________

Name:______________________________

Its:______________________________

COTTONWOOD PARTNERSHIP, LLP

By:______________________________

Name:______________________________

Its:______________________________

HIGH PLAINS TRADING CORPORATION

By:______________________________

Name: J. M. Vess

Its: President

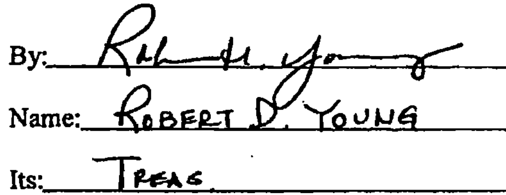
BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.



By: ______________________________

Name: ROBERT D. YOUNG

Its: TREAS

COTTONWOOD PARTNERSHIP, LLP

By: ______________________________

Name: ______________________________

Its: ______________________________

HIGH PLAINS TRADING CORPORATION

By: ______________________________

Name: ______________________________

Its: ______________________________

BRENT C. COOPER

____
Signature

J. MICHAEL VESS

____
Signature

BANADA, INC.

By:______________________________

Name:______________________________

Its:______________________________

COTTONWOOD PARTNERSHIP, LLP

By:

Name: Gary C. Adams

Its: President, Adams Energy Company
Managing Partner

HIGH PLAINS TRADING CORPORATION

By:______________________________

Name:______________________________

Its:______________________________

FOXX HOLDINGS, L.L.C.

By:______________________________

Name:______________________________

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:

Name:______________________________

Its: Manager

WARREN F. KRUGER

____

Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By:______________________________
Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

____

Signature

FOXX HOLDINGS, L.L.C.

By:______________________________

Name:______________________________

Its: Manager

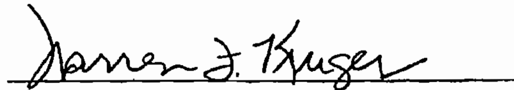
SATCO INVESTMENTS, L.L.C.

By:______________________________

Name:______________________________

Its: Manager

WARREN F. KRUGER



Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN

By:______________________________
Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD

____

Signature

FOXX HOLDINGS, L.L.C.

By:______________________________

Name:_____________________________

Its: Manager

SATCO INVESTMENTS, L.L.C.

By:______________________________

Name:_____________________________

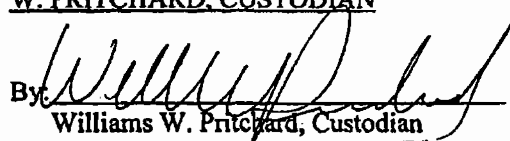
Its: Manager

WARREN F. KRUGER

____

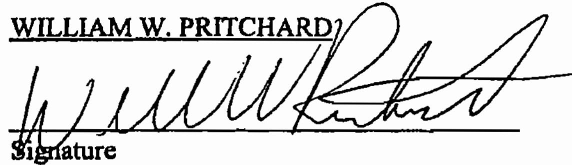
Signature

ROBERT T. PRITCHARD, UGMA, WILLIAM W. PRITCHARD, CUSTODIAN



By:______________________________
Williams W. Pritchard, Custodian

WILLIAM W. PRITCHARD



____

Signature

PRICE SEMGROUP

By: Will G. Price

Name: Will G. Price

Its: Partner

DARRELL WEAKLAND

____
Signature

DAVID KRUGER, by his guardian

____
Signature

KATHERINE KRUGER

____
Signature

ALEX STALLINGS

____
Signature

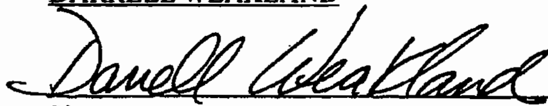
PRICE SEMGROUP

By:_______________________________

Name:_____________________________

Its:______________________________

DARRELL WEAKLAND



Signature

DAVID KRUGER, by his guardian

____

Signature

KATHERINE KRUGER

____

Signature

ALEX STALLINGS

____

Signature

PRICE SEMGROUP

By:________________________________

Name:______________________________

Its:________________________________

DARRELL WEAKLAND

____

Signature

DAVID KRUGER, by his guardian

David Kruger by Warren F. Kruger

Signature

KATHERINE KRUGER

Katherine Kruger

Signature

ALEX STALLINGS

____

Signature

PRICE SEMGROUP

By:______________________________

Name:____________________________

Its:_____________________________

DARRELL WEAKLAND

____
Signature

DAVID KRUGER, by his guardian

____
Signature

KATHERINE KRUGER

____
Signature

ALEX STALLINGS

____
Signature

RITCHIE SG HOLDINGS, L.L.C.
By: Ritchie Capital Management, L.L.C., its Sub-Advisor

By:____________________

Name: James R. Park

Its: Vice President

SGLP US HOLDING, LLC

By:____________________

Name: James R. Park

Its: Authorized Signatory

C/R ENERGY COINVESTMENT II, L.P.

By:____________________

Name: Pierre F. Lapeyre

Its: Authorized Person

C/R SEMGROUP INVESTMENT PARTNERSHIP, L.P.

By:____________________

Name: Pierre F. Lapeyre

Its: Authorized Person

RITCHIE SG HOLDINGS, L.L.C.

By:______________________________

Name:____________________________

Its:______________________________

SGLP US HOLDING, LLC

By:______________________________

Name:____________________________

Its:______________________________

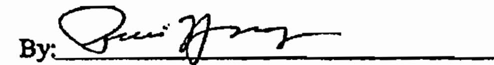
C/R ENERGY COINVESTMENT II, L.P.

By:

Name: Pierre F. Lapeyre

Its: Authorized Person

C/R SEMGROUP INVESTMENT
PARTNERSHIP, L.P.

By: 

Name: Pierre F. Lapeyre

Its: Authorized Person

EXHIBIT F

FILED - Oklahoma Secretary of State #3512212367 11/25/2008 07:59

OKLAHOMA Secretary of State Electronic Filing

ARTICLES OF ORGANIZATION
DOMESTIC LIMITED LIABILITY COMPANY
Document Number: 10932960002 Submit Date: 11/25/2008

LIMITED LIABILITY COMPANY NAME

The name of the Limited Liability Company is:
Tulsa Energy Acquisitions, LLC

PRINCIPAL PLACE OF BUSINESS ADDRESS

401 South Boston, Suite 700
Tulsa, OK 74103 USA

DURATION

Perpetual

REGISTERED AGENT AND REGISTERED OFFICE ADDRESS

Agent Name
David Holden
Address
401 South Boston, Suite 700
Tulsa, OK 74105 USA

ATTACHMENTS

File Label	File Name and Path

SIGNATURE

I hereby certify that the information provided on this form is true and correct to the best of my knowledge and by attaching the signature I agree and understand that the typed electronic signature shall have the same legal effect as an original signature and is being accepted as my original signature pursuant to the Oklahoma Uniform Electronic Transactions Act, Title 12A Okla. Statutes Section 15-101, et seq.

Dated - 11/25/2008

Signature Names
David Holden

[End Of Image]

EXHIBIT G

Term Sheet
December 5, 2008

Parties

- Tulsa Energy Acquisitions, LLC ("TEA")
- The undersigned holders ("Kivisto Owners") of equity interests in SemGroup, L.P. ("SGLP") and its general partner, SemGroup G.P., L.L.C. ("SGGP" and collectively with SGLP, the "Company").

Transaction

- Exchange by Kivisto Owners of their entire interests in the Company for Class A Units of ownership in TEA. The effectiveness of such exchange shall be subject to any and all rights, obligations, pre-conditions, and contingencies set forth in the Second Amended and Restated Agreement of Limited Partnership of SemGroup, L.P. and the Second Amended and Restated Operating Agreement of SemGroup G.P., L.L.C. and such other agreements to which the interest in the Company owned by the undersigned is subject (each as amended prior to the date hereof, collectively, the "Operative Documents"), including, without limitation, the conditions with respect to transfers set forth in Articles IX, X and Exhibits A thereto (as the case may be) and the other terms and conditions of this Preliminary Term Sheet. The Kivisto Owners make no representations or warranties with respect to the admission of TEA as a "Substitute Member" of SGGP and/or a "Substituted Limited Partner" of SGLP, it being the sole responsibility of TEA to comply with any and all conditions required to achieve that status, including, without limitation, acquiring the consent of Carlyle/Riverstone (as such term is defined in the Operative Documents) and the other Owners.

TEA Structure

- The ownership of TEA shall be as follows:

  Class A Units: 10.0% apportioned pro rata among the holders of all of the equity interests in the Company ("Owners"), including Kivisto Owners
  Class B Units: 90.0% owned by John A. Catsimatidis ("JAC") or an "Affiliate" (as hereinafter defined) of JAC.

  Any class of Units of TEA (whether A, B or some other designation) (hereinafter "Units") shall have the same terms, rights and privileges except as otherwise set forth herein.

  If any Owner declines to participate in the Transaction, the Class A Units attributable to that Owner will be retained by JAC.

- All cash contributions to the capital of TEA shall be borne by Class B Units. The Class A Units shall have no obligation to contribute cash to the capital of TEA.
- If additional capital contributions are obtained from any person other than JAC or an Affiliate of JAC, necessitating the issuance of additional Class A Units, the percentage dilution shall be borne pro rata by the holders of Class A and Class B Units. Such dilution will, in all events however, be subject to the "Anti-Dilution" provisions contained herein.

- Anti-Dilution: TEA shall not (a) directly or indirectly through intermediary subsidiaries owning an interest in the Company (or any of its subsidiaries), issue additional Units or securities convertible into or exchangeable for, or options to purchase, Units, or otherwise issue any securities of any kind ("TEA Securities") or (b) cause the Company or any of its subsidiaries to issue additional membership interests, units, partnership interests, or other securities convertible into exchangeable for, or options to purchase any securities of any kind of such issuer (the "SGLP Securities", and collectively with the TEA Securities, the "Securities") (either of (a) or (b) an "Issuance") unless prior to such Issuance, TEA and/or the Company, as the case may be, notifies each of the Kivisto Owners in writing of the contemplated Issuance and grants to each of the Kivisto Owners the right (the "Right") to subscribe for and purchase additional Securities, or such other securities as are issued, at the price per Security paid for such Issuance such that, after giving effect to the Issuance and exercise of the Right (including, for purposes of this calculation, the issuance of Securities upon conversion, exchange or exercise of all securities so convertible, exchangeable or exercisable issued in the Issuance pursuant to the Right (regardless of whether any such conversion or exchange right is actually exercised)), the Securities owned by each of the Kivisto Owners (rounded down to the nearest whole unit of designation) shall represent the same percentage of the outstanding Securities as was owned by each of the Kivisto Owners prior to the Issuance and representing an indirect percentage in the outstanding Securities of the Company (and its subsidiaries) as of such date; provided, however, in no event may the indirect percentage of the outstanding SGLP Securities owned (indirectly) by each of the Kivisto Owners (rounded down to the nearest whole unit of designation) fall below its Initial Ownership Percentage (as hereinafter defined) unless neither JAC nor any of his Affiliates participates in such Issuance. The Right may be exercised by each of the Kivisto Owners at any time by written notice to TEA or the Company (as the case may be) and received by TEA or the Company (as the case may be) within thirty (30) days after receipt of the notice of the exercise of the Right. The closing of the purchase and sale pursuant to the exercise of the Right shall occur at least thirty (30) days after TEA or the Company (as the case may be) receives notice of the exercise of the Right. If the proposed Issuance is terminated, the obligations to issue Securities to each of the Kivisto Owners in connection with such proposed Issuance shall also terminate and, in such event, any amount paid by each of the Kivisto Owners in respect thereof shall be returned to each such Kivisto Owner. For purposes hereof, the "Initial Ownership Percentage" of any Kivisto Owner shall mean that percentage equal to ten percent (10%) of the Original Ownership Percentage set forth below its signature line below and shall be adjusted to reset to account for Issuances in which neither JAC nor his Affiliates participate and such Kivisto Owner elects not to exercise its Right.

- The Manager of TEA shall be appointed by the holder of Class B Units, and shall initially be Nelson Happy. TEA shall cause A.R. Thane Ritchie ("Ritchie") to remain a member of the Management Committee of SGGP ("Manager"), and entitled to all rights and privileges afforded to a Manager under the Operative Documents (including without limitation, rights of exculpation and indemnification). To the extent that the Operative Documents are amended or otherwise altered in a way effecting or otherwise reducing the rights of indemnification and exculpation afforded Ritchie, such amendments or alterations shall be ineffective and Ritchie shall continue to be indemnified and exculpated by the Company as if the provisions of the Operative Documents effecting exculpation and indemnification continued in full force and effect.

- In partial consideration for its assignment of interests in the Company in exchange for Class A Units of TEA, TEA shall allocate (and/or caused to be allocated) to each Kivisto Owner an amount of "qualified nonrecourse financing" (as defined in Section 465(b)(6) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder) of the Company and its direct and indirect subsidiaries that is no less than that amount necessary to be equal to the taxable gain, if any, that would be realized by each such Kivisto Owner if such Kivisto Owner were to dispose of its Units in TEA for no consideration other than the release or deemed release of the liabilities of TEA, the Company and/or its subsidiaries, as such gain is determined immediately as of prior to the date hereof and, thereafter from time to time.

- For purposes hereof, the term "Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this definition of "Affiliate," the term "control" means either: (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise; or (ii) a direct or indirect equity interest of ten percent (10%) or more in the entity, and includes with respect to JAC and his affiliates, each of Red Apple Group, Inc., United Acquisition Corp., United Refining, Inc., United Refining Company, and United Refining Energy Corp., their respective subsidiaries and Affiliates. For purposes hereof, the term "Person" means any natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, trust, estate, association, or domestic or foreign corporation.

Purpose	TEA intends to control as the owner of the debtor in possession to effect a Chapter 11 reorganization of SGLP with a view to preserving the current operating business to the extent possible, and halting the current liquidation of the enterprise. In the event that JAC and his Affiliates cease to preserve the current operating business and/or otherwise move to liquidate SGLP, the Kivisto Owners shall the right to purchase, for one dollar ($1), that number of Units of TEA constituting control of SGLP.
Timing	Upon execution of assignments to TEA of the Company equity interests at least equal to 50.1% of the whole, JAC shall commence funding TEA and TEA shall pursue the foregoing purpose with all due haste.
Conditions Precedent	The transactions contemplated by this Term Sheet shall be subject to, among other things, (i) the parties shall have complied with all applicable provisions of the Operative Documents, including without limitation Articles IX, X and Exhibits A of the Second Amended and Restated Agreement of Limited Partnership of SemGroup, L.P. and the Second Amended and Restated Operating Agreement of SemGroup G.P., L.L.C. and all applicable laws, (ii) the parties shall have made all regulatory filings and obtained all required consents of government agencies, including but not limited to any required under Hart-Scott-Rodino and PUHCA, and (iii) immediately after the transactions contemplated hereby, TEA shall own a majority of the limited partnership interests of SGLP.
Documentation	As soon as practicable TEA shall prepare and deliver to the Kivisto Owners an operating agreement in normal form memorializing the foregoing structure. The parties agree that no assignment of an interest in the Company shall occur or otherwise be effective until such time as the parties have negotiated and executed applicable definitive agreements incorporating the principles set forth in this Term Sheet, including without limitation, an operating agreement and formal assignments, in form and substance satisfactory to each in its sole and absolute discretion (collectively, the "Definitive Agreements"). The parties agree that this Term Sheet is intended to be non-binding and is subject in its entirety to the negotiation of the Definitive Agreements.
Governing Law	This Term Sheet and any Definitive Agreement shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, each of the undersigned has executed this Term Sheet the date first above stated.

Thomas L. Kivisto Trust
Dated June 5, 1996

By:

Name: Thomas L. Kivisto

Title: Trustee

Current Ownership:

SemGroup, L.P.	16.3186%
SemGroup G.P., L.L.C.	17.185 %

Eaglwing Energy, LLC

By:

Name: Thomas L. Kivisto

Title: President

Current Ownership:

SemGroup, L.P.	3.8462%
SemGroup G.P., L.L.C.	3.9078%

Tulsa Energy Acquisitions, LLC

By:

Matthew F. Coughlin, III
Executive Vice President

EXHIBIT H

Assignment of Interest in
SemGroup, L.P. and SemGroup G.P., L.L.C.,
Proxy and Power of Attorney

This Assignment shall be effective at 11:59 PM CST on December 5, 2008.

Unit Holder: Thomas L. Kivisto Trust Dated June 5, 1996

1. ASSIGNMENT. In consideration of the issuance to the ("Assignor") of Class A Units in Tulsa Energy Acquisitions, LLC, an Oklahoma limited liability company ("TEA") equal to 1.666621% of the equity interest in TEA, Assignor hereby assigns to TEA all right, title and interest of Assignor in SemGroup, L.P., an Oklahoma Limited Partnership ("SGLP"), and in SemGroup G.P., L.L.C., an Oklahoma limited liability company ("SGGP"), the General Partner of SGLP. All as more particularly described in the Term Sheet of even date herewith among the undersigned and TEA. SGGP and SGLP are herein collectively called the "Company".

2. REPRESENTATIONS AND WARRANTIES. Assignor hereby represents and warrants to TEA that:

(a) The interest in the Company hereby conveyed to TEA is free and clear of and from any and all liens, claims, options, agreements or other encumbrances, except such as are contained in the Second Amended and Restated Agreement of Limited Partnership of SemGroup, L.P. (the "Partnership Agreement") and the Second Amended and Restated Operating Agreement of SemGroup G.P., L.L.C. (the "Operating Agreement").

(b) Assignor has full right and lawful authority to execute, deliver and perform this Agreement in accordance with its terms,

(c) Assignor will warrant and defend title to the interest in the Company herein assigned against any person claiming any interest therein or any person asserting any interest as a partner in SGLP or a member of SGGP.

(d) The interest in the Company herein assigned equals 16.6662%of the entire equity interest of the Company. If the Ownership Percentage of Assignor is incorrect, the intention of Assignor is nevertheless to assign all of the right, title and interest of Assignor in the Company.

(e) The foregoing assignment is subject in all respects to compliance with the provisions of the Partnership Agreement and the Operating Agreement.

3. PROXY. Assignor hereby appoints each of TEA, and J. Nelson Happy, and either of them severally, as the proxy of Assignor, each with full power to act without joinder of the other, with full power of substitution, to act in the name, place and stead of Assignor and to vote or act on any matter at any time or place where Assignor would have the right to vote or act as a member of SGGP or as a partner in SGLP. In view of the assignment stated in Section 1 above this proxy shall be and shall be deemed to be coupled with an interest, and may not be revoked by Assignor. This Proxy shall expire December 31, 2010.

4. POWER OF ATTORNEY. Assignor hereby appoints each of TEA, and J. Nelson Happy ("Happy"), and either of them severally, as the agent and attorney-in-fact of Assignor, for the purpose of appearing at any time or place, and acting in any lawful manner, in the name, place and stead of Assignor, to assert or protect any rights or privileges belonging to Assignor and inherent in the ownership interests in SGGP and SGLP referred to in Section 1 above, including without limiting the generality of the foregoing, the assertion or protection of any such rights in any court of law, and in the bankruptcy proceedings involving the Company, and for the further purpose of appointing any Management Committee Designees which Assignor would have the power to appoint pursuant to Section 5.1 of the Operating Agreement. In consideration of the assignment made in Section 1 above, such appointment shall be for a period of one year from the date hereof, and may not be cancelled or rescinded during that time.

5. ACCEPTANCE. Each of TEA and Happy hereby accepts the foregoing appointment as proxy and as attorney-in-fact.

IN WITNESS WHEREOF, the Assignor has executed this Assignment, Proxy and Power of Attorney the date first above stated.

Thomas L. Kivisto Trust Dated June 5, 1996

By: [signature]
Name: Thomas L. Kivisto
Title: Trustee
Current Ownership:
SemGroup, L.P. 16.3186%
SemGroup G.P., L.L.C. 17.185 %

Tulsa Energy Acquisitions, LLC

By: [signature]
Matthew F. Coughlin, III
Executive Vice President

J. Nelson Happy, Individual

EXHIBIT I

Term Sheet
December 7, 2008

Parties

- Tulsa Energy Acquisitions, LLC ("TEA")
- The undersigned holders ("Ritchie Owners") of equity interests in SemGroup, L.P. ("SGLP") and its general partner, SemGroup G.P., L.L.C. ("SGGP" and collectively with SGLP, the "Company").

Transaction

- Exchange by Ritchie Owners of their entire interests in the Company for Class A Units of ownership in TEA. The effectiveness of such exchange shall be subject to any and all rights, obligations, pre-conditions, and contingencies set forth in the Second Amended and Restated Agreement of Limited Partnership of SemGroup, L.P. and the Second Amended and Restated Operating Agreement of SemGroup G.P., L.L.C. and such other agreements to which the interest in the Company owned by the undersigned is subject (each as amended prior to the date hereof, collectively, the "Operative Documents"), including, without limitation, the conditions with respect to transfers set forth in Articles IX, X and Exhibits A thereto (as the case may be) and the other terms and conditions of this Preliminary Term Sheet. The Ritchie Owners make no representations or warranties with respect to the admission of TEA as a "Substitute Member" of SGGP and/or a "Substituted Limited Partner" of SGLP, it being the sole responsibility of TEA to comply with any and all conditions required to achieve that status, including, without limitation, acquiring the consent of Carlyle/Riverstone (as such term is defined in the Operative Documents) and the other Owners.

TEA Structure

- The ownership of TEA shall be as follows:

  Class A Units: 10.0% apportioned pro rata among the holders of all of the equity interests in the Company ("Owners"), including Ritchie Owners
  Class B Units: 90.0% owned by John A. Catsimatidis ("JAC") or an "Affiliate" (as hereinafter defined) of JAC.

  Any class of Units of TEA (whether A, B or some other designation) (hereinafter "Units") shall have the same terms, rights and privileges except as otherwise set forth herein.

  If any Owner declines to participate in the Transaction, the Class A Units attributable to that Owner will be retained by JAC.

- All cash contributions to the capital of TEA shall be borne by Class B Units. The Class A Units shall have no obligation to

contribute cash to the capital of TEA.

- If additional capital contributions are obtained from any person other than JAC or an Affiliate of JAC, necessitating the issuance of additional Class A Units, the percentage dilution shall be borne pro rata by the holders of Class A and Class B Units. Such dilution will, in all events however, be subject to the "Anti-Dilution" provisions contained herein.

- In the event that TEA, JAC or their respective Affiliates acquires any equity interest of the Company on terms more favorable than those terms upon which TEA acquires equity interests from the Ritchie Owners, the Ritchie Owners shall be entitled to those same terms with respect to its acquired equity interests.

- Anti-Dilution: TEA shall not (a) directly or indirectly through intermediary subsidiaries owning an interest in the Company (or any of its subsidiaries), issue additional Units or securities convertible into or exchangeable for, or options to purchase, Units, or otherwise issue any securities of any kind ("TEA Securities") or (b) cause the Company or any of its subsidiaries to issue additional membership interests, units, partnership interests, or other securities convertible into exchangeable for, or options to purchase any securities of any kind of such issuer (the "SGLP Securities", and collectively with the TEA Securities, the "Securities") (either of (a) or (b) an "Issuance") unless prior to such Issuance, TEA and/or the Company, as the case may be, notifies each of the Ritchie Owners in writing of the contemplated Issuance and grants to each of the Ritchie Owners the right (the "Right") to subscribe for and purchase additional Securities, or such other securities as are issued, at the price per Security paid for such Issuance such that, after giving effect to the Issuance and exercise of the Right (including, for purposes of this calculation, the issuance of Securities upon conversion, exchange or exercise of all securities so convertible, exchangeable or exercisable issued in the Issuance pursuant to the Right (regardless of whether any such conversion or exchange right is actually exercised)), the Securities owned by each of the Ritchie Owners (rounded down to the nearest whole unit of designation) shall represent the same percentage of the outstanding Securities as was owned by each of the Ritchie Owners prior to the Issuance and representing an indirect percentage in the outstanding Securities of the Company (and its subsidiaries) as of such date; provided, however, in no event may the indirect percentage of the outstanding SGLP Securities owned (indirectly) by each of the Ritchie Owners (rounded down to the nearest whole unit of designation) fall below its Initial Ownership Percentage (as hereinafter defined) unless neither JAC nor any of his Affiliates participates in such Issuance. The Right may be

exercised by each of the Ritchie Owners at any time by written notice to TEA or the Company (as the case may be) and received by TEA or the Company (as the case may be) within thirty (30) days after receipt of the notice of the exercise of the Right. The closing of the purchase and sale pursuant to the exercise of the Right shall occur at least thirty (30) days after TEA or the Company (as the case may be) receives notice of the exercise of the Right. If the proposed Issuance is terminated, the obligations to issue Securities to each of the Ritchie Owners in connection with such proposed Issuance shall also terminate and, in such event, any amount paid by each of the Ritchie Owners in respect thereof shall be returned to each such Ritchie Owner. For purposes hereof, the "Initial Ownership Percentage" of any Ritchie Owner shall mean that percentage equal to ten percent (10%) of the Original Ownership Percentage set forth below its signature line below and shall be adjusted to reset to account for Issuances in which neither JAC nor his Affiliates participate and such Ritchie Owner elects not to exercise its Right.

- The Manager of TEA shall be appointed by the holder of Class B Units, and shall initially be Nelson Happy. TEA shall cause A.R. Thane Ritchie ("Ritchie") to remain a member of the Management Committee of SGGP ("Manager"), and entitled to all rights and privileges afforded to a Manager under the Operative Documents (including without limitation, rights of exculpation and indemnification). To the extent that the Operative Documents are amended or otherwise altered in a way effecting or otherwise reducing the rights of indemnification and exculpation afforded Ritchie, such amendments or alterations shall be ineffective and Ritchie shall continue to be indemnified and exculpated by the Company as if the provisions of the Operative Documents effecting exculpation and indemnification continued in full force and effect.

- In partial consideration for its assignment of interests in the Company in exchange for Class A Units of TEA, TEA shall allocate (and/or caused to be allocated) to each Ritchie Owner an amount of "qualified nonrecourse financing" (as defined in Section 465(b)(6) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder) of the Company and its direct and indirect subsidiaries that is no less than that amount necessary to be equal to the taxable gain, if any, that would be realized by each such Ritchie Owner if such Ritchie Owner were to dispose of its Units in TEA for no consideration other than the release or deemed release of the liabilities of TEA, the Company and/or its subsidiaries, as such gain is determined immediately as of prior to the date hereof and, thereafter from time to time.

- For purposes hereof, the term "Affiliate" means any Person that

directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this definition of "Affiliate," the term "control" means either: (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise; or (ii) a direct or indirect equity interest of ten percent (10%) or more in the entity, and includes with respect to JAC and his affiliates, each of Red Apple Group, Inc., United Acquisition Corp., United Refining, Inc., United Refining Company, and United Refining Energy Corp., their respective subsidiaries and Affiliates. For purposes hereof, the term "Person" means any natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, trust, estate, association, or domestic or foreign corporation.

Purpose

TEA intends to control as the owner of the debtor in possession to effect a Chapter 11 reorganization of SGLP with a view to preserving the current operating business to the extent possible, and halting the current liquidation of the enterprise. In the event that JAC and his Affiliates cease to preserve the current operating business and/or otherwise move to liquidate SGLP, the Ritchie Owners shall the right to purchase, for one dollar ($1), that number of Units of TEA constituting control of SGLP.

Timing

Upon execution of assignments to TEA of the Company equity interests at least equal to 50.1% of the whole, JAC shall commence funding TEA and TEA shall pursue the foregoing purpose with all due haste.

Conditions Precedent

The transactions contemplated by this Term Sheet shall be subject to, among other things, (i) the parties shall have complied with all applicable provisions of the Operative Documents, including without limitation Articles IX, X and Exhibits A of the Second Amended and Restated Agreement of Limited Partnership of SemGroup, L.P. and the Second Amended and Restated Operating Agreement of SemGroup G.P., L.L.C. and all applicable laws, (ii) the parties shall have made all regulatory filings and obtained all required consents of government agencies, including but not limited to any required under Hart-Scott-Rodino and PUHCA, and (iii) immediately after the transactions contemplated hereby, TEA shall own a majority of the limited partnership interests of SGLP.

Documentation

As soon as practicable TEA shall prepare and deliver to the Ritchie Owners an operating agreement in normal form memorializing the foregoing structure. The parties agree that no assignment of an interest in the Company shall occur or otherwise be effective until such time as the parties have negotiated and executed applicable

	definitive agreements incorporating the principles set forth in this Term Sheet, including without limitation, an operating agreement and formal assignments, in form and substance satisfactory to each in its sole and absolute discretion (collectively, the "Definitive Agreements"). The parties agree that this Term Sheet is intended to be non-binding and is subject in its entirety to the negotiation of the Definitive Agreements.
Governing Law	This Term Sheet and any Definitive Agreement shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, each of the undersigned has executed this Term Sheet the date first above stated.

Ritchie SG Holdings, L.L.C.
By: Ritchie Capital Management, L.L.C., its Managing Member

By: [signature]
Name: A.R. Thane Ritchie
Title: Chief Executive Officer

Current Ownership:

SemGroup, L.P. 11.7921%
SemGroup G.P., L.L.C. 22.4955%
Original Ownership Percentage: 12.2471%

SGLP Holding, Ltd.
By: Ritchie Capital Management, L.L.C., its Sub-Adviser

By: [signature]
Name: A.R. Thane Ritchie
Title: Chief Executive Officer
Current Ownership:
SemGroup, L.P. 10.3063%
SemGroup G.P., L.L.C. .0 %
Original Ownership Percentage: 10.3063%

SGLP US Holding, L.L.C.
By: Ritchie SGLP-US Class B Manager, L.L.C.

By: [signature]
Name: A.R. Thane Ritchie
Title: Director

Current Ownership:
SemGroup, L.P. 3.3666%
SemGroup G.P., L.L.C. 3.3985%

Original Ownership Percentage: 3.4354%

Tulsa Energy Acquisitions, LLC

By: [signature]
Matthew F. Coughlin, III
Executive Vice President

EXHIBIT J

From: kivistot@aol.com [mailto:kivistot@aol.com]
Sent: Wednesday, February 11, 2009 5:28 PM
To: Bob McCoy
Subject: Fwd: SEM Management Committee

-----Original Message-----
From: kivistot@aol.com

Sent: Wed, 11 Feb 2009 5:25 pm
Subject: Fwd: SEM Management Committee

SemGroup G.P., L.L.C.
c/o Robert McCoy, Esq.
Conner & Winters, LLP
4000 One Williams Center Tulsa, OK 74172-0148
bmccoy@cw1aw.com
Dear Mr. McCoy:
This letter is being sent to you in your capacity as counsel to SemGroup G.P., L.L.C. (the "Company"). As you are aware, the Company is governed by that certain Second Amended and Restated Operating Agreement, effective January 25, 2005, which was subsequently amended by those amendments effective as of March 2,2005, August 23,2007 and September 15, 2008 (such Amended and Restated Operating Agreement, as amended, being referred to herein as the "Operating Agreement"). Pursuant to Section 5.1(a)(ii) of the Operating Agreement, the undersigned, Thomas L. Kivisto ("Kivisto"), has the right to designate three members of the Company's Management Committee (each, a "Kivisto Designee").
This letter shall serve as notice that, effective as of the date hereof, I am hereby designating James Hansel as a Kivisto Designee to the Management Committee in place of Myron Turfitt. Mr. Hansel shall thus join Matthew F. Coughlin, III and Martin R. Bring as Kivisto Designees to the Company's Management Committee.

C2 Sincerely,

Thomas L. Kivisto

A Good Credit Score is 700 or Above. See yours in just 2 easy steps!

EXHIBIT K

NEWS

[back to Releases]

FOR IMMEDIATE RELEASE
12/15/2008
Catsimatidis Announces Plan to Reorganize SemGroup L.P., A Major Petroleum Services Provider

NEW YORK, N.Y. — John A. Catsimatidis, chairman of Red Apple Group, announced today that he intends to develop a reorganization plan for SemGroup L.P., a privately held company in Tulsa, OK, that is a major oil and gas transportation and storage provider in the Midwest. SemGroup filed for bankruptcy in July of 2008 and stated that it planned to liquidate most of its assets.

Mr. Catsimatidis said that he had obtained five of the nine seats on SemGroup G.P., L.L.C.'s Management Committee, the equivalent of SemGroup L. P.'s board of directors.

"I strongly believe that reorganization will deliver far more value to SemGroup's creditors than liquidation," Mr. Catsimatidis said. "SemGroup has a tremendous portfolio of assets that can be revitalized with a renewed commitment to the company's core businesses. The problem with liquidation is there will likely be nothing left once the assets have been sold - if they can be sold at all in this environment."

Mr. Catsimatidis said that he plans to work with creditors to develop a reorganization plan that enables SemGroup to repay its debts while preserving a majority of the 2,000 jobs currently at risk. Mr. Catsimatidis said that he plans to maintain SemGroup L. P.'s headquarters in Tulsa.

"When SemGroup is reorganized, we intend it to become one of the largest supporters of charity and the arts in Tulsa," said Matthew F. Coughlin III, who leads Tulsa-based International Insurance Brokers Ltd. and who facilitated the transaction by Mr. Catsimatidis. "I know John Catsimatidis has the resources, expertise and dedication that will be necessary to rescue SemGroup from

the liquidators." Mr. Coughlin has joined Mr. Catsimatidis on the Management Committee.

Mr. Catsimatidis successfully reorganized United Refining Co. of Warren, Pa., in 1987 and returned 100 cents on the dollar to creditors. In addition to petroleum refining and marketing, Red Apple Group, a privately held company, owns real estate, aviation assets, and Gristedes, the largest supermarket chain in New York City.

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EXHIBIT L

NEWS

[back to Releases]

FOR IMMEDIATE RELEASE
12/17/2008
Catsimatidis Working Toward Formulating Reorganization Plan for SemGroup, L. P., in January, 2009

NEW YORK, N.Y. — John A. Catsimatidis, Chairman of the Red Apple Group of New York, announced today that he is planning to meet with the senior management of SemGroup, L. P., in Tulsa next Monday to begin the process of formulating a plan of reorganization for the company.

"I am very pleased with the spirit of cooperation demonstrated by everyone I have met so far," Mr. Catsimatidis said. "We have been reaching out to obtain input from SemGroup's management team and certain of its creditors."

"Although I have not yet had any discussions with Bank of America, in its capacity as Administrative Agent for the Senior Secured Lenders, it has been stated to me that the bank will consider with its lender group any proposal that I make," Mr. Catsimatidis said.

Mr. Catsimatidis announced on 15 December 2008 that he had obtained five of the nine seats on SemGroup G. P., L. L. C.'s Management Committee, the equivalent of SemGroup L. P.'s board of directors.

Next week in Tulsa, Mr. Catsimatidis will seek the input of management and the company's restructuring professionals as a part of the process of putting together a reorganization plan on behalf of the company. "Our team intends to work hard on a proposal to take to SemGroup's Management Committee," Mr. Catsimatidis said. "We are working toward creating a consensual plan acceptable to all parties to the proceeding. We intend to have a preliminary plan ready for consideration in January, 2009."

SemGroup, L.P., is a privately held midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace. SemGroup provides diversified services for end users and consumers of crude oil, natural gas, natural gas liquids, refined products and asphalt. Services include purchasing, selling, processing, transporting, terminaling and storing of product. SemGroup serves customers in the United States, Canada, Mexico, Wales, Switzerland and Vietnam.

SemGroup, L. P., had revenues of over $14 billion in 2007 and employed more than 2,200 persons worldwide. SemGroup, L. P., entered into Chapter 11 of the U. S. Bankruptcy Code on 22 July 2008.

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EXHIBIT M

From: Matthew F. Coughlin, III [mailto:Matthew.F.Coughlin.III@iibltd.com]
Sent: Friday, December 19, 2008 1:21 PM
To: Majors, Randy
Subject: Private Dinner Invitation
Sensitivity: Confidential

Matthew F. Coughlin, III
Managing Partner

Randy,

I don't believe we have met. I am one of the new members of SemGroup G.P.'s Management Committee.

I would be pleased if you would join me Monday evening at 7:30 for a private dinner at The Summit Club, 30th Floor, Governors Room.

Please do not share this information with anyone as I am only inviting a very select group and I do not want anyone to be offended.

I would appreciate your reply at your earliest convenience.

Thanks,
Matt

Matthew F. Coughlin, III
Managing Partner
International Insurance Brokers, Ltd.
600 Mid-Continent Tower
401 South Boston Avenue
Tulsa, OK 74103-4041
918-592-4200
918-477-4102 (D)
918-808-8847 (M)
918-742-2541 (H)
Matthew.F.Coughlin.III@iibltd.com
www.iibltd.com

EXHIBIT N

REORGANIZATION UPDATES
FROM JOHN CATSIMATIDIS

HOME

Hosted by John Catsimatidis, SemGroup L.P., L.L.C. management committee majority leader, this Web site seeks to provide transparent communication on the latest developments in the reorganization of SemGroup. All information herein is from a public domain and represents the opinions of Catsimatidis and the majority.

SemGroup, L.P., is a privately held midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace. SemGroup provides diversified services for end users and consumers of crude oil, natural gas, natural gas liquids, refined products and asphalt. Services include purchasing, selling, processing, transporting, terminaling and storing of product. SemGroup serves customers in the United States, Canada, Mexico and Wales.

EXHIBIT O

NEWS

[back to Releases]

FOR IMMEDIATE RELEASE
02/10/2009
Catsimatidis Launches SemGroup Reorganization Web Site, Hotline

TULSA, OK – John Catsimatidis, chairman of the Red Apple Group of New York and current management committee majority leader of SemGroup G.P., L.L.C., announced today he has launched a Web site and hotline dedicated to the reorganization of SemGroup, L.P., which is currently in bankruptcy. SemGroup G.P., L.L.C. is the general partner of SemGroup, L.P.

The site, located at www.SemReorg.com, was developed after Catsimatidis visited with employees in Tulsa regarding his plans to save the bankrupt company. SemGroup employees and concerned citizens now also have the option to leave a message at the SemReorg hotline (918) 477-4177 or mail their questions to P.O. Box 35487, Tulsa, OK 74153.

"While I was in Tulsa, I received feedback that SemGroup, L.P.'s employees not only want to communicate their thoughts about the reorganization process, but also want to ask questions about what's going on," said Catsimatidis. "The Web site will allow them to do that."

The Web site includes a section where employees and members of the community can ask questions, as well as view past news articles, press releases, frequently asked questions and biographies on Catsimatidis and his associates on the management committee.

Since Catsimatidis and his associates were appointed to the majority of the seats on the SemGroup G.P., L.L.C., management committee, Catsimatidis has been actively working on a reorganization plan to restructure SemGroup, L.P. and keep it in one piece. The plan is scheduled to be presented to bank creditors in February.

SemGroup, L.P., is a privately held midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace. SemGroup, L.P. provides diversified services for end users and consumers of crude oil, natural gas, natural gas liquids, refined products and asphalt. Services include purchasing, selling, processing, transporting, terminating and storing of product, and serves customers in the United States, Canada, Mexico and Wales.

SemGroup, L. P., had revenues of more than $14 billion in 2007 and employed more than 2,200 people worldwide. The company filed for protection under Chapter 11 of the U. S. Bankruptcy Code in July 2008.

For more information, call Nicole Morgan at (918) 599-0029 or e-mail nicole@rexpr.com, or call Gerald McKelvey at (212) 843-8013 or e-mail gmckelvey@rubenstein.com.

--end--

[back to Releases]

EXHIBIT P

WEIL, GOTSHAL & MANGES LLP
200 CRESCENT COURT
SUITE 300
DALLAS, TEXAS 75201
(214) 746-7700
FAX: (214) 746-7777

AUSTIN
BOSTON
BRUSSELS
BUDAPEST
FRANKFURT
HOUSTON
LONDON
MIAMI
MUNICH
NEW YORK
PARIS
PRAGUE
PROVIDENCE
SHANGHAI
SILICON VALLEY
SINGAPORE
WARSAW
WASHINGTON, D.C.

January 29, 2009

MICHAEL A. SASLAW
DIRECT LINE (214) 746-8117
E-MAIL: michael.saslaw@weil.com

Mr. Thomas H. Kennedy
Skadden
Four Times Square
New York, New York 10036

Re: SemGroup

Dear Tom:

As counsel to the SemGroup debtors it is our understanding based on statements made last week in bankruptcy court by your partner, Mark Chehi, that Skadden is representing John Catsimatidis, individually and as a management committee member, in the SemGroup chapter 11 cases. We also understand from our initial conversation with you and your partners that Skadden has been engaged by United Refining Energy Corp. Based on that understanding, we are reaching out to you to help us understand the appropriateness and legitimacy of the unsigned copy of a resolution that was emailed to Terry Ronan by Matt Coughlin this past Monday afternoon.

We have been advised by Riverstone that it has exercised its veto powers with respect to that resolution and that it is their view that the resolution is not effective. Putting aside that issue for a moment, even if we assume that the so-called "Catsimatidis Group" of six members could pass such a resolution, we remain perplexed as to how the Catsimatidis Group believes that it can be (i) in charge of, and have access to, information regarding the debtor bankruptcy plan and asset marketing process and (ii) at the same time, be an active bidder.

This has become a serious problem which, if it continues, will (i) ensure that the Catsimatidis Group will be unsuccessful in any attempt to participate in any aspect of SemGroup's bankruptcy plan and (ii) quite likely subject members of the Catsimatidis Group to personal liability for the actions they have taken in chilling the bidding process.

As Terry and Lisa Donahue indicated to the management commitee in their letter of January 15, 2009, there had already been reports of the Catsimadis Group having:

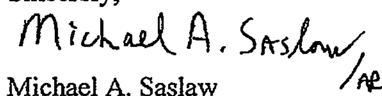
- blatantly violated the terms of the Confidentiality Agreement executed by John Catsimatidis on behalf of United Refining Energy Corp (the "UREC CA"), which bound, among others, John Catsimatidis;
- directly contacting the potential purchaser of SemMaterials and certain of his investors, while at the same time expressing a personal interest in the SemMaterials business;
- making numerous statements in the press which have had a chilling effect on the marketing process for the debtors' assets;
- contacting representatives of SemGroup Energy Partners, L.P., purportedly in both the capacity of a bidder and as members of the Management Committee, after being asked by other members of the Management Committee not to do so;
- making premature pronouncements which gave false hopes to company employees;
- misrepresenting the Management Committee authority of the Catsimatidis Group; and
- inviting greater scrutiny of the Management Committee and damaging the relationship of the Management Committee with its stakeholders given the Catsimatidis Group's appointment to the Management Committee being facilitated through Thomas Kivisto.

Since the time of that letter, we would add the creation of *semreorg.com*, a website set up by the Catsimatidis Group in blatant violation of the UREC CA and in an obvious attempt to inappropriately hijack the bankruptcy plan process from disinterested fiduciaries. We also note the continued failure of the Catsimatidis Group to provide the debtor with its plan.

The Catsimatidis Group should make no mistake about the determination of the disinterested fiduciaries to carry out their duties to SemGroup's true stakeholders -- which do not include the Kivisto/Ritchie/Catsimatidis interests. Absent a clear indication from the Catsimatidis Group that it (i) recognizes that it has no economic interests or rights in the debtor absent its offering up an acceptable bid for all or part of the debtors' assets and (ii) agrees to cease its hindrance of a fair process, free of all conflicts, the disinterested fiduciaries intend to seek assistance from the bankruptcy court in resolving this matter.

With so much water under the bridge, we are skeptical that you will have success in convincing your headstrong client to do the right thing, but we are available to discuss this matter with you.

Sincerely,



Michael A. Saslaw

DA1:\547611\03\BQJF03!.DOC\73451.0005

cc: Management Committee
Terrence Ronan
Lisa Donahue
Jan Baker
Mark Chehi
Martin Sosland

EXHIBIT Q

January 30, 2009

Martin Sosland, Esq.
Michael A. Saslaw, Esq.
Weil Gotshal & Manges
200 Crescent Court, Suite 300
Dallas, Texas 75201

Gentlemen:

We appreciate your attempt to reach out to us through our counsel to resolve the apparent conflict between the management of SEMGroup, LP and its subsidiaries ("Debtor"), certain professionals, and the Management Committee. It is our intention to overcome these problems through negotiation, but if it is necessary for us to seek the assistance of the Bankruptcy Court, then that too is an acceptable option.

With response to the content of your letter of January 29, 2009, we think that you should be aware of the following facts:

1. The resolution of the Management Committee referred to by you was in fact adopted by the Management Committee and is in effect. While Riverstone's designees did not sign the written consent, Riverstone did not "exercise its veto powers" over the resolution; in fact, it does not have any such veto power except over specifically enumerated actions.

2. Mr. Catsimatidis is not, and never has been, an "active bidder." As a member of the Management Committee his only current interest is in assisting the Debtor in adopting a plan of reorganization that will cause the Debtor to maximize the value of the Debtor's estate and thereby return the largest possible recovery for its creditors.

3. With respect to the letter of Terry Ronan and Lisa Donahue dated January 15, 2009 to which you refer, please note the following facts:

(a) Neither Mr. Catsimatidis nor any undersigned member of the Management Committee has violated any term of the Confidentiality Agreement executed on behalf of United Refining Energy Corp. that he is aware of. If you know of any specific violation, please reveal it to us.

(b) Neither Mr. Catsimatidis nor any undersigned member of the Management Committee has contacted any person or entity which has (to our knowledge) expressed an interest in acquiring SemMaterials, nor has Mr. Catsimatidis expressed a personal interest in acquiring the SemMaterials business.

(c) Mr. Catsimatidis' statements to the press were not intended to, and have not, "chilled" the bidding process. If you know of any specific facts that prove this allegation of "chilling" please reveal them to us. We note that the unprecedented collapse of the economy and the financial markets, and the resultant freeze in acquisition activity and financing, is not of our doing, but presumably is significantly affecting potential bidders.

(d) Mr. Catsimatidis has never contacted representatives of SemGroup Energy Partners, L.P as a "bidder." He has spoken to them as a member of the Management Committee to help resolve the apparent inability of the present management of Debtor and its advisors to work cooperatively with SGLP in the Debtor's best interest.

(e) Mr. Catsimatidis has never made a "premature pronouncement which gave false hopes to company employees."' Although you do not mention any specifics, we can assure you that Mr. Catsimatidis statements reflect his belief that the Debtor can be successfully reorganized and that an important asset of the Debtor is its employees. He also believes that the continued loss of these employees, and their feelings of hopelessness about the bankruptcy process, has severely damaged the value of the assets of the Debtor. He believes that the employees should have faith in the reorganization process and that they should continue to work for the company while this process goes forward.

(f) Mr. Catsimatidis has never misrepresented his authority or the authority of the Management Committee. If you believe that he has, then please provide us with specifics.

(g) If Mr. Catsimatidis' decision to replace Mr. Kivisto and Mr. Wallace with Management Committee members totally unconnected with the management of the Debtor prior to its collapse is considered by you and the management of the company as harmful because it has "invited greater scrutiny of the Management Committee," then we must respectfully disagree. We believe that the actions of the Management Committee should be transparent and that it should be working to advance a successful plan of reorganization for the benefit of the creditors rather than the self interest of management and professionals. We also note that your firm was initially retained by Mr. Kivisto and his attorney, and yet you continue to represent the Debtor.

(h) We believe that the bankruptcy process should be transparent to the public. Semreorg.com has been set up to provide easy access to information about the bankruptcy to everyone. If the facts revealed in the webpage make the company's management and professionals appear in a bad light, then they should attempt to change their conduct in response. If any of the information contained on the webpage is "a blatant violation of the UREC CA" please provide us with specific details of any such purported violation. To our knowledge, all information on the webpage is otherwise publicly available from the Tulsa World website and PACER.

We are pleased to hear that the "disinterested fiduciaries" of the Debtor intend to carry out their duties to the "true stakeholders." Who are these "disinterested fiduciaries" and to whom do they report? While the "professionals" continue to receive significant fees and salaries, the Debtor continues to suffer enormous value loss. Furthermore, we have reason to believe, among other things, that the Debtor may have been in default of the covenants in its DIP loan agreement, and yet this was never communicated to the undersigned Management Committee members by Debtor's management or professionals.

In your letter, you assert that representatives of Kivisto, Ritchie and Catsimatidis "interests" are not disinterested fiduciaries. Your list excludes Carlyle/Riverstone: therefore you appear to have drawn conclusions about C/R. Has your firm investigated all potential conflicts of interest of C/R and are you now representing to us that you have cleared C/R from all potential conflicts of interest in the continuing bankruptcy process? We note that less than four months prior to the Debtor's bankruptcy petition C/R engaged in a large transaction with the debtor. What investigation has been made of this transaction by you? Also, we are informed that C/R owns many midstream assets, including pipeline assets that may be influenced

by the outcome of the Debtor's reorganization. What investigation have you performed with respect to these potential conflicts?

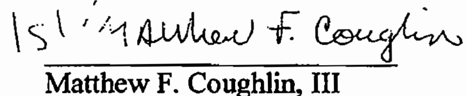
We wish to make it clear that the only truly disinterested members of the Management Committee, Messrs. Catsimatidis, Turfitt, Coughlin, Bring and Happy, intend to exercise their rights and duties as defined by the governing documents of the General Partner of the parent Debtor and the principles of the U.S. Bankruptcy Code.

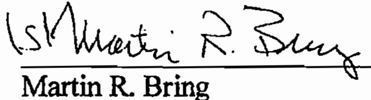
If, ultimately, the interests of the Debtor may be better served by the appointment of a Trustee that would have no conflicts of interest and would work to obtain a successful reorganization for the best interests of all constituencies, then we are certainly open to discussing this option with you and your clients.

Finally, we want to reiterate that Mr. Catsimatidis is only interested in seeking to reorganize the Debtor for the benefit of its stakeholders. Since you have chosen not to cooperate with us, we are currently working on the framework of a plan of reorganization that will be considered first by the Management Committee and then provided to you. We would appreciate it if you would assist us in obtaining information from the present management that will help us and our professionals complete a term sheet with respect to such framework which we anticipate will be completed soon. Also, Mr. Catsimatidis has instructed his counsel to respond to you on various legal issues related to this matter.

Very truly yours,

John A. Catsimatidis


Matthew F. Coughlin, III


Martin R. Bring

J. Nelson Happy

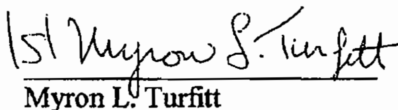

Myron L. Turfitt

EXHIBIT R

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED AUGUST 31, 2008

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from______ to______

Commission File No. 001-33868

UNITED REFINING ENERGY CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**42-1732420** (I.R.S. Employer Identification No.)

See Table of Additional Subsidiary Guarantor Registrants

823 Eleventh Ave, New York, New York (Address of principal executive offices)	**10019** (Zip Code)

(212) 956-5803
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.0001 par value per share	NYSE Alternext US
Common Stock Purchase Warrants	NYSE Alternext US
Units consisting of one share of Common Stock and one Common Stock Purchase Warrant	NYSE Alternext US

Securities registered pursuant to Section 12 (g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. As of February 29, 2008, approximately $410,850,000.

As of December 1, 2008, 56,250,000 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

UNITED REFINING ENERGY CORP.
ANNUAL REPORT ON FORM 10-K
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This Annual Report on Form 10-K (including documents incorporated by reference herein) contains statements with respect to our expectations or beliefs as to future events. These types of statements are "forward-looking" and subject to uncertainties.

Source: United Refining Ener, 10-K, December 01, 2008

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Such forward-looking statements include statements regarding, among others, (a) our expectations about possible business combinations, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "approximate," "estimate," "believe," "intend," "plan," "budget," "could," "forecast," "might," "predict," "shall" or "project," or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found in this prospectus. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this prospectus generally. In light of these risks and uncertainties, the events anticipated in the forward-looking statements may or may not occur.

Forward-looking statements are based on our current expectations and assumptions regarding our business, potential target businesses, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include changes in local, regional, national or global political, economic, business, competitive, market (supply and demand) and regulatory conditions and the following:

- our status as a development stage company;
- our liquidation prior to a business combination;
- the reduction of the proceeds held in the trust account due to third party claims;
- our selection of a prospective target business or asset;
- our issuance of our capital shares or incurrence of debt to complete a business combination;
- delisting of our securities from the NYSE Alternext US or the ability to have our securities listed on the NYSE Alternext US following our initial business combination;
- our ability to consummate an attractive business combination due to our limited resources and the significant competition for business combination opportunities;
- conflicts of interest of our officers and directors;
- potential current or future affiliations of our officers and directors with competing businesses;
- our ability to obtain additional financing if necessary;
- the control by our existing stockholder of a substantial interest in us;
- the adverse effect the outstanding warrants and options may have on the market price of our common shares;
- the existence of registration rights with respect to the securities owned by our existing stockholder;
- the lack of a market for our securities;
- our being deemed an investment company;

- our dependence on our key personnel;
- our dependence on a single company after our business combination;
- business and market outlook;
- our growth as a whole;
- our and our customers' business strategies;
- environmental, permitting and other regulatory risks;
- foreign currency fluctuations and overall political risk in foreign jurisdictions;
- operating and capital expenditures by us and the energy industry;
- our competitive position;
- outcomes of legal proceedings;
- expected results of operations and/or financial position;
- future effective tax rates; and
- compliance with applicable laws.

These risks and others described under "Risk Factors" are not exhaustive.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it, and is expressly qualified in its entirety by the foregoing cautionary statements. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I

ITEM 1. BUSINESS.

Introduction

United Refining Energy Corp. (the "Company", "we" or "us") is a blank check company formed under the laws of Delaware on June 25, 2007. We were formed for the purpose of acquiring, merging with, engaging in a capital stock exchange with, purchasing all or substantially all of the assets of, or engaging in any other similar business combination of an unidentified operating business. We are focused on identifying a prospective target business in the energy industry throughout the world, with a particular focus on businesses or assets involved in the refining of petroleum and specialized products (such as petrochemicals) and services to the energy industry but our efforts in identifying a prospective target business will not be limited to the energy industry. Pursuant to our amended and restated certificate of incorporation, we have until December 11, 2009 to consummate a business combination or our existence will terminate and we will dissolve and liquidate the company. If we have entered into a definitive agreement but anticipate that we will not be able to consummate a business combination by December 11, 2009, we shall seek stockholder approval to extend the period of time to consummate a business combination by an additional six (6) months to June 11, 2010 for the purpose of consummating such business combination. In order to extend the period of time to June 11, 2010, (i) a majority of our outstanding shares of common stock and a majority of the shares of common stock voted by the public stockholders must approve an amendment to our amended and restated certificate of incorporation extending our corporate life to June 11, 2010 and (ii) public stockholders owning no more than one share less than 40.0% of the shares of common stock sold in our initial public offering may have voted against the proposed amendment and exercised their redemption rights, as described in the prospectus relating to our initial public offering.

Our efforts are focused on target businesses with one or more of the following characteristics:

- Refining, distribution and marketing companies, including the production of petroleum and other related products.

  - As we evaluate initial business combinations, we may consider various factors such as market pricing, quality and the availability or various grades of crude oil, in addition to considering environmental factors and refinery maintenance. The combination of the above factors will be enhanced by the ability of the business to efficiently select the most profitable feedstock and product mix. We do not have a primary geographic focus, and we may seek to acquire refineries or interests in any market in which we believe we could be competitive. We may also seek to capitalize on the cost advantages of heavy, sour crude oil to light, sweet crude oil as a raw material to manufacture refined products.

- Energy service companies, including drilling, construction, pipeline, terminal and contracting businesses.

While we are focused on potential acquisition targets in the energy industry, we may also pursue opportunities in other industries involving businesses outside of management's expertise. The discussion below relating to the energy industry may be irrelevant if we pursue acquisition opportunities outside of this industry.

Overview and Market Opportunity: Refining/Petrochemical Sector

Refining is the process of separating hydrocarbons present in crude oil and converting them into marketable finished petroleum products, such as gasoline and diesel fuel. Crude oil is a raw material that is commonly referred to in terms of "heavy" or "light" and "sweet" or "sour". The more viscous crude oils are "heavier" and those with high sulfur content are called "sour" (as opposed to low-sulfur "sweet" crude). The heavier and/or more sour the crude, the more difficult and time consuming it is to change into usable refined products. The type of crude oil that is used in the refining process is typically referred to as feedstock. Refiners generate profits based on the spread between the type of crude they acquire and the products into which it is converted and the

price at which they can sell the finished product. Typically, the heavier and more sour the crude, the cheaper the feedstock. Refiners that are configured to convert and desulphurize the heavier feedstocks into refined products can take advantage of the less expensive feedstock, resulting in incremental gross margin opportunities. This is referred to as a refiner's complexity. Generally, the higher the complexity and more flexible the feedstock slate, the better positioned the refinery is to make a profit.

We believe opportunities exist to acquire existing refineries that are in need of refurbishment or upgrades to meet worldwide demand and environmental regulation. Our sponsor and our directors and officers' combined extensive experience in operating, upgrading and determining the feedstock of refineries will enable us to enhance future operating efficiencies of an acquired entity through upgrades, modifications or new feedstock mixes.

We believe that given our management's prior experience, the energy industry will provide us with the best opportunity to consummate a business combination. Our management team is experienced in sourcing, structuring, financing and consummating acquisitions, and has extensive contacts and sources with public and private companies, private equity and venture funds, investment bankers, attorneys and accountants from which to generate substantial acquisition opportunities.

To date, our efforts have been limited to organizational activities, our initial public offering and the search for a suitable business combination. As of the date of this filing, we have not entered into any definitive agreement with any target company.

Management and Board Expertise

Our executive officers and directors have extensive experience in the energy industry as managers, principals, advisors or directors of companies operating in or providing services to the energy industry. In addition, they collectively comprise a formidable pool of expertise covering the key areas of the energy industry, with experience in negotiating and structuring transactions in the areas in which we will attempt to compete. They jointly have more than 105 years of total experience in sourcing, structuring, financing and consummating acquisitions and have contacts and sources with public and private companies, private equity and venture funds, investment bankers, attorneys and accountants from which to generate substantial acquisition opportunities. We intend to leverage the industry experience of our executive officers, including their extensive contacts, relationships and access to acquisition opportunities, by focusing our efforts on identifying a prospective target business or businesses in the energy industry, and the refining sector in particular, and negotiating the terms of such transaction.

- Our Chairman and Chief Executive Officer, John A. Catsimatidis, is the Chairman and Chief Executive Officer of Red Apple Group, Inc., a diversified holding company with interests in the energy industry, supermarkets, airplanes and finance. Mr. Catsimatidis founded Red Apple Supermarkets, a single neighborhood grocery store in 1968. Through internal growth and a series of acquisitions, Mr. Catsimatidis has grown the operation, under the brand name "Gristedes," into Manhattan's largest supermarket chain. Mr. Catsimatidis is also currently the Chairman of the Board and Chief Executive Officer of United Refining Company, a wholly-owned subsidiary of our sponsor and an integrated refiner and marketer of petroleum products in western New York and northwestern Pennsylvania. Mr. Catsimatidis has held these positions for over 20 years, when his wholly-owned company, United Acquisition Corp., purchased United Refining, Inc., United Refining Company's parent and our sponsor, while United Refining Company was in bankruptcy proceedings. Mr. Catsimatidis negotiated a plan of reorganization in bankruptcy proceedings, where creditors received 100% of their proven claims plus post-petition interest. He also served as President of United Refining Company from February 1986 until September 1996.

- Our President and a director of our company, Myron L. Turfitt, is currently President and Chief Operating Officer of United Refining Company, and has held these positions since September 1996,

and has held several executive positions at United Refining Company since 1981. Mr. Turfitt is a CPA with over 30 years of financial and operations experience in all phases of the petroleum business including exploration and production, refining and retail marketing. His experience covers both fully-integrated major oil companies and large independents.

- Our Chief Financial Officer, James E. Murphy, is currently Chief Financial Officer of United Refining Company and has held this position since 1997. He has held other accounting and internal auditing positions with United Refining Company, including Vice President—Finance and Director of Internal Auditing. Mr. Murphy is a CPA, and prior to joining United Refining Company, had over 15 years experience in accounting and auditing with banking, public accounting and manufacturing companies.

- Our Secretary, John R. Wagner, is currently the Vice President, General Counsel and Secretary to each of United Refining Company, United Acquisition Corp., and certain of its subsidiaries, and has held these positions since 1997. Prior to joining United Refining Company, Mr. Wagner served as Counsel to Dollar Bank, F.S.B. from 1988 to 1997.

- Our director, Theodore P. Nikolis, has been a director since July 2007. He is currently Senior Counsel to The Royal Bank of Scotland (LSE:RBS), and has held this position since 2005. Approximately 20 years ago, Mr. Nikolis began his involvement in the electric power sector as a project finance attorney at the firm of Chadbourne & Parke. From January 2000 to October 2005, Mr. Nikolis was a principal of Nikolis & Associates, LLC, a consulting firm focused on distressed debt providing turnaround strategies, debt restructuring, collateral sales and bankruptcy options for the maximization of asset and/or collateral value in distressed situations. From January 2003 to October 2005, Mr. Nikolis was also a member of Odysseus Energy Inc., a private equity group targeting distressed electric generating facilities. From March 1998 to January 2000, Mr. Nikolis managed the closure of Coutts & Co.'s New York office, the private banking subsidiary of NatWest. Mr. Nikolis previously managed the short term operation, financial restructuring and ultimate liquidation of over $1 billion of distressed co-generation and independent power production facilities.

- Our director, Michael Bilirakis, has been a director since September 2007. In January 2007, Mr. Bilirakis returned to the practice of law, which he previously engaged in from 1968 to 1984, and established the Bilirakis Law Group. From January 1983 until his retirement in January 2007, Mr. Bilirakis served in the U.S. House of Representatives as a representative of the Ninth District of Florida. During his tenure, Mr. Bilirakis served on the House Energy and Commerce Committee for 22 years. From 1992 to 2006, Mr. Bilirakis served as a member of the North Atlantic Treat Organization (NATO) Parliamentary Assembly, which brings together members of the U.S. Congress with members of parliaments throughout NATO to facilitate awareness and understanding of key security issues and to provide transparency of NATO policies.

Subsequent to the consummation of a business combination, we believe that the strengths of our officers and directors, particularly their extensive operations experience in the energy industry, will be valuable with respect to operating any business we may acquire.

Effecting a Business Combination

General

We were formed for the purpose of acquiring, merging with, engaging in a capital stock exchange with, purchasing all or substantially all of the assets of, or engaging in any other similar business combination of an unidentified operating business. We are focused on identifying a prospective target business in the energy industry throughout the world, with a particular focus on businesses or assets involved in the refining of petroleum and specialized products (such as petrochemicals) and services to the energy industry but our efforts in identifying a prospective target business will not be limited to the energy industry.

Subject to the requirement that our business combination must be with a target business having a fair market value that is at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred

underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of such acquisition, there are no limitations on the type of investments we can make or the percentage of our total assets that may be invested in any one investment. Accordingly, other than the requirement that our business combination must be with a target business having a fair market value that is at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of such acquisition, our investment policies may be changed from time to time at the discretion of our board of directors, without a vote of our stockholders. Additionally, no limits have been set on the concentration of investments in any location or product type.

Our business combination may take the form of a joint venture wherein we acquire less than a 100.0% ownership interest in certain properties, assets or entities. We intend to pursue a transaction in which our stockholders would continue to own a controlling interest of our company. However, we could pursue a transaction, such as a reverse merger or other similar transaction, in which we issue a substantial number of new shares and, as a result, our stockholders immediately prior to such transaction could own less than a majority of our outstanding shares subsequent to such transaction. In such case, the remaining ownership interest may be held by third parties who may or may not have been involved with the properties, assets or entities prior to our acquisition of such ownership interest. With a joint venture, we will face additional risks, including the additional costs and time required to investigate and otherwise conduct due diligence on potential joint venture partners and to negotiate joint venture agreements. Moreover, the subsequent management and control of a joint venture will entail risks associated with multiple owners and decision makers.

We have not entered into any definitive agreement with a target business

We continue to search for a potential candidate for a business combination and we have not entered into any definitive agreements with any target business for a business combination.

Subject to the limitation that a target business have a fair market value of at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of the acquisition, as described below in more detail, we will have virtually unrestricted flexibility in identifying and selecting a prospective transaction candidate. Although our management will endeavor to evaluate the possible merits and risks inherent in a particular target company, we cannot assure you that we will properly ascertain or assess all significant risk factors.

Sources of target businesses

Target business candidates have be brought to our attention from various unaffiliated sources, including investment bankers, venture capital funds, private equity funds, leveraged buyout funds, management buyout funds and other members of the financial community who are aware that we are seeking a business combination partner via public relations and marketing efforts, direct contact by management or other similar efforts, who may present solicited or unsolicited proposals. Any finder or broker would only be paid a fee upon the consummation of a business combination. The fee to be paid to such persons would be a percentage of the fair market value of the transaction with the percentage to be determined in an arm's length negotiation between the finder or broker and us based on market conditions at the time we enter into an agreement with such finder or broker. Target businesses also may be brought to our attention by our officers and directors, through their network of joint venture partners and other industry relationships located in the United States and elsewhere that regularly, in the course of their daily business activities, see numerous varied opportunities. Target businesses may also be brought to our attention by unaffiliated sources such as brokers or others as a result of being solicited by us through calls or mailings. Unaffiliated sources, such as brokers may also introduce us to target businesses they think we may be interested in on an unsolicited basis, since many of these sources will have read this prospectus and know what types of businesses we are targeting. In no event will any of our existing officers,

directors or stockholders or any entity with which they are affiliated, be paid any finder's fee, consulting fee or any other form of compensation, including the issuance of any securities of the company, prior to, or for any services they render, in order to effectuate the consummation of a business combination.

Selection of a target business and structuring of a business combination

Subject to the requirement that our business combination must be with a target business having a fair market value that is equal to at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of such acquisition, our management has virtually unrestricted flexibility in identifying and selecting prospective target businesses. In evaluating a prospective target business, our management may consider, among other factors, the following factors likely to affect the performance of the investment:

- earnings and growth potential;
- experience and skill of management and availability of additional personnel;
- capital requirements;
- competitive position;
- financial condition and results of operation;
- barriers to entry;
- stage of development of the products, processes or services;
- breadth of services offered;
- degree of current or potential market acceptance of the services;
- regulatory environment of the industry; and
- costs associated with effecting the business combination.

These criteria are not intended to be exhaustive. Any evaluation relating to the merits of a particular business combination will be based, to the extent relevant, on the above factors as well as other considerations deemed relevant by our management in effecting a business combination consistent with our business objective. In evaluating a prospective target business, we will conduct an extensive due diligence review which will encompass, among other things, a review of all relevant financial and other information which is made available to us. We also seek to have all owners of any prospective target business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account. If any prospective business or owner refused to execute such agreement, it is unlikely we would continue negotiations with such business or owner.

While we are focused on potential acquisition targets in the energy industry, we may also pursue opportunities in other industries. If an attractive acquisition opportunity is identified in another industry prior to the time we identify an acquisition opportunity in the energy industry, we may pursue such other opportunity. There is no time or date certain or monetary milestone associated with when we may begin looking for acquisition opportunities outside of the energy industry. To the extent we are able to identify multiple acquisition targets and options as to which business or assets to acquire as part of an initial transaction, we will seek to consummate the acquisition which is most attractive and provides the greatest opportunity for creating stockholder value. The determination of which entity is the most attractive will be based on our analysis of a variety of factors, including whether such acquisition would be in the best interests of our securityholders, the purchase price, the terms of the sale, the perceived quality of the assets and the likelihood that the transaction will close. If we are unable to consummate a business combination within the allotted time periods set forth in

this prospectus and in our amended and restated certificate of incorporation, we will liquidate our trust account and any other assets to our public stockholders.

The time and costs required to select and evaluate a particular target business and to structure and complete the business combination cannot presently be ascertained with any degree of certainty. Any costs incurred with respect to the identification and evaluation of a prospective target business with which a business combination is not ultimately completed will result in a loss to us and reduce the amount of capital available to otherwise complete a business combination. While we may pay fees or compensation to third parties for their efforts in introducing us to a potential target business, in no event, however, will we pay any of our existing officers, directors or stockholders or any entity with which they are affiliated any finder's fee or other compensation, including in the form of the company's securities, for services rendered to us or in connection with the consummation of the initial business combination.

Fair market value of target business

The initial target business that we acquire must have a fair market value equal to at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of such acquisition, subject to the redemption rights described below, although we may acquire a target business whose fair market value significantly exceeds 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account). To accomplish this, we may seek to raise additional funds through credit facilities or other secured financings or a private offering of debt or equity securities if such funds are required to consummate such a business combination. To date, we have not had any preliminary discussions, or made any agreements or arrangements, with respect to financing arrangements with any third party.

Prior to entering into an agreement for a target business, the fair market value of such target business will be determined by our board of directors based upon standards generally accepted by the financial community, such as actual and potential sales, earnings and cash flow and book value. If our board is not able to independently determine that the target business has a sufficient fair market value, we will obtain an opinion from an independent investment banking firm which is a member of FINRA and is reasonably acceptable to the representative of the underwriters in our initial public offering, stating whether the fair market value meets the 80.0% of net assets held in the trust account at the time of the acquisition threshold. If such an opinion is obtained, we anticipate distributing copies, or making a copy of such opinion available, to our stockholders. We will not be required to obtain an opinion from a third party as to the fair market value if our board of directors independently determines that the target business complies with the 80.0% threshold unless there is a conflict of interest with respect to the transaction.

To the extent that our business combination consists of the acquisition of assets that do not have historical financial information, and they are refining assets, we will determine whether such business combination has a fair market value of at least 80.0% of the amount in our trust account based on the value of the assets, as determined by the advice of our advisors consistent with industry practice. Such valuation will factor in, among other things, the revenue stream generated from ongoing operations and analysis of recent public transactions providing valuation criteria based on the Nelson Complexity Index and/or valuation based on dollar value per barrel of crude thruput capacity.

Possible lack of business diversification

Our business combination must be with a target business which satisfies the minimum valuation standard at the time of such acquisition, as discussed above. Consequently, we expect to have the ability to effect only a single business combination, although this process may entail the simultaneous acquisitions of several businesses. Therefore, at least initially, the prospects for our success may be entirely dependent upon the future

performance of a single business operation. Unlike other entities that may have the resources to complete several business combinations of entities or assets operating in multiple industries or multiple areas of a single industry, it is probable that we will not have the resources to diversify our operations or benefit from the possible spreading of risks or offsetting of losses. By consummating a business combination with only a single entity or asset, our lack of diversification may:

- subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we may operate subsequent to a business combination; and

- result in our dependency upon the development or market acceptance of a single or limited number of products, processes or services.

In the event we ultimately determine to simultaneously acquire several businesses or assets and such businesses or assets are owned by different sellers, we will need for each of such sellers to agree that our purchase of its business or assets is contingent on the simultaneous closings of the other acquisitions, which may make it more difficult for us, and delay our ability, to complete the business combination. With multiple acquisitions, we could also face additional risks, including additional burdens and costs with respect to possible multiple negotiations and due diligence investigations (if there are multiple sellers) and the additional risks associated with the subsequent assimilation of the businesses or assets into a single operating business.

Limited ability to evaluate the target business's management

Although we intend to closely scrutinize the incumbent management of a prospective target business when evaluating the desirability of effecting a business combination, we cannot assure you that our assessment will prove to be correct. In addition, we cannot assure you that new members that join our management following a business combination will have the necessary skills, qualifications or abilities to manage a public company. Furthermore, the future role of our officers and directors, if any, in the target business following a business combination cannot presently be stated with any certainty. While our current officers and directors may remain associated in senior management or advisory positions with us following a business combination, they may not devote their full time and efforts to our affairs subsequent to a business combination. Moreover, they would only be able to remain with the company after the consummation of a business combination if they are able to negotiate employment or consulting agreements in connection with such business combination, which would be negotiated at the same time as the business combination negotiations are being conducted and which may be a term of the business combination. Such negotiations would take place simultaneously with the negotiation of the business combination and could provide for such individuals to receive compensation in the form of cash payments and/or our securities for services they would render to the company after the consummation of the business combination. While the personal and financial interests of such individuals may influence their motivation in identifying and selecting a target business, the ability of such individuals to remain with the company after the consummation of a business combination will not be the determining factor in our decision as to whether or not we will proceed with any potential business combination. Additionally, we cannot assure you that our officers and directors will have significant experience or knowledge relating to the operations of the particular target business.

Opportunity for stockholder approval of business combination

Prior to the completion of our business combination, we will submit the transaction to our stockholders for approval, even if the nature of the acquisition is such as would not ordinarily require stockholder approval under applicable state law. In connection with seeking stockholder approval of a business combination, we will also submit to our stockholders for approval a proposal to amend our amended and restated certificate of incorporation to provide for our corporate life to continue perpetually following the consummation of such

business combination. Any vote to extend the corporate life to continue perpetually following the consummation of a business combination will be taken only if the business combination is approved. We will only consummate a business combination if stockholders vote both in favor of such business combination and our amendment to extend our corporate life. Under Delaware law, the approval of the proposal to amend our amended and restated certificate of incorporation to provide for our perpetual existence in connection with a business combination would require the affirmative vote of a majority of the shares of common stock outstanding. In connection with seeking stockholder approval of a business combination, we will furnish our stockholders with proxy solicitation materials prepared in accordance with the Securities Exchange Act of 1934, as amended, which, among other matters, will include a description of the operations of the target business and, if applicable, historical financial statements of a target business.

In connection with the stockholder vote required to approve any business combination, our existing stockholder has agreed to vote all of its shares of common stock owned by it prior to our initial public offering in accordance with a majority of the public stockholders who vote at the special or annual meeting called for the purpose of approving a business combination. Our existing stockholder and our officers and directors have also agreed that if they acquire shares of common stock in or following completion of our initial public offering, they will vote such acquired shares of common stock in favor of a business combination. We will proceed with the business combination only if a majority of the shares of common stock voted by the public stockholders are voted in favor of the business combination and public stockholders owning less than 40.0% of the shares of common stock sold in our initial public offering exercise their redemption rights on a cumulative basis. Voting against the extended period or the business combination alone will not result in redemption of a stockholder's shares of common stock into a pro rata share of the trust account. Such stockholder must have also exercised its redemption rights described below.

Redemption rights

At the time we seek stockholder approval of the extended period or of the initial business combination, we will offer to each public stockholder the right to have such stockholder's shares of common stock redeemed for cash if the stockholder votes against the extended period or the business combination and the amendment to our amended and restated certificate of incorporation is approved and filed with the Secretary of State of Delaware or the business combination is approved and completed. The actual per-share redemption price will be equal to the amount in the trust account, inclusive of any interest income earned on the trust account (but net of: (i) taxes payable on the interest income and State of Delaware franchise taxes and (ii) up to $3,700,000 of interest income released to us to fund our working capital, divided by the number of shares of common stock sold in our initial public offering). Without taking into account interest earned on the trust account or taxes payable on such interest, the initial per-share redemption price would be approximately $9.97. Because the initial per share redemption price is $9.97 per share (plus any interest earned on the trust account but net of: (i) taxes payable on the interest income and State of Delaware franchise taxes and (ii) up to $3,700,000 of interest income released to us to fund our working capital), which may be lower than the market price of the common stock on the date of the redemption, there may be a disincentive on the part of public stockholders to exercise their redemption rights.

If a business combination is approved, stockholders that vote against the extended period or the business combination and elect to redeem their shares of common stock for cash will be entitled to receive their pro-rata portion of the $15,750,000 ($.35 per share) of the underwriters' deferred underwriting compensation held in the trust account along with any accrued interest thereon, net of taxes payable thereon.

Whether the redemption threshold is exceeded will be determined by adding the percentage of public stockholders that redeem their shares of common stock in connection with the approval of the extended period to the percentage of public stockholders that redeem their shares of common stock in connection with a proposed business combination. In the event that 40.0% or more of the public stockholders vote against a proposal to approve the extended period and exercise their redemption rights, our corporate life will not be extended and our company's existence will be terminated if we cannot consummate a business combination within the appropriate time period. If

the extended period is approved and less than 40.0% of our public stockholders vote against the extended period and exercise their redemption rights (or if we never solicit stockholder approval of an extended period), then we shall proceed with a business combination if, in addition to other necessary approvals, the number of public stockholders voting against the proposed business combination and exercising their redemption rights does not exceed 40.0% of the number of shares held by our public stockholders on a cumulative basis with the stockholders who previously exercised their redemption rights in connection with the proposal to approve the extended period, if applicable.

An eligible stockholder may request redemption at any time after the mailing to our stockholders of the proxy statement prior to the vote taken with respect to the extended period or a proposed business combination at a meeting held for that purpose, but the request will not be granted unless the stockholder votes against the extended period or the business combination and the amendment to our amended and restated certificate of incorporation is approved and filed with the Secretary of State of Delaware or the business combination is approved and completed. Additionally, we may require public stockholders, whether they are a record holder or hold their shares in "street name," to either tender their certificates to our transfer agent at any time through the vote on the extended period or the business combination or to deliver their shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, at the holder's option. The proxy solicitation materials that we will furnish to stockholders in connection with the vote for the extended period or any proposed business combination will indicate whether we are requiring stockholders to satisfy such certification and delivery requirements. Accordingly, a stockholder would have from the time we send out our proxy statement through the vote on the extended period or the business combination to tender his shares if he wishes to seek to exercise his redemption rights. This time period varies depending on the specific facts of each transaction. However, as the delivery process can be accomplished by the stockholder, whether or not he is a record holder or his shares are held in "street name," in a matter of hours by simply contacting the transfer agent or his broker and requesting delivery of his shares through the DWAC System, we believe this time period is sufficient for an average investor. However, because we do not have any control over this process, it may take significantly longer than we anticipated. Traditionally, in order to perfect redemption rights in connection with a blank check company's business combination, a holder could simply vote against a proposed business combination and check a box on the proxy card indicating such holder was seeking to redeem. After the business combination was approved, the company would contact such stockholder to arrange for him to deliver his certificate to verify ownership. As a result, the stockholder then had an "option window" after the consummation of the business combination during which he could monitor the price of the stock in the market. If the price rose above the redemption price, he could sell his shares in the open market before actually delivering his shares to the company for cancellation. The requirement for physical or electronic delivery prior to the meeting ensures that a redeeming holder's election to redeem is irrevocable once the extended period or the business combination is approved. There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker $35.00 and it would be up to the broker whether or not to pass this cost on to the redeeming holder. However, this fee would be incurred regardless of whether or not we require holders seeking to exercise redemption rights to tender their shares prior to the meeting. The need to deliver shares is a requirement of redemption regardless of the timing of when such delivery must be effectuated. However, in the event we require holders seeking to exercise redemption rights to tender their shares prior to the meeting and the extended period is not approved or the proposed business combination is not consummated (and therefore we would not be obligated to redeem the tendered shares), this may result in an increased cost to stockholders when compared to the traditional process if the tendering broker passes the cost on to the redeeming holder.

Any request for redemption, once made, may be withdrawn at any time up to the date of the meeting. Furthermore, if a stockholder delivered his certificate for redemption and subsequently decided prior to the meeting not to elect redemption, he may simply request that the transfer agent return the certificate (physically or electronically). It is anticipated that the funds to be distributed to stockholders entitled to redeem their shares who elect redemption will be distributed promptly after the filing of an amendment to our amended and restated certificate of incorporation with the Secretary of State of Delaware or the completion of a business combination, as the case may be. Public stockholders who redeem their stock into their share of the trust account still have the right to exercise any warrants they still hold.

If, notwithstanding a stockholder's vote, the extended period is approved or the proposed business combination is consummated, then such stockholder will be entitled to receive $9.97 per share plus interest earned on the trust account (net of: (i) taxes payable on the interest earned on the trust account and State of Delaware franchise taxes and (ii) up to $3,700,000 of interest income released to us to fund our working capital) as of date which is two business days prior to the filing of an amendment to our amended and restated certificate of incorporation with the Secretary of State of Delaware or the proposed consummation of the business combination. If a stockholder exercises his redemption rights, then he will be exchanging his shares of our common stock for cash and will no longer own these shares of common stock.

If a vote on our initial business combination is held and the business combination is not approved, we may continue to try to consummate a business combination with a different target until December 11, 2009 or until June 11, 2010 in the event our stockholders approve the extended period. If the extended period is not approved or the initial business combination is not approved or completed for any reason, then public stockholders voting against our initial business combination who exercised their redemption rights would not be entitled to redeem their shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account. In such case, if we have required public stockholders to tender their certificates prior to the meeting, we will promptly return such certificates to the tendering public stockholder. Public stockholders would be entitled to receive their pro rata share of the aggregate amount on deposit in the trust account only in the event that the extended period they voted against is approved and an amendment to our amended and restated certificate of incorporation is filed with the Secretary of State of Delaware or the initial business combination they voted against was duly approved and subsequently completed, or in connection with our liquidation. If a stockholder redeems his shares of common stock, he will still have the right to exercise the warrants received as part of the units purchased in the offering in accordance with the terms hereof. If the extended period is not approved or the proposed business combination is not consummated then a stockholder's shares will not be redeemed for cash, even if such stockholder elected to redeem.

Liquidation if no business combination

Our amended and restated certificate of incorporation provides that we will continue in existence only until December 11, 2009. This provision may not be amended except in connection with a proposal to approve the extended period or the consummation of a business combination. If we have not completed a business combination by such date, as extended, our corporate existence will cease except for the purposes of winding up our affairs liquidating, pursuant to Section 278 of the Delaware General Corporation Law. This has the same effect as if our board of directors and stockholders had formally voted to approve our dissolution pursuant to Section 275 of the Delaware General Corporation Law. Accordingly, limiting our corporate existence to a specified date as permitted by Section 102(b)(5) of the Delaware General Corporation Law removes the necessity to comply with the formal procedures set forth in Section 275 (which would have required our board of directors and stockholders to formally vote to approve our dissolution and liquidation and to have filed a certificate of dissolution with the Delaware Secretary of State). We view this provision terminating our corporate existence on December 11, 2009 or June 11, 2010 in the event the stockholders approve the extended period as an obligation to our stockholders and our officers and directors have agreed they will not propose, or vote in favor of, any amendment to these provisions other than in connection with a proposal to approve the extended period or the consummation of a business combination.

A liquidation after our existence terminates by operation of law would occur in the event that a business combination is not consummated by December 11, 2009 or June 11, 2010 in the event our public stockholders approve the extended period. In the event we liquidate after termination of our existence, we anticipate notifying the trustee of the trust account to begin liquidating such assets promptly after such date and anticipate it will take no more than 10 business days to effectuate such distribution.

United Refining, Inc., our sponsor, has waived its right to participate in any distribution with respect to shares of common stock owned by it immediately prior to our initial public offering or upon our dissolution and

Source: United Refining Ener, 10-K, December 01, 2008

liquidation if we fail to consummate a business combination, including with respect to the common stock underlying all warrants it owns. There will be no distribution with respect to our warrants which will expire worthless. We expect that all costs associated with the implementation and completion of our liquidation will be funded by any remaining net assets outside of the trust account although we cannot assure you that there will be sufficient funds for such purpose. If such funds are insufficient, our sponsor has agreed to advance us the funds necessary to complete such liquidation (currently anticipated to be no more than approximately $15,000) in the case of a liquidation after our termination of existence by operation of law on December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period and has agreed not to seek repayment for such expenses.

If we were to expend all of the net proceeds of this offering, other than the proceeds deposited in the trust account, and without taking into account interest, if any, earned on the trust account, the initial per-share liquidation price would be approximately $9.97 (of which approximately $0.35 per share is attributable to the underwriters' deferred underwriting compensation), or $0.03 less than the per-unit offering price of $10.00 in our initial public offering. There can be no assurance that any redeeming stockholder will receive equal to or more than his, her or its full invested amount. The proceeds deposited in the trust account could, however, become subject to the claims of our creditors which would have higher priority than the claims of our public stockholders. We cannot assure you that the actual per-share liquidation price will not be less than approximately $9.97, plus interest (net of: (i) taxes payable on the interest income and State of Delaware franchise taxes and (ii) up to $3,700,000 of interest income released to us to fund our working capital), due to claims of creditors. Although we will seek to have all vendors, service providers, prospective target businesses or other entities we engage execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements or even if they execute such agreements that they would be prevented from bringing claims against the trust account including but not limited to fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in the trust account. If any third party refused to execute an agreement waiving such claims to the monies held in the trust account, we will perform an analysis of the alternatives available to us if we chose not to engage such third party and evaluate if such engagement would be in the best interest of our stockholders if such third party refused to waive such claims. Examples of possible instances where we may engage a third party that refused to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a provider of required services willing to provide the waiver. In any event, our management will perform an analysis of the alternatives available to it and would only enter into an agreement with a third party that did not execute a waiver if management believed that such third party's engagement would be significantly more beneficial to us than any alternative. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason.

In order to protect the amounts held in the trust account, our sponsor, United Refining, Inc., has agreed to indemnify us for claims of creditors, vendors, service providers and target businesses that have not executed a valid and binding waiver of their right to seek payment of amounts due to them out of the trust account to the extent necessary to maintain $9.97 per share in the trust account. Additionally, the underwriters of our initial public offering have agreed to forfeit any rights or claims against the proceeds held in the trust account which includes a portion of their underwriters' discount. Based on information we have obtained from our sponsor, we currently believe that our sponsor is of substantial means and capable of funding a shortfall in our trust account, even though we have not asked it to reserve for such an eventuality. We cannot assure you, however, the sponsor would be able to satisfy those obligations.

In the event that the proceeds in the trust account are reduced and our sponsor asserts that it is unable to satisfy its obligations or that it has no indemnification obligations related to a particular claim, our independent

Source: United Refining Ener, 10-K, December 01, 2008

directors will determine whether to take legal action against our sponsor to enforce its indemnification obligations. While we currently expect that our independent directors would take legal action on our behalf against our sponsor to enforce its indemnification obligations to us, it is possible that our independent directors in exercising their business judgment may choose not to do so in any particular instance. Accordingly, we cannot assure you that due to claims of creditors the actual per share liquidation price will not be less than $9.97 per share.

We will seek to reduce the possibility that our sponsor will have to indemnify the trust account due to claims of creditors by endeavoring to have all vendors, service providers and prospective target businesses as well as other entities execute agreements with us waiving any right, title, interest or claim of any kind in or to monies held in the trust account. We also will have access to up to $3,850,000 (comprised of $150,000 of offering proceeds held outside of the trust account and up to $3,700,000 of interest income (net of taxes payable on the interest income and State of Delaware franchise taxes) with which to pay any such potential claims (including costs and expenses incurred in connection with our liquidation after the termination of our existence by operation of law on December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period, currently estimated at up to $15,000). In the event we obtain a valid and enforceable waiver of any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our stockholders from a vendor, service provider, prospective target business or other entity, the indemnification from our sponsor will not be available. In the event that we liquidate and it is subsequently determined that the reserve for claims and liabilities is insufficient, stockholders who received a return of funds from the liquidation of our trust account could be liable for claims made by creditors.

Under the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures set forth in Section 280 of the Delaware General Corporation Law intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, as stated above, if we do not effect a business combination by December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after such time period and, therefore, we do not intend to comply with those procedures. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them and any liability of our stockholders may extend well beyond the third anniversary of such date. Because we will not be complying with Section 280, Section 281(b) of the Delaware General Corporation Law requires us to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any claims of creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to our distributing the funds in the trust account to our public stockholders. We have not assumed that we will have to provide for payment on any claims that may potentially be brought against us within the subsequent 10 years due to the speculative nature of such an assumption. However, because we are a blank check company, rather than an operating company, and our operations are limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as accountants, lawyers, investment bankers, etc.) or potential target businesses. As described above, pursuant to the obligation contained in our underwriting agreement, we will seek to have all vendors, service providers and prospective target businesses execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account. As a result of this obligation, the claims that could be made against us are significantly limited and the likelihood that any claim that would result in any liability extending to the trust account is remote.

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders at least $9.97 per share. Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders promptly after the termination of our corporate existence, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Furthermore, our board may be viewed as having breached its fiduciary duty to our creditors and/or may have acted in bad faith, and thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

Our public stockholders will be entitled to receive funds from the trust account only in the event of our liquidation or if they seek to redeem their respective shares of common stock into cash upon the approval of the extended period or a business combination which the stockholder voted against and which is filed with the Secretary of State of Delaware or which is completed by us. In no other circumstances will a stockholder have any right or interest of any kind to or in the trust account. Voting against the extended period or the business combination alone will not result in redemption of a stockholder's shares of common stock into a pro rata share of the trust account. Such stockholder must have also exercised its redemption rights described above.

Competition

We have encountered intense competition from other entities having a business objective similar to ours, including other blank check companies and other entities, domestic and international, competing for the type of businesses that we may intend to acquire. Many of these individuals and entities are well established and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to the energy industry. Many of these competitors possess greater technical, human and other resources, or more local industry knowledge, than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. Our ability to compete with respect to large acquisitions is limited by our available financial resources, giving a competitive advantage to other acquirers with greater resources.

Our competitors may adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, the number of entities and the amount of funds competing for suitable investment properties, assets and entities may increase, resulting in increased demand and increased prices paid for such investments. If we pay higher prices for a target business, our profitability may decrease and we may experience a lower return on our investments. Increased competition may also preclude us from acquiring those properties, assets and entities that would generate the most attractive returns to us.

Further, the following may not be viewed favorably by certain target businesses:

- our obligation to seek stockholder approval of a business combination or obtain the necessary financial information to be included in the proxy statement to be sent to stockholders in connection with such business combination may delay or prevent the completion of a transaction;
- our obligation to redeem into cash shares of common stock held by our public stockholders in certain instances may reduce the resources available to us for a business combination;
- the requirement to acquire assets or an operating business that has a fair market value equal to at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting

compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of the acquisition could require us to acquire several assets or closely related operating businesses at the same time, all of which sales would be contingent on the closings of the other sales, which could make it more difficult to consummate the business combination; and

- our outstanding warrants and the potential future dilution they represent, may not be viewed favorably by certain target businesses.

If we succeed in effecting a business combination, there will be, in all likelihood, intense competition from competitors of the target business. We cannot assure you that, subsequent to a business combination, we will have the resources or ability to compete effectively.

Facilities

We maintain our principal executive offices at 823 Eleventh Avenue, New York, New York 10019. We consider our current office space, combined with the other office space otherwise available to our executive officers, adequate for our current operations.

Employees

We have four executive officers: John A. Catsimatidis, Myron L. Turfitt, James E. Murphy and John R. Wagner. None of our officers, on all of whom we will be dependant upon prior to effecting a business combination, have entered into employment agreements with us and none are obligated to devote any specific number of hours to our matters and intend to devote only as much time as they deem necessary to our affairs. The amount of time they devote in any time period will vary based on whether we are in the process of (i) seeking a potential target business, or (ii) performing due diligence on one or more target businesses or (iii) completing the business combination for a selected target business. Our officers may spend more time than others, or no time at all, on the various phases of the acquisition process depending on their competing time requirements apart from our business and their particular areas of expertise. We do not intend to have any full time employees prior to the consummation of a business combination.

ITEM 1A. RISK FACTORS.

Investing in our securities involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus before making a decision to invest in our units. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occur, our business, financial conditions or results of operating may be materially and adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Risks Related to Our Current Business

We are a development stage company with no operating history and, accordingly, you will not have any basis on which to evaluate our ability to achieve our business objective.

We are a development stage company with no operating results to date. Since we do not have any operations or an operating history, you have no basis upon which to evaluate our ability to achieve our business objective, which is to acquire one or more operating businesses or assets with a particular focus on businesses or assets involved in the refining of petroleum products, but will not be limited to pursuing acquisition opportunities only within that industry. We have no plans, arrangements or understandings with any prospective target business with respect to a business combination. We will not generate any revenues or income until, at the earliest, after the

consummation of a business combination. We cannot assure you as to when or if a business combination will occur. We have no present revenue and will not generate any revenues until, at the earliest, after the completion of a business combination. If we expend all of the proceeds from our initial public offering not held in trust and interest income earned of up to $3.7 million (net of income taxes on such interest and State of Delaware franchise taxes) on the balance of the trust account that may be released to us to fund our working capital requirements in seeking an initial business combination, but fail to complete such a combination, we will never generate any operating revenues.

We may not be able to consummate a business combination within the required timeframe, in which case, we will be forced to liquidate.

Pursuant to our amended and restated certificate of incorporation, we will continue in existence only until December 11, 2009 or, in the event our stockholders approve the extended period, then only until June 11, 2010. If we fail to consummate a business combination within the required time frame, our corporate existence will, in accordance with our amended and restated certificate of incorporation, cease except for the purposes of winding up our affairs and liquidating. We may not be able to find a suitable target business within the required time frame. In addition, our negotiating position and our ability to conduct adequate due diligence on any potential target may be reduced as we approach the deadline for the consummation of a business combination. We view these provisions as obligations to our stockholders and our officers and directors have agreed they will not propose, or vote in favor of, any amendment to this provision other than in connection with the proposal to approve the extended period or in connection with a business combination. In addition, we will not support, directly or indirectly, or in any way endorse or recommend, that stockholders approve an amendment or modification to such provision if it does not appear we will be able to consummate a business combination within the foregoing time periods. United Refining Inc., our sponsor, has waived its rights to participate in any liquidation distribution with respect to the shares of common stock owned by it prior to our initial public offering, including the shares of common stock underlying the warrants it owns. There will be no distribution from the trust account with respect to our warrants which will expire worthless. We will pay the costs of liquidation, which we currently estimate to be up to $15,000, from our remaining assets outside of the trust account. In addition, our sponsor has agreed to indemnify us for all claims of creditors to the extent that we fail to obtain valid and enforceable waivers from vendors, service providers, prospective target business or other entities in order to protect the amounts held in trust.

Unlike other blank check companies, we are permitted, pursuant to our amended and restated certificate of incorporation, to seek to extend the date before which we must complete an initial business combination to 30 months. As a result, your funds may be held in the trust account for up to thirty months.

Unlike other blank check companies, if we have entered into a definitive agreement but anticipate that we will not be able to consummate a business combination by December 11, 2009, we shall seek to extend the date before which we must complete our business combination, to avoid being required to liquidate, to June 11, 2010 by calling a special meeting of our stockholders for the purpose of soliciting their approval for such extension. If the proposal for the extension to June 11, 2010 is approved by our stockholders, we will have an additional 6 months within which to complete our initial business combination. As a result we may be able to hold your funds in the trust account for up to 30 months from the date our initial public offering was consummated and thus delay the receipt by you of your funds from the trust account on redemption in connection with a proposed business combination or liquidation.

You will not have any rights or interest in funds from the trust account, except under certain limited circumstances.

Our public stockholders will be entitled to receive funds from the trust account only in the event of our liquidation or if they seek to redeem their respective shares of common stock into cash upon the approval of the extended period the stockholder voted against and the filing of an amendment to our amended and restated

certificate of incorporation with the Secretary of State of Delaware or upon a business combination which the stockholder voted against and which is completed by us. In no other circumstances will a stockholder have any right or interest of any kind in the trust account.

If we are forced to liquidate before the completion of a business combination and distribute the trust account, our public stockholders may receive significantly less than $9.97 per share.

Our placing of funds in the trust account may not protect those funds from third party claims against us. Although we seek to have all vendors, target businesses, prospective target businesses or other entities we engage execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements, or even if they execute such agreements that they would be prevented from bringing claims against the trust account including, but not limited to, fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain advantage with a claim against our assets, including the funds held in the trust account. If any third party refused to execute an agreement waiving such claims to the monies held in the trust account, we will perform an analysis of the alternatives available to us if we chose not to engage such third party and evaluate if such engagement would be in the best interest of our stockholders if such third party refused to waive such claims. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and not seek recourse against the trust account for any reason. Accordingly, the proceeds held in the trust account could be subject to claims that could take priority over the claims of our public stockholders and the per-share liquidation price could be less than the $9.97 per share held in the trust account, plus interest (net of any taxes due on such interest and franchise taxes payable to the State of Delaware, which taxes shall be paid from the trust account, and any other amounts released to us described elsewhere in this prospectus), due to claims of such creditors. United Refining, Inc., our sponsor, has agreed to indemnify and hold us harmless against liabilities, claims, damages and expenses to which we may become subject as a result of any claim by any target business, prospective target business, vendor or other entity owed money by us for services rendered or products sold to us to the extent necessary to ensure that such claims do not reduce the amount in the trust account. We cannot assure you that our sponsor will be able to satisfy those obligations. The indemnification provisions are set forth in the insider letter executed by our sponsor in connection with our initial public offering.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account we cannot assure you we will be able to return to our public stockholders the liquidation amounts due them.

Our independent directors may decide not to enforce the indemnification obligations of United Refining, Inc., our sponsor, resulting in a reduction in the amount of funds in the trust account available for distribution to our public stockholders upon liquidation.

United Refining, Inc., our sponsor, has agreed to indemnify and hold us harmless against liabilities, claims, damages and expenses to which we may become subject as a result of any claim by any target business, prospective target business, vendor or other entity owed money by us for services rendered or products sold to us to the extent necessary to ensure that such claims do not reduce the amount in the trust account. In the event that the proceeds in the trust account are reduced and our sponsor asserts that it is unable to satisfy its obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether we would take legal action against our sponsor to enforce its indemnification obligations. While we currently expect that our independent directors would take action on our behalf against our sponsor to enforce its indemnification obligations, it is possible that our independent directors in exercising their business judgment may choose not to do so in a particular instance. If our independent directors choose not to enforce the indemnification obligations of our sponsor, the amount of funds in the trust account available for distribution to our public stockholders may be reduced and the per share liquidation distribution could be less that the initial $9.97 per share.

If we are forced to liquidate before a business combination, our warrants will expire worthless.

If we are unable to complete a business combination and are forced to liquidate the trust account, there will be no distribution with respect to our outstanding warrants and, accordingly, the warrants will expire worthless.

If we are unable to consummate a business combination, our public stockholders will be forced to wait the full 24 months or, if a public stockholder approves the extended period, then the full 30 months, before receiving liquidation distributions.

We have 24 months from the date of the prospectus relating to our initial public offering or, in the event our stockholders approve the extended period, we have 30 months from such date in which to complete a business combination. We have no obligation to return funds to investors prior to such date unless we consummate a business combination prior thereto and only then in cases where investors have sought redemption of their shares. Only after the expiration of this full time period will public stockholders be entitled to liquidation distributions if we are unable to complete a business combination. Accordingly, investors' funds may be unavailable to them until such date.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

Subject to there being a current prospectus under the Securities Act of 1933, as amended, with respect to the common stock issuable upon exercise of the warrants, we may redeem the warrants issued as a part of our units sold in our initial public offering at any time after the warrants become exercisable in whole and not in part, at a price of $.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds $14.25 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption. In addition, we may not redeem the warrants unless the warrants comprising the units sold in our initial public offering and the shares of common stock underlying those warrants are covered by an effective registration statement from the beginning of the measurement period through the date fixed for the redemption.

Redemption of the warrants could force the warrant holders (i) to exercise the warrants and pay the exercise price at a time when it may be disadvantageous for the holders to do so, (ii) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants, or (iii) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants. We expect most purchasers of our warrants will hold their securities through one or more intermediaries and consequently you are unlikely to receive notice directly from us that the warrants are being redeemed. If you fail to receive notice of redemption from a third party and your warrants are redeemed for nominal value, you will not have recourse to us.

Although we are required to use our best efforts to have an effective registration statement covering the issuance of the shares of common stock underlying the warrants at the time that our warrant holders exercise their warrants, we cannot guarantee that a registration statement will be effective, in which case our warrant holders may not be able to exercise our warrants and therefore the warrants could expire worthless.

Holders of our warrants will be able to exercise the warrants only if (i) a current registration statement under the Securities Act of 1933 relating to the shares of our common stock underlying the warrants is then effective and (ii) such shares of common stock are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of warrants reside. Although we have undertaken in the Warrant Agreement, and therefore have a contractual obligation, to use our best efforts to maintain a current registration statement covering the shares of common stock underlying our public warrants to the extent required by federal securities laws, and we intend to comply with our undertaking, we cannot assure that we will be able to do so. If we are not able to do so, holders will be unable to exercise their warrants and we will not be required

to net-cash settle any such warrant exercise and therefore the warrants could expire worthless. The value of the warrants may be greatly reduced if a registration statement covering the shares of common stock issuable upon the exercise of the warrants is not kept current or if the securities are not qualified, or exempt from qualification, in the states in which the holders of warrants reside. Holders of warrants who reside in jurisdictions in which the shares of common stock underlying the warrants are not qualified and in which there is no exemption will be unable to exercise their warrants and would either have to sell their warrants in the open market or allow them to expire unexercised. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to qualify the underlying securities for sale under all applicable state securities laws.

Unlike other blank check companies, we allow our public stockholders holding up to one share less than 40.0% of the shares sold in our initial public offering on a cumulative basis to exercise their redemption rights if they vote against a proposed business combination presented to stockholders for their approval. This higher threshold will make it easier for us to consummate a business combination with which you may not agree.

When we seek stockholder approval of the extended period or a business combination, we will offer each public stockholder (but not our sponsor with respect to any shares it owned prior to the consummation of our initial public offering) the right to have his, her or its shares of common stock redeemed for cash if the stockholder votes against the business combination (on a cumulative basis with the stockholders who previously exercised their redemption rights in connection with the stockholder vote required to approve the extended period, if any) and the business combination is approved and consummated. We will consummate the initial business combination only if the following two conditions are met: (i) a majority of the shares of common stock voted by the public stockholders are voted in favor of the business combination and (ii) public stockholders owning 40.0% or more of the shares sold in our initial public offering do not vote against the business combination and exercise their redemption rights on a cumulative basis with the stockholders who previously exercised their redemption rights in connection with the stockholder vote required to approve the extended period. Most other blank check companies have a redemption threshold of 20.0%, which makes it more difficult for such companies to consummate their initial business combination. Thus, because we permit a larger number of stockholders to exercise their redemption rights, it will be easier for us to consummate an initial business combination with a target business which you may believe is not suitable for us.

Unlike other blank check companies, we allow our public stockholders holding up to one share less than 40.0% of shares of common stock sold in our initial public offering on a cumulative basis to exercise their redemption rights if they vote against a proposed business combination presented to stockholders for their approval. The ability of a larger number of our stockholders to exercise their redemption rights may not allow us to consummate the most desirable business combination or optimize our capital structure.

Unlike other blank check offerings which have a 20.0% threshold, we allow our public stockholders holding up to one share less than 40.0% of the shares sold in our initial public offering to exercise their redemption rights (on a cumulative basis with the stockholders who previously exercised their redemption rights in connection with the stockholder vote required to approve the extended period, if any). However, we still must acquire a business or assets with a fair market value equal to at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest accrued thereon held, net of taxes payable, in the trust account). Accordingly, if our business combination requires us to use substantially all of our cash to pay the purchase price, because we will not know how many stockholders may exercise such redemption rights, we may either need to reserve part of the trust account for possible payment upon such redemption, or we may need to arrange third party financing to help fund our business combination in case a larger percentage of stockholders exercise their redemption rights than we expect. In the event that the acquisition involves the issuance of our stock as consideration, we may be required to issue a higher percentage of our stock to make up for a shortfall in funds. Raising additional funds to cover any shortfall may involve dilutive equity financing or incurring indebtedness at higher than desirable levels. This may limit our ability to effectuate the most attractive business combination available to us.

Exercise of redemption rights must be effected pursuant to a specific process which may take time to complete and may result in the expenditure of funds by stockholders seeking redemption.

A stockholder requesting redemption of his, her or its shares of common stock for cash may do so at any time after the mailing to our stockholders of the proxy statement and prior to the vote taken with respect to a proposal to approve the extended period or a proposed business combination. A stockholder would have from the time we send out our proxy statement through the vote on a proposal to approve the extended period or the business combination to tender (either electronically or through the delivery of physical stock certificates) his shares of common stock if he, she or it wishes to seek to exercise his, her or its redemption rights, a period which is expected to be not less than 10 days nor more than 60 days. There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker $35.00 and it would be up to the broker whether or not to pass this cost on to the redeeming holder. There may be additional mailing and other nominal charges depending on the particular process used to tender common stock. Although we believe the time period, costs and other potential burdens associated with the tendering process are not onerous for an average investor, this process may result in additional burdens for stockholders, including mis-delivery or any other defect in the tendering process.

Additionally, if a vote on our initial business combination is held and the business combination is not approved, we may continue to try to consummate a business combination with a different target until twenty four months from the date of the prospectus relating to our initial public offering or until thirty months from such date in the event our stockholders approve the extended period. If the extended period or the initial business combination is not approved or completed for any reason, public stockholders voting against such extended period or our initial business combination, as the case may be, who exercised their redemption rights would not be entitled to redeem their shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account. In such case, if we have required public stockholders to tender their certificates prior to the meeting, we will promptly return such certificates to the tendering public stockholder. In such case, they would then have to comply with the tendering process again for any vote against a subsequent business combination.

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

Our amended and restated certificate of incorporation provides that we will continue in existence only until 24 months from the date of the prospectus relating to our initial public offering (or by 30 months from such date in the event our stockholders approve the extended period). If we have not completed a business combination by such date and amended this provision in connection therewith, pursuant to the Delaware General Corporation Law, our corporate existence will cease except for the purposes of winding up our affairs and liquidating. Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures set forth in Section 280 of the Delaware General Corporation Law intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after dissolution and, therefore, we do not intend to comply with those procedures. Because we will not be complying with those procedures, we are required, pursuant to Section 281 of the Delaware General Corporation Law, to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to distributing the funds held in the trust account to stockholders. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our stockholders could potentially be liable for any claims to the extent of

distributions received by them and any liability of our stockholders may extend well beyond the third anniversary of such date. Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us. In the event of our liquidation, we may have to adopt a plan to provide for the payment of claims that may potentially be brought against us, which could result in the per-share liquidation amount to our stockholders being significantly less than $9.97.

In certain circumstances, our board of directors may be viewed as having breached their fiduciary duties to our creditors, thereby exposing itself and our company to claims of punitive damages.

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders promptly after the termination of our existence by operation of law, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Furthermore, our board of directors may be viewed as having breached its fiduciary duty to our creditors and/or may have acted in bad faith, thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

If the net proceeds of our initial public offering not being placed in the trust account together with interest earned on the trust account available to us are insufficient to allow us to operate for at least until December 11, 2009 (or June 11, 2010 in the event our stockholders approve the extended period), we may not be able to complete a business combination.

We currently believe that the funds available to us outside of the trust account, together with up to $3,700,000 of interest earned on the trust account that may be released to us will be sufficient to allow us to operate for at least until December 11, 2009 (or June 11, 2010 in the event our stockholders approve the extended period), assuming that a business combination is not consummated during that time. Based upon the experience of the members of our board and consultation with them regarding a reasonable budget for consummating a transaction of this kind and nature, and a review of budgets publicly disclosed by blank-check companies, we determined that this was an appropriate approximation of the expenses. If costs are higher than expected we might not have sufficient funds to continue searching for, or conduct due diligence with respect to, any potential target businesses. In such event, we would need to obtain additional funds from our initial stockholder or another source to continue operating. We could use a portion of these funds to pay due diligence costs in connection with a potential business combination or to pay fees to consultants to assist us with our search for a target business. We could also use a portion of these funds as a down payment, "reverse break-up fee" (a provision in a merger agreement designed to compensate the target for any breach by the buyer which results in a failure to close the transaction), or to fund a "no-shop" provision (a provision in letters of intent designed to keep target businesses from "shopping" around for transactions with others on terms more favorable to such target businesses) with respect to a particular proposed business combination. If we entered into such a letter of intent where we paid for the right to receive exclusivity from a target business and were subsequently required to forfeit such funds (whether as a result of our breach or otherwise) or if we agree to a reverse break-up fee and subsequently were required to pay such fee as a result of our breach of the merger agreement, we might not have sufficient funds to continue searching for, or conduct due diligence with respect to any other potential target businesses. In such event, we would need to obtain additional funds from our initial stockholders or another source to continue operations.

Our current officers and directors may resign upon consummation of a business combination.

Upon consummation of a business combination, the role of our existing officers and directors in the target business cannot presently be fully ascertained. While it is possible that one or more of our existing officers and

directors will remain in senior management or as directors following a business combination, we may employ other personnel following the business combination. If we acquire a target business in an all cash transaction, it would be more likely that our existing officers and our directors would remain with us if they chose to do so. If a business combination were structured as a merger whereby the stockholders of the target company were to control the combined company, following a business combination, it may be less likely that our existing officers or directors would remain with the combined company unless it was negotiated as part of the transaction via the acquisition agreement, an employment agreement or other arrangement.

Negotiated retention of officers and directors after a business combination may create a conflict of interest.

If, as a condition to a potential business combination, our existing officers negotiate to be retained after the consummation of the business combination, such negotiations may result in a conflict of interest. The ability of such individuals to remain with us after the consummation of a business combination will not be the determining factor in our decision as to whether or not we will proceed with any potential business combination. In making the determination as to whether current management should remain with us following the business combination, we will analyze the experience and skill set of the target business' management and negotiate as part of the business combination that our existing officers and directors remain if it is believed that it is in the best interests of the combined company after the consummation of the business combination. Although we intend to closely scrutinize any additional individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct.

There may be tax consequences associated with our acquisition, holding and disposition of target companies and assets.

We may incur significant taxes in connection with effecting acquisitions; holding, receiving payments from, and operating target companies and assets; and disposing of target companies and assets.

Because any target business with which we attempt to complete a business combination will be required to provide our stockholders with financial statements prepared in accordance with and reconciled to United States generally accepted accounting principles, the pool of prospective target businesses may be limited.

In accordance with the requirements of United States federal securities laws, in order to seek stockholder approval of a business combination, a proposed target business will be required to have certain financial statements which are prepared in accordance with, or which can be reconciled to U.S. generally accepted accounting principles and audited in accordance with U.S. generally accepted auditing standards. To the extent that a proposed target business does not have financial statements which have been prepared with, or which can be reconciled to, U.S. GAAP, and audited in accordance with the Standards of the PCAOB, a likely possibility if we consider a business combination with a proposed target business operating in the international energy industry, we will not be able to acquire that proposed target business. These financial statement requirements may limit the pool of potential target businesses.

We may consummate a business combination with a company in the energy industry, with a particular focus on businesses or assets involved in the refining of petroleum products, but will not be limited to pursuing acquisition opportunities only within that industry. As we have not currently selected any target business with which to complete a business combination, our stockholders are unable to currently ascertain the merits or risks of the industry to target business' operations.

We may consummate a business combination with a company in the energy industry, with a particular focus on businesses or assets involved in the refining of petroleum products, but will not be limited to pursing acquisition opportunities only within that industry. We may also pursue opportunities in other industries involving businesses outside of management's expertise. Accordingly, there is no current basis for you to evaluate the possible merits or

risks of the particular industry in which we may ultimately consummate a business combination. As we have not yet identified a prospective target business, our stockholders have no current basis to evaluate the possible merits or risks of the target business' operations until we provide proxy materials to our stockholders in connection with a proposed business combination. To the extent we complete a business combination with a financially unstable company or an entity in its development stage, we may be affected by numerous risks inherent in the business operations of those entities. Although our management will endeavor to evaluate the risks inherent in a particular target business, we cannot assure you that we will properly ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our securities will not ultimately prove to be less favorable to our stockholders than a direct investment, if an opportunity were available, in a target business.

Because of our limited resources and the significant competition for business combination opportunities, including numerous companies with a business plan similar to ours, it may be more difficult for us to complete a business combination.

We have and we expect to continue to encounter intense competition from other entities having a business objective similar to ours, including private investors (which may be individuals or investment partnerships), other blank check companies, and other entities, domestic and international, competing for the type of businesses that we may intend to acquire. Many of these individuals and entities are well established and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to the energy industry. Many of these competitors possess greater technical, human and other resources, or more local industry knowledge, than we do and our financial resources are relatively limited when contrasted with those of many of these competitors. While we believe that there are numerous target businesses that we could potentially acquire, our ability to compete with respect to the acquisition of certain target businesses that are sizable is limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Furthermore, the obligation we have to seek stockholder approval of a business combination may delay the consummation of a transaction. Additionally, our outstanding warrants and the future dilution they potentially represent may not be viewed favorably by certain target businesses. Also, our obligation to redeem for cash the shares of common stock in certain instances may reduce the resources available for a business combination. Any of these obligations may place us at a competitive disadvantage in successfully negotiating a business combination.

We cannot assure you we will be able to successfully compete for an attractive business combination. Additionally, because of this competition, we cannot assure you we will be able to effectuate a business combination within the prescribed time period. If we are unable to consummate a business combination within the prescribed time period, we will be forced to liquidate.

You will not be entitled to protections normally afforded to investors of blank check companies.

We may be deemed to be a "blank check" company under the United States securities laws. However, since we have net tangible assets in excess of $5,000,000 and we filed a Current Report on Form 8-K with the SEC upon consummation of our initial public offering including an audited balance sheet demonstrating this fact, we are exempt from rules promulgated by the SEC to protect investors of blank check companies such as Rule 419. Accordingly, investors will not be afforded the benefits or protections of those rules, such as entitlement to all the interest earned on the funds deposited in the trust account. Because we are not subject to these rules, including Rule 419, our units were immediately tradable and we have a longer period of time to complete a business combination in certain circumstances than we would if we were subject to such rule.

Since we have not yet selected any target business with which to complete a business combination, we are unable to currently ascertain the merits or risks of the business' operations and investors will be relying on management's ability to source business transactions.

Because we have not yet identified a prospective target business, our stockholders currently have no basis to evaluate the possible merits or risks of the target business. Although our management will evaluate the risks

inherent in a particular target business, we cannot assure you that they will properly ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our securities will ultimately prove to be more favorable to investors than a direct investment, if such opportunity were available, in a target business. Except for the limitation that a target business have a fair market value of at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of the acquisition, we will have virtually unrestricted flexibility in identifying and selecting a prospective acquisition candidate. Our stockholders are relying on management's ability to source business transactions, evaluate their merits, conduct or monitor diligence and conduct negotiations.

We may issue shares of our capital stock to complete a business combination, which would reduce the equity interest of our stockholders and likely cause a change in control of our ownership.

Our amended and restated certificate of incorporation authorizes the issuance of up to 150,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share. There are 30,650,000 authorized but unissued shares of our common stock available for issuance and all of the 1,000,000 shares of preferred stock available for issuance. Although we have no current commitment, we are likely to issue a substantial number of additional shares of our common or preferred stock, or a combination of common and preferred stock, to complete a business combination. The issuance of additional shares of our common stock or any number of shares of our preferred stock:

- may significantly reduce the equity interest of our stockholders;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded to the holders of our common stock;
- will likely cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely will also result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our common stock.

We may issue notes or other debt securities, or otherwise incur substantial debt, to complete a business combination, which may adversely affect our leverage and financial condition.

Although we have no current commitments to issue any notes or other debt securities, or to otherwise incur outstanding debt, we may choose to incur substantial debt to complete a business combination. The incurrence of debt could result in:

- default and foreclosure on our assets if our operating cash flow after a business combination were insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due, if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand;
- covenants that limit our ability to pay dividends on our common stock, to acquire capital assets or make additional acquisitions; and
- our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

We may enter into joint venture arrangements, which are risky since our joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on a co-venturers' financial condition and disputes between us and our co-venturer's.

We may co-invest with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a target business, partnership, joint venture or other entity. In such circumstances, we may not be in a position to exercise sole decision-making authority regarding a target business, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become insolvent or fail to fund their share of required capital contributions. In addition, we would face additional risks, including the additional costs and time required to investigate and otherwise conduct due diligence on potential joint venture partners and to negotiate joint venture agreements. Moreover, the subsequent management and control of a joint venture would entail risks associated with multiple owners and decisions makers. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and distract our officers and/or directors from focusing their time and effort on our business. Consequently, actions by, or disputes with, partners or co-venturers might result in subjecting assets owned by the partnership or joint venture to additional risk. We may also, in certain circumstances, be liable for the actions of our third-party partners or co-venturers. For example, in the future we may agree to guarantee indebtedness incurred by a partnership, joint venture or other entity. Such a guarantee may be on a joint and several basis with our partner or co-venturer in which case we may be liable in the event such party defaults on its guaranty obligation.

Our officers and directors allocate their time to other businesses and ventures, thereby causing conflicts of interest in their determination as to how much time to devote to our affairs. These conflicts could impair our ability to consummate a business combination.

Our officers and directors are not required to commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and other businesses and ventures. We do not intend to have any full time employees prior to the consummation of a business combination. All of our executive officers are engaged in several other business endeavors, including acting as executive officers of our corporate shareholder, and are not obligated to contribute any specific number of hours per week to our affairs. In addition to his business activities, Mr. Catsimatidis is also involved, and may increase his involvement, in various charitable, civic and political activities, including his considering whether to become a possible candidate for the mayor of New York City in November 2009. If our executive officers' other business affairs require them to devote more substantial amounts of time to such affairs and ventures, it could limit their ability to devote time to our affairs and ventures and could impair our ability to consummate a business combination. We cannot assure you that these conflicts will be resolved in our favor.

Our officers, directors and their affiliates currently are, and may in the future become affiliated with, entities engaged in business activities that are similar to those intended to be conducted by us and, accordingly, may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

None of our officers, directors or their affiliates has been or currently is a principal of, or affiliated or associated with, a blank check company. However, all of our officers and directors currently are, and may in the future become affiliated with, additional entities, including other refining entities, that are engaged in business activities similar to those intended to be conducted by us. In particular, John A. Catsimatidis, Myron Turfitt, James E. Murphy and John Wagner are the Chairman, Chief Executive Officer and President, Chief Financial Officer and General Counsel and Secretary, respectively, of our sponsor, United Refining, Inc. Due to these

existing affiliations, they and our other directors may have fiduciary obligations to present potential business opportunities to those entities prior to presenting them to us, which could cause additional conflicts of interest. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

Our ability to successfully effect a business combination and to be successful thereafter is totally dependent upon the efforts of our key personnel, including our officers, directors and others who may not continue with us following a business combination.

Our ability to successfully effect a business combination is dependent upon the efforts of our key personnel. Our key personnel are also officers, directors, and/or members of other entities, to whom we have access on an as needed basis, although there are no assurances that any such personnel will be able to devote either sufficient time, effort or attention to us when we need it. None of our key personnel, including our executive officers have entered into employment or consultant agreements with us. Further, although we presently anticipate that our officers will remain associated in senior management, advisory or other positions with us following a business combination, some or all of the management associated with a target business may also remain in place. As such, our key personnel may not continue to provide services to us after the consummation of a business combination if we are unable to negotiate employment or consulting agreements with them in connection with or subsequent to the business combination, the terms of which would be determined at such time between the respective parties. Such negotiations would take place simultaneously with the negotiation of the business combination and could provide for such individuals to receive compensation in the form of cash payments and/or our securities for services they would render to us after the consummation of the business combination. While the personal and financial interests of such individuals may influence their motivation in identifying and selecting a target business, the ability of such individuals to remain with us after the consummation of a business combination will not be the determining factor in our decision as to whether or not we will proceed with any potential business combination.

We may engage in a business combination with one or more target businesses that have relationships or are affiliated with our existing stockholder, directors or officers, which may raise potential conflicts.

We may engage in a business combination with one or more target businesses that have relationships or are affiliated (as defined in Rule 405 of the Securities Act) with United Refining, Inc., our sponsor, directors or officers, which may raise potential conflicts. Also, the completion of a business combination between us and an entity owned by a business in which one of our directors or officers may have an interest could enhance their prospects for future business from such client. To minimize potential conflicts of interest, we have agreed not to consummate a business combination with an entity that is affiliated with our sponsor unless we obtain an opinion from an independent investment banking firm that is a member of the FINRA and is reasonably acceptable to the representative of the underwriters of our initial public offering that the business combination is fair to our stockholders from a financial point of view.

Our sponsor currently owns shares of our common stock and warrants, which will not participate in the liquidation of the trust account and a conflict of interest may arise in determining whether a particular target business is appropriate for a business combination.

United Refining, Inc., our sponsor, has waived its right to receive distributions with respect to those shares of common stock upon the liquidation of the trust account if we are unable to consummate a business combination. Additionally, our sponsor purchased 15,600,000 warrants directly from us in a private placement transaction prior to the consummation of our initial public offering at a purchase price of $1.00 per warrant for a total purchase price of $15,600,000. Finally, our sponsor was granted 2,500,000 warrants to purchase our common stock at $12.50 per share. The shares of common stock acquired prior to our initial public offering and any warrants owned by our sponsor will be worthless if we do not consummate a business combination. The personal and financial interests of our officers and our directors, who control and own our sponsor, may influence

their motivation in timely identifying and selecting a target business and completing a business combination. Consequently, our officers' discretion, and the discretion of our directors, in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in our stockholders' best interest and as a result of such conflicts management may choose a target business that is not in the best interests of our stockholders.

Since our sponsor will lose its entire investment in us if a business combination is not consummated and may be required to pay costs associated with our liquidation, it may purchase shares of our common stock from stockholders who would otherwise choose to vote against the extended period or a proposed business combination and exercise their redemption rights in connection with such proposal to approve the extended period or proposed business combination.

United Refining, Inc., our sponsor owns shares of our common stock (which were purchased for an aggregate of $25,000) that will be worthless if we do not consummate a business combination. In addition, our sponsor purchased warrants exercisable for our common stock (for an aggregate of $15,600,000) and was granted 2,500,000 warrants to purchase our common stock at $12.50 per share, which will also be worthless if we do not consummate a business combination. Given the interest that our sponsor has in a business combination being consummated, it is possible that our sponsor will acquire securities from public stockholders (in the open market and/or in privately negotiated transactions) who have elected to redeem their shares of our common stock in order to change their vote and insure that the extended period and/or the business combination will be approved (which could result in the extended period or a business combination being approved even if, after the announcement of the proposal to approve the extended period or the business combination, 40.0% or more of our public stockholders would have elected to exercise their redemption rights on a cumulative basis, or more than 50.0% of our public stockholders would have voted against the proposal to approve the extended period or the business combination, but for the purchases made by our existing stockholder). Any privately negotiated transaction with a stockholder would include a contractual acknowledgement that such stockholder, although still the record holder of our common stock, is no longer the beneficial owner thereof and therefore agrees to vote such shares of common stock as directed by our sponsor. In the event our sponsor purchases shares in privately negotiated transactions from public stockholders who have already cast votes against a proposal to approve the extended period or a proposed business acquisition and requested redemption of their shares, such selling stockholders would be required to revoke their prior votes against the proposal to approve the extended period or the proposed acquisition and to revoke their prior elections to redeem their shares and to cast new votes in favor of the proposal to approve the extended period or the proposed acquisition. The revocation of prior negative votes and substitution therefor of votes in favor of the proposal to approve the extended period or the proposed acquisition would have the effect of reducing redemptions and increasing votes in favor of the extended period or proposed acquisition, as the case may be, thereby making it more likely that the extended period and/or a proposed business combination would be approved.

The requirement that we complete a business combination by December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period may give potential target businesses leverage over us in negotiating a business combination.

We will liquidate and promptly distribute only to our public stockholders the amount in our trust account (subject to our obligations under Delaware law for claims of creditors) plus any remaining net assets if we do not effect a business combination by December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period. Any potential target business with which we enter into negotiations concerning a business combination will be aware of this requirement. Consequently, such target businesses may obtain leverage over us in negotiating a business combination, knowing that if we do not complete a business combination with that particular target business, we may be unable to complete a business combination with any target business. This risk will increase as we get closer to the time limits referenced above.

The requirement that we complete a business combination by December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period may motivate our officers and directors to approve a business combination during that time period so that they may get their out-of-pocket expenses reimbursed.

Each of our officers and directors may receive reimbursement for out-of-pocket expenses incurred by him in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. The funds for such reimbursement are provided from the money not held in trust. In the event that we do not effect a business combination by December 11, 2009 or June 11, 2010 in the event our stockholders approve the extended period, then any expenses incurred by such individuals in excess of the money held outside of the trust account will not be repaid as we will liquidate at such time. On the other hand, if we complete a business combination within such time period, those expenses will be repaid by the target business. Consequently, our officers, who are also our directors, may have an incentive to complete a business combination other than just what is in the best interest of our stockholders.

None of our officers or directors, or any of their affiliates, has ever been associated with a blank check company and such lack of experience could adversely affect our ability to consummate a business combination.

None of our officers or directors, or any of their affiliates, has ever been associated with a blank check company. Accordingly, you may not have sufficient information with which to evaluate the ability of our management team to identify and complete a business combination. Our management's lack of experience in operating a blank check company could adversely affect our ability to consummate a business combination and could result in our having to liquidate our trust account. If we liquidate, our public stockholders could receive less than the amount they paid for our securities, causing them to incur significant financial losses.

Other than with respect to the business combination, our officers, directors, securityholders and their respective affiliates may have a pecuniary interest in certain transactions in which we are involved, and may also compete with us.

Other than with respect to the business combination, we have not adopted a policy that expressly prohibits our directors, officers, securityholders or affiliates from having a direct or indirect pecuniary interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. Nor do we have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us.

Initially, we may only be able to complete one business combination, which will cause us to be solely dependent on a single asset or property.

We currently have no restrictions on our ability to seek additional funds through the sale of securities or through loans. As a consequence, we could seek to acquire a target business that has a fair market value significantly in excess of 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of the acquisition. Although we have not entered into any agreements with any third party regarding any such potential financing transactions, we could seek to fund such a business combination by raising additional funds through the sale of our securities or through loan arrangements. However, if we were to seek such additional funds, any such arrangement would only be consummated simultaneously with our consummation of a business combination. Consequently, it is probable that we will have the ability to complete only a single business combination, although this may entail the simultaneous acquisitions of several assets or closely related operating businesses at the same time. However, should our management elect to pursue more than one acquisition of target businesses simultaneously, our management could encounter difficulties in consummating all or a portion of such acquisitions due to a lack of adequate resources, including the inability of management to

devote sufficient time to the due diligence, negotiation and documentation of each acquisition. Furthermore, even if we complete the acquisition of more than one target business at substantially the same time, there can be no assurance that we will be able to integrate the operations of such target businesses. Accordingly, the prospects for our ability to effect our business strategy may be:

- solely dependent upon the performance of a single business; or
- dependent upon the development or market acceptance of a single or limited number of products, processes or services.

In this case, we will not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities which may have the resources to complete several business combinations in different industries or different areas of a single industry. Furthermore, since our business combination may entail the simultaneous acquisitions of several assets or operating businesses at the same time and may be with different sellers, we will need to convince such sellers to agree that the purchase of their assets or businesses is contingent upon the simultaneous closings of the other acquisitions.

We may be unable to obtain additional financing, if required, to complete a business combination or to fund the operations and growth of the target business, which could compel us to restructure the transaction or abandon a particular business combination.

Although we believe that the amount held in our trust account will be sufficient to allow us to consummate a business combination, because we have not yet identified a prospective target business, we cannot ascertain the capital requirements for any particular transaction. If the funds held in our trust account prove to be insufficient, either because of the size of the business combination, the depletion of the available net proceeds in the course of searching for a suitable target business that we can afford to acquire, or the obligation to redeem for cash a significant number of shares of common stock from dissenting stockholders, we will be required to seek additional financing. We cannot assure you that any additional financing will be available to us on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular business combination, we would be compelled to either restructure the transaction or abandon that particular business combination and seek an alternative target business candidate. In addition, it is possible that we could use a portion of the funds not in the trust account to make a deposit, down payment or fund a "no-shop" provision with respect to a proposed business combination, although we do not have any current intention to do so. In the event that we were ultimately required to forfeit such funds (whether as a result of our breach of the agreement relating to such payment or otherwise), we may not have a sufficient amount of working capital available outside of the trust account to conduct due diligence and pay other expenses related to finding a suitable business combination without securing additional financing. If we are unable to secure additional financing, we would most likely fail to consummate a business combination in the allotted time and would liquidate the trust account. In addition, if we consummate a business combination, we may require additional financing to fund continuing operations and/or growth. The failure to secure additional financing if required could have a material adverse effect on our ability to continue to develop and grow, even if we consummate a business combination. Neither our sponsor nor any of our officers, directors or stockholders is required to provide any financing to us in connection with or after a business combination.

Our sponsor controls a substantial interest in us and thus may influence certain actions requiring a stockholder vote.

Our sponsor owns 20.0% of our issued and outstanding common stock. This ownership interest, together with any other acquisitions of our shares of common stock (or warrants which are subsequently exercised), could allow our sponsor to influence the outcome of matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions after completion of our initial business combination. The interests of our sponsor and your interests may not always align and taking actions which require approval of a majority of our stockholders, such as selling the company, may be more difficult to accomplish.

We could be liable for up to the amount of the purchase price of the insider warrants plus interest to our sponsor who purchased the insider warrants in a private placement conducted concurrently with our initial public offering.

We sold in a private placement occurring immediately prior to the consummation of our initial public offering 15,600,000 insider warrants to our sponsor. This private placement is being made in reliance on an exemption from registration under the Securities Act. This exemption requires that there be no general solicitation of investors with respect to the sales of the insider warrants. If our initial public offering were deemed to be a general solicitation with respect to the insider warrants, the offer and sale of such securities would not be exempt from registration and the purchaser of those securities could have a right to rescind its purchases. A rescinding purchaser could seek to recover the purchase price paid, with interest, or if it no longer owns the securities, to receive damages. The insider warrants purchase agreement contains provisions under which the purchaser waives any and all rights to assert present or future claims, including the right of rescission, against us with respect to its purchase of the insider warrants and agrees to indemnify and hold us and the underwriters harmless from all losses, damages or expenses that relate to claims or proceedings brought against us or the underwriters by the purchaser of the insider warrants, although it is unclear whether these waivers and indemnifications would be enforceable.

If we redeem our public warrants, the insider warrants, which are non redeemable, could provide our sponsor with the ability to realize a larger gain than the public warrant holders.

The warrants held by our public warrant holders may be called for redemption at any time after the warrants become exercisable:

- in whole and not in part,
- at a price of $0.01 per warrant at any time after the warrants become exercisable,
- upon not less than 30 days' prior written notice of redemption, and
- if, and only if, the last sales price of our common stock equals or exceeds $14.25 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption.

In addition, we may not redeem the warrants (including those warrants to be sold to our sponsor in a private placement prior to our initial public offering if such warrants are held by our sponsor or it's designees) unless the warrants comprising the units sold in our initial public offering and the shares of common stock underlying those warrants are covered by an effective registration statement from the beginning of the measurement period through the date fixed for the redemption.

As a result of the insider warrants not being subject to the redemption features that our publicly-held warrants are subject to, holders of the insider warrants, or their permitted transferees, could realize a larger gain than our public warrant holders in the event we redeem our public warrants.

Our outstanding warrants may have an adverse effect on the market price of common stock and make it more difficult to effect a business combination.

We issued warrants to purchase up to 45,000,000 shares of common stock as part of our initial public offering. In addition, we (a) sold to the sponsor warrants to purchase up to 15,600,000 shares of common stock immediately prior to the consummation of our initial public offering and (b) granted to our sponsor warrants to purchase up to 2,500,000 shares of common stock. To the extent we issue shares of common stock to effect a business combination, the potential for the issuance of a substantial number of additional shares of common stock upon exercise of these warrants could make us a less attractive acquisition vehicle in the eyes of a target business. Such securities, when exercised, will increase the number of issued and outstanding shares of our common stock and reduce the value of the shares of common stock issued to complete the business combination. Therefore, our warrants may make it more difficult to effectuate a business combination or increase the cost of acquiring the

target business. Additionally, the sale, or even the possibility of sale, of the shares of common stock underlying the warrants could have an adverse effect on the market price for our securities or on our ability to obtain future financing. If and to the extent these warrants are exercised, you may experience dilution to your holdings.

The NYSE Alternext US may delist our securities, which could limit investors' ability to transact in our securities and subject us to additional trading restrictions.

Our units, common stock and warrants are listed on the NYSE Alternext US. We cannot assure you that our securities will continue to be listed on the NYSE Alternext US. Additionally, it is likely that the NYSE Alternext US would require us to file a new initial listing application and meet its initial listing requirements, as opposed to its more lenient continued listing requirements, at the time of our initial business combination. We cannot assure you that we will be able to meet those initial listing requirements at that time.

If the NYSE Alternext US delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our common stock is a "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock;
- limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

In addition, we would no longer be subject to NYSE Alternext US rules, including rules requiring us to have a certain number of independent directors and to meet other corporate governance standards.

If our common stock becomes subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected.

If our common stock becomes subject to the "penny stock" rules promulgated under the Securities Exchange Act of 1934, broker-dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected. As a result, the market price of our securities may be depressed, and you may find it more difficult to sell our securities.

If at any time our securities are no longer listed on a national securities exchange, including the NYSE Alternext US, or the Nasdaq Stock Market or we have net tangible assets of $5,000,000 or less and our common stock has a market price per share of less than $5.00, transactions in our common stock will be subject to these "penny stock" rules. Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser;
- receive the purchaser's written agreement to the transaction prior to sale;
- provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describe the market for these "penny stocks" as well as a purchaser's legal remedies; and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

Source: United Refining Ener, 10-K, December 01, 2008

If our sponsor exercises its registration rights, it may have an adverse effect on the market price of our common stock and the existence of the registration rights and the purchase option may make it more difficult to effect a business combination.

Our sponsor is entitled to require us to register the resale of its shares of common stock at any time after the date on which its shares of common stock are released from escrow, which, except in limited circumstances, will not be before the earlier of one year from the consummation of a business combination or three years from the date of the prospectus relating to our initial public offering. If our existing stockholder exercises its registration rights with respect to all of its shares of common stock beneficially owned by it, then there will be an additional 11,250,000 shares of common stock eligible for trading in the public market. Further, the sponsor purchased in a private placement 15,600,000 insider warrants that are identical to the warrants sold in our initial public offering, except that (i) the insider warrants have no claim to the funds held in the trust account, (ii) the insider warrants are being purchased pursuant to an exemption from the registration requirements of the Securities Act and will become freely tradable only after they are registered pursuant to a registration rights agreement, (iii) the insider warrants are nonredeemable so long as they are held by our sponsor or its permitted assigns and (iv) the insider warrants are exercisable (a) on a "cashless" basis at any time after they become exercisable, if held by our sponsor or its permitted assigns and (b) in the absence of an effective registration statement covering the shares of common stock underlying the warrants. If all of the insider warrants are exercised, there will be an additional 15,600,000 shares of our common stock eligible for trading in the public market.

In addition, we have granted to our sponsor 2,500,000 warrants to purchase up to a total of 2,500,000 shares of common stock at an exercise price of $12.50 per share. The warrants grant holders demand and "piggyback" registration rights for periods of five and seven years, respectively, from the date of the prospectus relating to our initial public offering. If all of the warrants are exercised, there will be an additional 2,500,000 shares of our common stock eligible for trading in the public market. The presence of these additional numbers of securities eligible for trading in the public market may have an adverse effect on the market price of our common stock. In addition, the existence of these rights may make it more difficult to effectuate a business combination or increase the cost of the target business, as the stockholders of the target business may be discouraged from entering into a business combination with us or will request a higher price for their securities as a result of these registration rights and the potential future effect their exercise may have on the trading market for our common stock.

If we are deemed to be an investment company, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete a business combination, or we may be required to incur additional expenses if we are unable to liquidate after the expiration of the allotted time periods.

If we are deemed to be an investment company under the Investment Company Act of 1940, we may be subject to certain restrictions that may make it more difficult for us to complete a business combination, including:

- restrictions on the nature of our investments; and
- restrictions on the issuance of securities.

In addition, we may have imposed upon us certain burdensome requirements, including:

- registration as an investment company;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy, compliance policies and procedures and disclosure requirements and other rules and regulations.

We do not believe that our principal activities subject us to the Investment Company Act of 1940, as amended. To this end, the proceeds held in the trust account are invested by the trust account agent only in United States "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of

1940 with a maturity of 180 days or less, or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. By restricting the investment of the proceeds to these instruments, we avoid being deemed an investment company within the meaning of the Investment Company Act of 1940. If we are deemed to be an investment company at any time, we will be required to comply with additional regulatory requirements under the Investment Company Act of 1940, as amended, which would require additional expenses for which we have not budgeted.

Uncertainties in management's assessment of a target business could cause us not to realize the benefits anticipated to result from an acquisition.

It is possible that, following our initial acquisition, uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental liabilities) of, acquisition or other transaction candidates could cause us not to realize the benefits anticipated to result from an acquisition.

The potential loss of key customers, management and employees of a target business could cause us not to realize the benefits anticipated to result from an acquisition.

It is possible that, following our initial acquisition, the potential loss of key customers, management and employees of an acquired business could cause us not to realize the benefits anticipated to result from an acquisition.

The lack of synergy from an acquisition could cause us not to realize the benefits anticipated to result from an acquisition.

It is possible that, following our initial acquisition, the inability to achieve identified operating and financial synergies anticipated to result from an acquisition or other transaction could cause us not to realize the benefits anticipated to result from an acquisition.

We may not obtain an opinion from an unaffiliated, independent investment banking firm as to the fair market value of the target business or that the price we are paying for the business is fair to our stockholders.

We are not required to obtain an opinion from an unaffiliated, independent investment banking firm that either the target business we select has a fair market value in excess of 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of the acquisition or that the price we are paying is fair to stockholders unless (i) our board is not able to independently determine that a target business has a sufficient market value or (ii) there is a conflict of interest with respect to the transaction. The fair market value of such business will be determined by our board of directors based upon standards generally accepted by the financial community, such as actual and potential sales, earnings and cash flow and book value, and the price for which comparable businesses have recently been sold. If our board is not able to independently determine whether the target business has a sufficient fair market value, we will obtain an opinion from an unaffiliated, independent investment banking firm which is a member of FINRA with respect to the satisfaction of such criteria. If no opinion is obtained, our stockholders will be relying on the judgment or our board of directors. Even if such opinion is obtained, stockholders may not be permitted to rely on such opinion.

Provisions in our charter documents and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock and could entrench management.

Our charter and bylaws contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. Our board of directors is divided into two classes, each of which will generally serve for a term of two years with only one class of directors being elected in each year. As a result, at a given annual meeting only a minority of the board of directors may be considered for election. Since

our "staggered board" may prevent our stockholders from replacing a majority of our board of directors at any given annual meeting, it may entrench management and discourage unsolicited stockholder proposals that may be in the best interests of stockholders. Moreover, our board of directors has the ability to designate the terms of and issue new series of preferred stock.

We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

Uninsured claims and litigation could adversely impact our operating results.

After a business combination, we expect to have insurance coverage against operating hazards, including product liability claims and personal injury claims related to our products, to the extent deemed prudent by our management and to the extent insurance is available, but no assurance can be given that the nature and amount of that insurance will be sufficient to fully indemnify us against liabilities arising out of pending and future claims and litigation. This insurance has deductibles or self-insured retentions and contains certain coverage exclusions. The insurance does not cover damages from breach of contract by us or based on alleged fraud or deceptive trade practices. Insurance and customer agreements do not provide complete protection against losses and risks, and our results of operations could be adversely affected by unexpected claims not covered by insurance.

We may re-incorporate in another jurisdiction in connection with a business combination, and the laws of such jurisdiction will likely govern all of our material agreements and we may not be able to enforce our legal rights.

In connection with a business combination, we may relocate the home jurisdiction of our business from Delaware to another jurisdiction. If we determine to do this, the laws of such jurisdiction would likely govern all of our material agreements. We cannot assure you that the system of laws and the enforcement of existing laws in such jurisdiction would be as certain in implementation and interpretation as in the United States. The inability to enforce or obtain a remedy under any of our future agreements could result in a significant loss of business, business opportunities or capital. Any such reincorporation and the international nature of the energy industry will likely subject us to foreign regulation.

Risks Related to Our Target Businesses

The energy industry is highly competitive.

There is intense competition in the energy industry, including in the petroleum refining, distribution, marketing and related industries. Fully integrated companies engaged on a national and international basis compete in many segments of the energy industry, on scales that may be much larger than ours. Large oil companies, because of the diversity and integration of their operations, larger capitalization and greater resources, may be better able to withstand volatile market conditions, compete on the basis of price, and more readily obtain crude oil and feedstocks in times of shortage and to bear the economic risks inherent in all phases of the energy industry.

The price volatility of crude oil, other feedstocks and refined products depends upon many factors that are beyond our control and could adversely affect our profitability.

If we consummate a business combination with a target company in the business of refining crude oil, we anticipate that our earnings, profitability and cash flows will depend on the margin above fixed and variable expenses (including the cost of refinery feedstocks, such as crude oil) at which we are able to sell refined products. Refining margins historically have been volatile, and are likely to continue to be volatile, as a result of a variety of factors, including fluctuations in the prices of crude oil. Prices of crude oil, other feedstocks and refined products depend on numerous factors beyond our control, including:

- changes in global and local economic conditions;

- demand for fuel products, especially in the United States, China and India;
- U.S. government regulations;
- worldwide political conditions, particularly in significant oil-producing regions such as the Middle East, West Africa and Venezuela;
- terrorist attacks;
- utilization rates of U.S. refineries;
- the level of foreign and domestic production of crude oil and refined products;
- development and marketing of alternative and competing fuels; and
- local factors, including market conditions, weather conditions and the level of operations of other refineries and pipelines in our markets.

A large, rapid increase in crude oil prices could adversely affect our operating margins if the increased cost of raw materials could not be passed to our customers on a timely basis, and would adversely affect our sales volumes if consumption of refined products, particularly transportation fuels, were to decline as a result of such price increases. The prices which we may obtain for refined products are also affected by regional factors, such as local market conditions and the operations of competing refiners of petroleum products, as well as seasonal factors influencing demand for such products.

If our expectations about trends in the prices of crude oil relative to refined products are inaccurate, our ability to implement our business plan profitably could be negatively affected.

If we consummate a business combination with a target company in the business of refining crude oil, we may be adversely affected by the price differential between crude oil and refined products, which is referred to as the crack spread. The crack spread has been widening above historical levels since 2000, partly due to relatively high demand for refined products and limited refining capacity. We will evaluate opportunities in the energy industry, and in particular in the refining sector, based in part on our expectations regarding trends in the price of crude oil relative to the price of refined products. Should our expectations about these trends be inaccurate, our ability to implement our business plan could be negatively affected.

If the price differential between heavy, sour crude oil and light, sweet crude oil returns to historical levels, our ability to implement our business plan could be negatively affected.

If we consummate a business combination with a target company in the business of refining crude oil, our business may be adversely affected by differences between heavy, sour crude oils and light, sweet crude oils. Heavy, sour crude oils generally provide more profitable refining margins than light, sweet crude oils. Since 2000, the price differential between light, sweet crude oil and heavy, sour crude oil has been widening from historical levels due to the relatively high demand for light crude oil and an increased supply of heavy crude oil. We believe that this widening is part of a fundamental shift in both the light/heavy and sweet/sour differentials, and that these differentials are likely to remain above levels seen prior to 2000 because of increased global production of heavier, higher-sulfur crude oil combined with the fact that the industry does not have adequate refining capacity capable of processing these heavier, higher-sulfur crude oils. However, should actual price trends differ and light/heavy and sweet/sour differentials revert to levels observed prior to 2000, our ability to take advantage of this trend could be negatively affected.

Significant declines in the price of crude oil may disrupt the supply of heavy, sour crude oil and cause a narrowing of the price differentials between heavy, sour crude oil and light, sweet crude oil.

If we consummate a business combination with a target company in the business of refining crude oil, our business may be adversely affected by the increased costs of extracting heavy, sour crude oil and a disruption of

this supply. Heavy, sour crude oil is generally costlier to extract and process than light, sweet crude oil. Significant declines in the overall price of crude oil could disrupt the supply of certain heavy, sour crude oils should the price declines be large enough that continuing to produce those heavy, sour crude oils becomes unprofitable. In addition, any resulting scarcity of supply of certain types of heavy, sour crudes could cause light/heavy and sweet/sour differentials to narrow. If we effect a business combination with a target whose operations are dependent on access to heavy, sour crudes, such a disruption could negatively affect our business.

If adequate infrastructure does not exist or is not built to provide us access to heavy, sour crude oil, our ability to effect a business combination in the energy industry could be negatively affected.

If we consummate a business combination with a target company in the oil refining or a related industry, the profitability of any business we acquire may be dependent upon the availability of existing or future infrastructure providing uninterrupted access to supplies of heavy, sour crude oil. This could include, but is not limited to, existing and proposed pipelines for the conveyance of heavy crude oils between producing areas globally. Furthermore, if infrastructure were proposed that would provide our facilities with access to heavy, sour crude oil, we might choose to upgrade or expand our facilities in order to process or otherwise use this heavy crude oil. If a subsequent delay or a failure to build the proposed infrastructure then prevented us from obtaining adequate supplies of heavy crude oil, our ability to implement our business plan could be negatively affected.

We may be subject to interruptions of supply as a result of relying on pipelines for transportation of crude oil and refined products.

If we consummate our initial business combination with a target business in the energy industry, our business may rely heavily on pipelines to receive and transport crude oil and refined products. We could experience an interruption of supply or delivery, or an increased cost of receiving and transporting crude oil and refined products if operation of these pipelines is disrupted because of accidents, natural disasters, governmental regulation, terrorism, other third-party action or other events beyond our control. Our prolonged inability to use any of the pipelines that transport crude oil or refined products could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the nature of our business or our business plan may require that we upgrade or supplement inbound pipelines, which could require us to make substantial additional capital expenditures.

If we were to acquire refining assets or a company with agreements to purchase refining assets, it is highly unlikely that the proxy materials provided to our stockholders would include historical financial statements and, accordingly, investors will not have historical financial statements on which to rely in making their decision whether to vote for the acquisition.

If we were to acquire refining assets or a company with agreements to purchase refining assets, it is highly unlikely that the proxy statement we would send to stockholders would, unless otherwise required by applicable law or regulations, contain historical financial statements with respect to the operation of the assets. Although we would provide such historical financial statements if required by applicable law or regulations, such historical financial statements are not often required. Instead, the proxy statement we would send to our stockholders would contain the same information that would typically be provided in the prospectus for an initial public offering of a start-up energy company, such as: (i) historical and prevailing market rates for refining assets on the basis of type, age and proposed employment; (ii) our expectations of future market trends and proposed strategy for employment of the refining assets; (iii) our anticipated operational (overhead) expenses; and (iv) the valuation of the refining assets generally (i.e., whether they are new buildings and the type of refining asset), all of which, in turn, depend on the sector of the energy industry in which we consummate a business combination. Thus, you would not necessary be able to rely on historical financial statements when deciding whether to approve a business combination involving the acquisition of refining assets or a company with agreements to purchase refining assets.

To the extent our business combination consists of the acquisition of assets that do not have historical financial information, we will determine whether such business combination has a fair market value of at least 80.0% of our net assets held in the trust account (exclusive of the underwriters' deferred underwriting compensation plus interest thereon, net of taxes payable, held in the trust account) at the time of such acquisition based on the value of the assets, as determined by the advice of our advisors consistent with industry practice. Such valuation will factor in, among other things, the revenue stream generated from ongoing operations and analysis of recent public transactions providing valuation criteria based on the Nelson Complexity Index and/or valuation based on dollar value per barrel of crude thruput capacity.

Our profitability may be limited if we cannot obtain necessary permits and authorizations to modify our purchased assets.

If we consummate our initial business combination with a target company in the business of refining crude oil, our profitability may be linked to our ability to upgrade the refinery to process a heavier, higher-sulfur content crude oil or to yield lighter, higher-margin products. Our profitability also may be dependent on our ability to expand the capacity of the refinery. If we are unable to obtain the necessary permits and authorizations to effect an upgrade or expansion, or if the costs of making changes to or obtaining these permits or authorizations exceed our estimates, our profitability could be negatively affected.

The profitability of the target business we acquire may be limited if we cannot secure an engineering, procurement and construction ("EPC") contractor to perform upgrades or expansions.

The profitability of the target business we acquire may be linked to our ability to upgrade and expand its business. In order to implement an upgrade or expansion, we expect to hire an EPC contractor. Due to a recent surge in construction projects across the energy industry, we may experience difficulties in securing an EPC contractor in a timely fashion to execute our proposed projects. If we are unable to contract an EPC contractor to effect an upgrade or expansion in a timely fashion, our profitability could be negatively affected.

If we consummate our initial business combination with a target business in the refining industry, we may experience difficulties in marketing some of our products.

Our ability to market the products of a target business we acquire may depend on:

- obtaining the financing necessary to develop our feedstock, such as crude oil, to the point where production is suitable for sale;
- the proximity, capacity and cost of pipelines and other facilities for the transportation of crude oil and refined products;
- the quantity and quality of the refined products produced; and
- the availability of viable purchasers willing to buy our refined products.

If we experienced a catastrophic loss and our insurance was not adequate to cover such loss, it could have a material adverse affect on our operations.

If we consummate our initial business combination and acquire ownership and operation of refineries or related storage and other facilities, our business could be affected by a number of risks, including mechanical failure, personal injury, loss or damage, business interruption due to political conditions in foreign countries, hostilities, labor strikes, adverse weather conditions and catastrophic disasters, including environmental accidents. All of these risks could result in liability, loss of revenues, increased costs and loss of reputation. We intend to maintain insurance, consistent with industry standards, against these risks on business assets we may acquire upon completion of our initial business combination. However, we cannot assure you that we will be able to adequately insure against all risks, that any particular claim will be paid out of our insurance, or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Our insurers will

also require us to pay certain deductible amounts, before they will pay claims, and insurance policies will contain limitations and exclusions, which, although we believe will be standard for the refining industry, may nevertheless increase our costs and lower our profitability.

Additionally, any changes to environmental and other regulations or changes in the insurance market may also result in increased costs for, or decreased availability of, insurance we would currently anticipate purchasing against the risks of environmental damage, pollution and other claims for damages that may be asserted against us.

Our inability to obtain insurance sufficient to cover potential claims or the failure of insurers to pay any significant claims, could have a material adverse effect on our profitability and operations.

The dangers inherent in the refining and marketing of petroleum products could cause disruptions and could expose us to potentially significant losses, costs or liabilities.

Businesses involved in the refining, distribution and marketing of petroleum products and related activities are subject to significant hazards and risks inherent in refining operations and in transporting and storing crude oil, intermediate products and refined products. These hazards and risks include, but are not limited to, the following:

- natural disasters, fires, or explosions;
- spills and pipeline ruptures;
- third-party interference;
- disruptions of electricity deliveries; and
- mechanical failure of equipment at our refinery or third-party facilities.

Any of the foregoing could result in production and distribution difficulties and disruptions, environmental pollution, personal injury or wrongful death claims and other damage to our property and the property of others. There is also risk of mechanical failure and equipment shutdowns both in the ordinary course of operations and following unforeseen events.

We may have environmental liabilities as a result of our ownership or operation of contaminated properties or relating to exposure to hazardous or toxic materials.

We could be subject to claims and may incur costs arising out of human exposure to hazardous or toxic substances relating to our operations, our properties, our buildings or to the sale, distribution or disposal of any products containing any hazardous or toxic substances and produced in connection with our business.

Properties or facilities owned, leased or operated in conjunction with the energy industry may be contaminated due to energy or other historical industrial uses at or near the property. Regulators may impose clean-up obligations if contamination is identified on a property, and third parties or regulators may make claims against owners or operators of properties for personal injuries, property damage or natural resource damage associated with releases of hazardous or toxic substances. Even if the business we purchase did not cause the contamination or release, certain environmental laws hold current and previous owners or operators of real property liable for the costs of cleaning up contamination regardless of whether they knew of or were responsible for the contamination. These environmental laws also may impose liability on any person who arranges for the disposal or treatment of hazardous substances, regardless of whether the affected site is or was ever owned or operated by such person.

Finally, it is possible that a target business we purchase may have historical liabilities relating to previous operations or the previous ownership of real property or facilities. While we may be able to structure a transaction to leave those types of liabilities with the seller, it may not be possible to do so as a legal or practical matter. As a result, we may ultimately have liability for environmental matters that do not relate to businesses we operate.

We will be subject to significant environmental, safety and other governmental regulations and may incur significant costs to comply with these regulations.

The oil refining, distribution and marketing industry and related activities are subject to extensive and increasingly stringent environmental protection, safety and other related foreign, federal, state and local laws, rules, regulations and treaties. We cannot assure you that we will be able to comply with all laws, rules, regulations and treaties following a business combination. If we are unable to adhere to these requirements, or if we are unable to obtain or maintain compliance with our environmental permits we could be subject to civil or criminal penalties and fines and to material restrictions on our business and operations. The costs of complying with these requirements and any adverse operational impact of compliance could have a material adverse effect on our profitability and operations. Certain segments of the energy industry are also subject to the payment of royalties, and the level of taxation of the energy industry tends to be high compared with that of other commercial activities.

Hazards inherent in refining operations will require continual oversight and control.

If we consummate our initial business combination, we may be engaged in transporting and refining potentially toxic materials in the course of our business. There is a risk of leaks or spillages of crude oil, petroleum products and other potentially hazardous materials at operating sites and during transportation. If operational risks materialized, it could result in loss of life, damage to the environment or loss of production. We will attempt to conduct our activities in such a manner that there is no or minimal damage to the environment. However, these risks will require continual oversight and control.

Conservation measures and technological advances could reduce demand for crude oil and refined products.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, technological advances in fuel economy and energy generation devices could reduce demand for crude oil and refined petroleum products. We cannot predict when or whether there will be any change in demand for these products, and any major changes may have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, we may be adversely affected to the extent we are unable to address any perceived trade-off between the increasing demand for global access to energy and the protection or improvement of the natural environment.

If the increasing demand for alternative fuels lowers the demand for transportation fuels, our profitability could be negatively affected.

Rising crude oil and refined products prices are increasing the economic feasibility and demand for alternative fuels like ethanol and bio-diesel. New technologies are being developed to further increase the feasibility and enhance the performance of these fuels. Additionally, energy security concerns, agricultural interests, environmental activists, and others are increasing the visibility of alternative fuels as a substitute for transportation fuels. Should these trends continue and the demand for alternative fuels continue to rise, consequently lowering the demand for petroleum-based transportation fuels, our profitability could be negatively affected.

Foreign currency fluctuations could adversely affect our business and financial results.

Crude oil prices are generally set in U.S. dollars while sales of refined products may be in a variety of currencies. If we consummate a business combination with a target business with operations outside of the United States, our business will be subject to risks of fluctuations in foreign currency exchange rates. In certain markets, we may also experience difficulty in converting local currencies to U.S. dollars, or the market for redemption of local currency into other currencies may deteriorate or cease to exist.

In addition, a target business with which we combine may do business and generate sales within other countries. Foreign currency fluctuations may affect the costs that we incur in such international operations. It is

also possible that some or all of our operating expenses may be incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where we have operations against the U.S. dollar would increase our costs and could harm our results of operations and financial condition.

Following our initial business combination, we may engage in hedging transactions in an attempt to mitigate exposure to price fluctuations in oil and other petroleum products; these attempts may not be successful.

Following our initial business combination, we may engage in short sales and utilize derivative instruments such as options, futures, forward contracts, interest rate swaps, caps and floors, to hedge against exposure to fluctuations in the price of crude oil, refined petroleum products and other energy portfolio positions, as well as foreign currency exchange and interest rates. Hedging transactions may not be as effective as we intend in reducing our exposure to these fluctuations and any resulting volatility in our cash flows, and if we incorrectly assess market trends and risks, may result in a poorer overall performance than if we had not engaged in any such hedging transactions.

Compliance with governmental regulations and changes in laws and regulations and risks from investigations and legal proceedings could be costly and could adversely affect operating results.

The oil industry is subject to regulation and intervention by governments throughout the world in such matters as exploration and production interests, environmental protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. The oil and gas industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities and operates in certain tax jurisdictions which have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, we could be required to curtail or cease certain operations.

A target business' operations in the U.S. and internationally can be impacted by expected and unexpected changes in the legal and business environments in which we could operate, as well as the outcome of ongoing government and internal investigations and legal proceedings.

Changes that could impact the legal environment include new legislation, new regulation, new policies, investigations and legal proceedings and new interpretations of the existing legal rules and regulations. In particular, changes in export control laws or exchange control laws, additional restrictions on doing business in countries subject to sanctions, and changes in laws in countries identified by management for immediate focus. Changes that impact the business environment include changes in accounting standards, changes in environmental laws, changes in tax laws or tax rates, the resolution of audits by various tax authorities, and the ability to fully utilize our tax loss carryforwards and tax credits. Compliance related issues could limit our ability to do business in certain countries.

These changes could have a significant financial impact on our future operations and the way we conduct, or if we conduct, business in the affected countries.

Demand for refining services is expected to be substantially dependent on the level of expenditures by the oil industry. A substantial or an extended decline in oil prices could result in lower expenditures by the oil industry and reduce our revenue.

Demand for refining services is expected to be substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil reserves, which are sensitive to oil prices and generally dependent on the industry's view of future oil prices. Oil prices have historically been volatile and are affected by numerous factors, including:

- demand for energy, which is affected by worldwide population growth and general economic and business conditions;

- the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels for oil;
- oil and gas production by non-OPEC countries;
- political and economic uncertainty and socio-political unrest;
- the level of worldwide oil exploration and production activity;
- the cost of exploring for, producing and delivering oil and gas;
- technological advances affecting energy consumption; and
- weather conditions.

Fluctuations in oil prices could adversely affect refining activity and our revenues, cash flows and profitability.

Upon consummation of a business combination, it is likely that our operations will be materially dependent upon the level of activity in oil production. Both short-term and long-term trends in oil prices affect the level of such activity. Oil prices and, therefore, the level of refining activity can be volatile. Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries, may affect both the demand for, and the supply of, oil. Weather conditions, governmental regulation (both in the United States and elsewhere), levels of consumer demand, the availability of pipeline capacity and other factors beyond our control may also affect the supply of and demand for refined petroleum products. Fluctuations during the last few years in the demand and supply of oil have contributed to, and are likely to continue to contribute to, price volatility. This would likely result in a corresponding decline in the demand for refining services and could have a material adverse effect on our revenues, cash flows and profitability if we consummate a business combination in that sector. Lower oil prices could also cause our potential customers to seek to terminate, renegotiate or fail to honor our contracts; affect the fair market value of any refining assets we may acquire which in turn could trigger a writedown for accounting purposes; affect our ability to retain skilled personnel which may be employees of any acquisition candidate; and affect our ability to obtain access to capital to finance and grow our businesses. There can be no assurances as to the future level of demand for our services or future conditions in the oil and refinery services industries.

Excess production capacity and lower future demand could adversely impact a target business' results of operations.

We believe oil storage inventory levels are an indicator of the relative balance between supply and demand. High or increasing storage or inventories generally indicate that supply is exceeding demand and that energy prices are likely to soften. Low or decreasing storage or inventories are an indicator that demand is growing faster than supply and that energy prices are likely to rise. Measures of maximum production capacity compared to demand (excess production capacity) are also an important factor influencing energy prices and spending by oil and natural gas exploration companies. When excess production capacity is low compared to demand, energy prices tend to be higher and more volatile reflecting the increased vulnerability of the entire system to disruption. This could adversely affect a target business' results of operations.

Seasonal and adverse weather conditions, conservational measures and technical advances adversely affect demand for our services and operations after a business combination.

Weather can also have a significant impact on demand as consumption of energy is seasonal and any variation from normal weather patterns, cooler or warmer summers and winters, can have a significant impact on demand. After a business combination, adverse weather conditions, such as hurricanes in the Gulf of Mexico, may cause supply disruptions and result in a loss of revenue and damage to our equipment and facilities, which may or may not be insured.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil, technological advances in fuel economy and energy generation devices could reduce demand for oil and gas. We cannot predict the impact of the changing demand for oil and gas services and products, and any major changes may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Changes in economic conditions may adversely affect our operating results.

After a business combination, our ability to forecast the size of and changes in the worldwide oil industry, and our ability to forecast our customers' activity levels and demand for our products and services, may impact management of any service and distribution activities we then own, staffing levels and cash and financing requirements. Unanticipated changes in our customers' requirements could impact costs, creating temporary shortages or surpluses of equipment and people and demands for cash or financing.

International and political events could adversely affect our results of operations and financial condition.

A significant portion of our post business combination revenue may be derived from non-United States operations, which exposes us to risks inherent in doing business in each of the countries in which we transact business. The occurrence of any of the risks described below could have a material adverse effect on our results of operations and financial condition. Operations in countries other than the United States are subject to various risks peculiar to each country. With respect to any particular country, these risks may include:

- expropriation and nationalization of our assets in that country;
- political and economic instability; civil unrest, acts of terrorism, force of nature, war, or other armed conflict;
- natural disasters, including those related to earthquakes and flooding;
- inflation; currency fluctuations, devaluations, and conversion restrictions;
- confiscatory taxation or other adverse tax policies;
- governmental activities that limit or disrupt markets, restrict payments, or limit the movement of funds; governmental activities that may result in the deprivation of contract rights; and
- governmental activities that may result in the inability to obtain or retain licenses required for operation.

Due to the unsettled political conditions in many oil-producing countries and countries in which we may operate, our revenue and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. Countries where we may operate that have significant amounts of political risk include: Afghanistan, Algeria, Indonesia, Iran, Iraq, Nigeria, Russia, and Venezuela. In addition, military action or continued unrest in the Middle East could impact the supply and pricing for oil and gas, disrupt our operations in the region and elsewhere, and increase our costs for security worldwide.

Our facilities and our employees could come under threat of attack in some countries where we may operate, including Iraq and Saudi Arabia. In addition, we may become subject to the risk related to loss of life of our personnel and our subcontractors in these areas. We are also subject to the risks that our employees, joint venture partners, and agents outside of the United States may fail to comply with applicable laws.

Military action, other armed conflicts, or terrorist attacks could limit or disrupt markets and our operations.

Military action in Iraq and Afghanistan, military tension involving North Korea and Iran, as well as the terrorist attacks of September 11, 2001 and subsequent terrorist attacks, threats of attacks, and unrest, have

caused instability or uncertainty in the world's financial and commercial markets and have significantly increased political and economic instability in some of the geographic areas in which we may operate a target business. Acts of terrorism and threats of armed conflicts in or around various areas in which we may operate, such as the Middle East and Indonesia, could limit or disrupt markets and our operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of personnel or assets.

Such events may cause further disruption to financial and commercial markets and may generate greater political and economic instability in some of the geographic areas in which we may operate. In addition, any possible reprisals as a consequence of the war and ongoing military action in Iraq, such as acts of terrorism in the United States or elsewhere, could materially and adversely affect us in ways we cannot predict at this time.

Income taxes could adversely affect a target business' operations.

A target business may have operations in countries other than the United States. Consequently, we could be subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of our tax liabilities for a tax year.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

We currently maintain our executive offices at 823 Eleventh Avenue, New York, New York. We consider our current office space adequate for our current operations.

ITEM 3. LEGAL PROCEEDINGS.

There is no material litigation currently pending against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

Source: United Refining Ener, 10-K, December 01, 2008

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our equity securities trade on the NYSE Alternext US. Each of our units consists of one share of common stock and one warrant to purchase one share of common stock and trades on the NYSE Alternext US under the symbol "URX.U." On January 29, 2008, the common stock and warrants included in our units began to trade separately on the NYSE Alternext US under the symbols "URX" and "URX.W," respectively.

The following table sets forth the high and low sales information for our units for the period from December 12, 2007 through August 31, 2008 and our common stock and warrants for the period from January 29, 2008 through August 31, 2008.

	Units		Common Stock		Warrants	
Period Ended	**High**	**Low**	**High**	**Low**	**High**	**Low**
February 29, 2008	9.93	9.71	9.18	9.02	.80	.67
May 31, 2008	9.99	9.50	9.19	9.03	.68	.45
August 31, 2008	10.10	9.70	9.47	9.14	.84	.35

Holders of Record

As of November 24, 2008, there were approximately one holder of record of our units, approximately two holders of record of our common stock and approximately two holders of record of our warrants. Such numbers do not include beneficial owners holding shares, warrants or units through nominee names.

Use of Proceeds from our Initial Public Offering

On December 17, 2007, we consummated our initial public offering of 45,000,000 units. The securities sold in the our initial public offering were registered under the Securities Act on a registration statement on Form S-1, as amended (File No. 333-144704). The SEC declared the registration statement effective on December 11, 2007. All of the units registered were sold at an offering price of $10.00 per unit and generated gross proceeds of $450,000,000. Each unit consists of one share of common stock, par value $0.0001 per share, and one warrant. Each warrant entitles the holder to purchase from us one share of common stock at an exercise price of $7.00 per share. Each warrant will become exercisable on the later of our completion of a business combination or December 11, 2008 and will expire on December 11, 2011, or earlier upon redemption.

In connection with our offering, we incurred a total of $15,750,000 in underwriting discounts and $1,150,000 for costs and expenses related to the offering. The underwriters have agreed to defer an additional $15,750,000 of the underwriting discount (equal to 3.5% of the gross proceeds of the offering). These proceeds are held in the trust account and will not be released until the earlier to occur of the completion of our initial business combination or our liquidation. In addition, the trust account holds the proceeds from the sale of the warrants on a private placement basis. In total, we deposited $448,700,000 in the trust account and $150,000 was held outside of the trust. The remaining proceeds and up to $3,700,000 of interest income generated on the trust account are available to be used by us to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Excluding $15,750,000 million of the deferred underwriter's fee held in trust and payable upon the consummation of a business combination, we intend to use substantially all of the remaining net proceeds of the initial public offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust fund as well as any other net proceeds not expended will be used to finance the operations of the target business.

Source: United Refining Ener, 10-K, December 01, 2008

No expenses of the initial public offering were paid to any of our officers and directors or any of their respective affiliates. We did, however, repay certain of our officers and directors for loans they made to us prior to the consummation of the initial public offering. The aggregate amount of principal on such loans that we repaid was $300,000. These loans were non-interest bearing. All the funds held in the trust account have been invested in either Treasury Bills or Money Market Accounts.

Dividends

We have not paid any dividends on our common stock to date and do not intend to pay cash dividends prior to the completion of an initial business combination. The payment of dividends in the future will depend on our revenues and earnings, if any, capital requirements and general financial condition after an initial business combination is completed. The payment of any dividends subsequent to an initial business combination will be within the discretion of our then-board of directors. It is the present intention of our board of directors to retain any earnings for use in our business operations and, accordingly, we do not anticipate the board declaring any dividends in the foreseeable future.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. SELECTED FINANCIAL DATA.

The following table summarizes the relevant financial data for our business and should be read in conjunction with our financial statements and the notes and schedules thereto, which are included in this Annual Report on Form 10-K.

		Period from inception (June 25, 2007) to August 31, 2008
Statement of Operations Data:		
Interest Income	$	8,164,755
Compensation expense to sponsor		3,980,000
Formation and operating costs		806,926
Net income		875,829
Accretion of Trust Account relating to common stock subject to possible conversion		1,943,157
Net income attributable to common stockholders		(1,067,328)
Earnings per share data:		
Weighted average number of shares outstanding, basic and diluted		30,356,558
Net loss per share, basic and diluted	$	(.04)
Number of shares outstanding subject to possible conversion, basic and diluted		17,999,999
Net income per share subject to possible conversion, basic and diluted	$	.11
Statement of Cash Flows Data:		
Net cash used in operating activities	$	(3,614,414)
Cash contributed to Trust Account		(456,852,004)
Net proceeds from public offering allocable to stockholders' equity		237,698,082
Portion on net proceeds from public offering allocable to common stock subject to possible conversion		179,459,990
Proceeds from issuance of insider warrants		15,600,000
Net proceeds of units through public offering deferred as underwriters' fees		15,750,000

		August 31, 2008
Selected Balance Sheet Data:		
Cash and cash equivalents	$	68,659
Investments held in Trust Account including accrued interest		453,014,755
Total assets		453,420,902
Common stock subject to possible conversion		181,403,148
Total stockholders' equity		256,235,754

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

The Company was formed on June 25, 2007, for the purpose of acquiring, merging with, engaging in a capital stock exchange with, purchasing all or substantially all of the assets of or engaging in any other similar business combination of an unidentified operating business ("Business Combination"). The Company intends to focus on identifying a prospective target business in the energy industry throughout the world, with a particular focus on businesses or assets involved in the refining of petroleum and specialized products (such as petrochemicals) and services to the energy industry, but our efforts will not be limited to the energy industry.

For the twelve months ended August 31, 2008, the Company had net income of $877,894, attributable to compensation, formation and operating costs expenses offset by interest income from trust account investments. For the period ended August 31, 2008, interest income was $8,164,755.

On December 17, 2007, we consummated our initial public offering (the "Offering") of 45,000,000 units (the "Units") at a price of $10.00 per unit. Net proceeds from our initial public offering totaled approximately $448,700,000, which includes $15,600,000 from the sale of the warrants to United Refining, Inc., our sponsor (the "Sponsor"), in a private placement completed immediately prior to the initial public offering and was net of $16,900,000 in underwriting fees and other expenses paid at closing. Each unit consists of one share of the Company's common stock and one warrant to purchase one share of common stock. On December 10, 2007, the Company sold to the Sponsor, 15,600,000 warrants, which we refer to as insider warrants, for an aggregate purchase of $15,600,000. The sale of the insider warrants to the Sponsor did not result in the recognition of any stock-based compensation expense because they were sold at or above fair market value.

Each Unit consists of one share of the Company's common stock, $0.0001 par value per share (the "Common Stock"), and one Callable Common Stock Purchase Warrant ("Warrant"). Each Warrant will entitle the holder to purchase from the Company one share of Common Stock at an exercise price of $7.00 commencing the later of the consummation of a Business Combination or one year from the effective date of the registration statement related to the Offering and expiring on the fourth anniversary thereof. The Warrants will be callable at a price of $.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least $14.25 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of the call is given. The Company may not call the Warrants unless the Warrants and the shares of common stock underlying the Warrants are covered by an effective registration statement from the beginning of the measurement period through the date fixed for the call.

The Company sold the Units issued in the Offering to the underwriters of the initial public offering (the "Underwriters") at a price per unit equal to $9.30 (discount and compensation of $0.70 per share), resulting in an aggregate underwriting fee to the Underwriters of $31,500,000.

There are 30,650,000 authorized but unissued shares of our Common Stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of the outstanding Warrants) and all of the 1,000,000 shares of preferred stock available for issuance. On January 15, 2008, the Underwriters informed the Company that they will exercise no part of the over-allotment option (the "Over-allotment Option") granted to the Underwriters of the Offering. The Sponsor has forfeited 1,687,500 shares as the Over-allotment Option was not exercised in order for the Sponsor to maintain ownership of 20.0% of the Company's outstanding common stock.

The Company utilizes certain administrative, technology and secretarial services, as well as certain limited office space provided by the Sponsor. The Sponsor has agreed that, until the acquisition of a target business by the Company, it will make such services available to the Company, as may be required by the Company from time to time. The Company has agreed to pay United Refining, Inc. $7,500 per month for such services commencing on the effective date of the Offering.

Source: United Refining Ener, 10-K, December 01, 2008

In connection with the Offering, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Deutsche Bank Securities Inc. and Maxim Group LLC, as joint representatives of the underwriters in the Offering.

Pursuant to the Underwriting Agreement, the Company is obligated to the Underwriters for certain fees and expenses related to the Offering, including underwriting discounts and commission of $31,500,000, of which $15,750,000 was paid at the closing and $15,750,000 has been deferred upon the consummation of a business combination. The deferred discount can be reduced up to $6,299,999 if up to one share less than 40% of the aggregate number of shares of Common Stock Public Stockholders (defined below) seek redemption.

Liquidity and Capital Resources

On December 11, 2007, we completed our public purchase offering of 45,000,000 Units. Each Unit consists of one share of Common Stock, par value $0.001 per share, and one Warrant. As of August 31, 2008, we had cash of $68,659. Until the consummation of the Offering, the only source of liquidity was $300,000 of loans made to us by the Sponsor. This loan was repaid on December 17, 2007 from the proceeds of the Offering.

The registration statement for the Company's Offering was declared effective on December 11, 2007. The Company consummated the Offering on December 17, 2007 and received net proceeds of $448,700,000, which includes $15,600,000 from the Warrants sold in a private placement to the Sponsor (the "Insider Warrants") and includes $15,750,000 of Underwriters deferred discount. The Company's management intends to apply substantially all of the net proceeds of the Offering toward consummating a Business Combination. The initial target business must have a fair market value equal to at least 80% of the Company's net assets held in the trust account at the time of such acquisition. However, there is no assurance that the Company will be able to successfully affect a Business Combination.

The Company's amended and restated certificate of corporation provides that the Company's corporate existence will cease in the event it does not consummate a Business Combination by December 11, 2009 or June 11, 2010 in the event the holders of the common stock sold as part of the Units in the Offering ("Public Stockholders") approve a proposal to extend the period of time to consummate a Business Combination by an additional six (6) months (the "Extended Period"). If the Company does not effect a Business Combination by December 11, 2009 or June 11, 2010, as the case may be, the Company will promptly distribute the amount held in trust, which is substantially all of the proceeds from the Offering, including any accrued interest, to its Public Stockholders.

Off-Balance Sheet Financing Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet financing.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. We are not presently engaged in and, if a suitable business target is not identified by us prior to the prescribed liquidation date of the trust fund, we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the trust fund have been invested only in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Given our limited risk in our exposure to money market funds, we do not view the interest rate risk to be significant.

Source: United Refining Ener, 10-K, December 01, 2008

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements of the company and the report thereon of BDO Seidman LLP, dated November 14, 2008 for the fiscal years ended August 31, 2008 and 2007 are included herein:

- Reports of Independent Registered Public Accounting Firm
- Balance Sheets at August 31, 2008 and 2007.
- Statements of Income, Cash Flows and Stockholders' Equity for the years ended August 31, 2008 and 2007.
- Notes to Consolidated Financial Statements.

Source: United Refining Ener, 10-K, December 01, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
United Refining Energy Corporation
New York, New York

We have audited the accompanying balance sheets of United Refining Energy Corporation (a corporation in the development stage) as of August 31, 2008 and August 31, 2007 and the related statements of operations, stockholders' equity and cash flows for the year ended August 31, 2008, periods from June 25, 2007 (inception) to August 31, 2008 and June 25, 2007 (inception) to August 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express and opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Company's Certificate of Incorporation provides that the Company's corporate existence will cease in the event it does not consummate a Business Combination by December 11, 2009 or June 11, 2010 in the event the holders of the common stock sold as part of the Units in the Offering ("Public Stockholders") approve a proposal to extend the period of time to consummate a Business Combination by an additional six (6) months (the "Extended Period"). If the Company does not effect a Business Combination by December 11, 2009 or June 11, 2010, as the case may be, the Company will promptly distribute the amount held in trust (the "Trust Account"), which is substantially all of the proceeds from the Offering, including any accrued interest, to its Public Stockholders.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Refining Energy Corporation as of August 31, 2008 and August 31, 2007, and the related statements of operations, stockholders' equity and cash flows for the year ended August 31, 2008, periods from June 25, 2007 (inception) to August 31, 2008, and June 25, 2007 (inception) to August 31, 2007 in conformity with accounting principles generally accepted in the United States.

/s/ BDO Seidman, LLP

New York, New York
November 14, 2008

Source: United Refining Ener, 10-K, December 01, 2008

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UNITED REFINING ENERGY CORP.
(A Development Stage Company)

BALANCE SHEETS

	August 31, 2008	August 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 68,659	$ 22,702
Cash and cash equivalents held in trust	453,014,755	—
Prepaid expenses	69,488	—
Deferred offering costs	—	259,971
Deferred tax asset	268,000	—
Total Assets	$ 453,420,902	$ 282,673
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accrued offering costs	$ —	$ 59,738
Note payable—stockholder	—	200,000
Income taxes payable	32,000	—
Deferred underwriters' fees	15,750,000	—
Total Current Liabilities	15,782,000	259,738
Common stock, subject to possible redemption (17,999,999 shares at redemption value)	181,403,148	—
COMMITMENTS (Note 3)		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.0001 par value 1,000,000 shares authorized, none issued or outstanding		—
Common Stock, $.0001 par value, 150,000,000 shares authorized; 38,250,001 and 12,937,500 issued and outstanding, respectively (excluding 17,999,999 shares subject to redemption at August 31, 2008)	3,825	1,294
Additional paid in capital	255,356,100	23,706
Retained earnings (deficit) accumulated during the development stage	875,829	(2,065)
Total Stockholders' Equity	256,235,754	22,935
Total Liabilities and Stockholders' Equity	$ 453,420,902	$ 282,673

See accompanying notes to the financial statements.

Source: United Refining Ener, 10-K, December 01, 2008

UNITED REFINING ENERGY CORP.
(A Development Stage Company)

STATEMENTS OF OPERATIONS

	Year Ended August 31, 2008	For the period from June 25, 2007 (inception) to August 31, 2007	For the period from June 25, 2007 (inception) to August 31, 2008
Revenue	$ —	$ —	$ —
Operating expenses:			
Compensation expense to sponsor	3,980,000	—	3,980,000
Formation and operating costs	804,861	2,065	806,926
Loss for the period before interest and income taxes	(4,784,861)	(2,065)	(4,786,926)
Interest income	8,164,755	—	8,164,755
Income (loss) before provision for income taxes	3,379,894	(2,065)	3,377,829
Provision for income taxes	2,502,000	—	2,502,000
Net income (loss) for the period	877,894	(2,065)	$ 875,829
Accretion of trust account relating to common stock subject to possible redemption	1,943,157	—	
Net loss attributable to common shareholders	$ (1,065,263)	$ (2,065)	
Number of shares outstanding subject to possible redemption—basic and diluted	17,999,999	—	
Net income per share subject to possible redemption—basic and diluted	$ .11	$ —	
Weighted average number of shares outstanding—basic and diluted	30,356,558	12,937,500	
Net loss per share—basic and diluted	$ (.04)	$ —	

See accompanying notes to the financial statements.

Source: United Refining Ener, 10-K, December 01, 2008

UNITED REFINING ENERGY CORP.
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY
For the period from June 25, 2007 (Inception) to August 31, 2008

	Shares	Common Stock	Additional Paid in Capital	Retained Earnings (Deficit) Accumulated During the Development Stage	Total
Balance at June 25, 2007 (Inception)	—	$ —	$ —	$ —	$ —
Issuance of common stock to initial stockholder at $0.001 per share	12,937,500	1,294	23,706	—	25,000
Net loss for the period	—	—	—	(2,065)	(2,065)
Balance at August 31, 2007	12,937,500	1,294	23,706	(2,065)	22,935
Issuance of Sponsor Warrants to purchase 2,500,000 shares of common stock	—	—	3,980,000	—	3,980,000
Proceeds from the sale of 15,600,000 warrants to our sponsor	—	—	15,600,000	—	15,600,000
Sale of 45,000,000 units through public offering, net of underwriters discount and offering expenses and excluding $179,459,990 of proceeds allocable to 17,999,999 shares of common stock subject to possible redemption	27,000,001	2,700	237,695,382	—	237,698,082
Forfeiture of 1,687,500 shares of common stock by sponsor due to non-exercise of over-allotment option by underwriters	(1,687,500)	(169)	169	—	—
Accretion of trust account relating to common stock subject to possible redemption	—	—	(1,943,157)	—	(1,943,157)
Net income for the period	—	—	—	877,894	877,894
Balance at August 31, 2008	38,250,001	$ 3,825	$ 255,356,100	$ 875,829	$ 256,235,754

See accompanying notes to the financial statements.

Source: United Refining Ener, 10-K, December 01, 2008

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UNITED REFINING ENERGY CORP.
(A Development Stage Company)

STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended August 31, 2008	For the Period from June 25, 2007 (inception) to August 31, 2007	For the Period from June 25, 2007 (inception) to August 31, 2008
Cash flows from operating activities:			
Net income (loss)	$ 877,894	$ (2,065)	$ 875,829
Adjustments to reconcile net income to net cash used in operating activities:			
Compensation expense to sponsor	3,980,000	—	3,980,000
Interest income	(8,164,755)	—	(8,164,755)
Change in operating assets and liabilities:			
Prepaid expenses	(69,488)	—	(69,488)
Income taxes payable	32,000	—	32,000
Deferred tax asset	(268,000)	—	(268,000)
Net cash used in operating activities	(3,612,349)	$ (2,065)	(3,614,414)
Cash flows from investing activities:			
Purchase of investments held in trust account	(456,852,004)	—	(456,852,004)
Withdrawal from trust account for federal income taxes and working capital requirements	3,837,250	—	3,837,250
Interest earned on cash and cash equivalents held in trust	8,164,755	—	8,164,755
Net cash used in investing activities	(444,849,999)		(444,849,999)
Cash flows from financing activities:			
Proceeds from issuance of common stock	—	25,000	25,000
Deferred offering costs	200,233	(200,233)	—
Proceeds from issuance of insider warrants	15,600,000	—	15,600,000
Net proceeds of units through public offering deferred as underwriters' fees	15,750,000	—	15,750,000
Net proceeds from sale of units through public offering allocable to stockholders' equity	237,698,082	—	237,698,082
Portion of net proceeds from sale of units through public offering allocated to shares of common stock subject to possible redemption	179,459,990	—	179,459,990
Proceeds from notes payable	100,000	200,000	300,000
Payments of notes payable	(300,000)	—	(300,000)
Net cash provided by financing activities:	448,508,305	24,767	448,533,072
Net increase in cash and cash equivalents	45,957	22,702	68,659
Cash and cash equivalents, beginning of period	22,702	—	
Cash and cash equivalents, end of period	$ 68,659	$ 22,702	$ 68,659
Cash paid during the period for:			
Income taxes	$ 2,738,000	—	$ 2,738,000
Supplemental disclosure of non-cash activities:			
Accrued offering costs	—	$ 59,738	—
Compensation expense to sponsor	$ 3,980,000	—	$ 3,980,000
Accretion of trust account relating to common stock subject to possible redemption	$ 1,943,157	$ —	$ 1,943,157

See accompanying notes to the financial statements.

Source: United Refining Ener, 10-K, December 01, 2008

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION AND BUSINESS OPERATIONS

United Refining Energy Corp. (the "Company") was incorporated in Delaware on June 25, 2007 for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or any other similar business combination, an unidentified operating business or assets. The Company intends to focus on identifying a prospective target business in the energy industry, with a particular focus on businesses or assets involved in the refining of petroleum products ("Business Combination"), but will not be limited to pursuing acquisition opportunities only within that industry.

At August 31, 2008, the Company is currently evaluating acquisition candidates. All activity through August 31, 2008 relates to the Company's formation, the initial public offering, (the "Offering") described below and its search for a Business Combination. The Company has selected August 31 as its fiscal year end.

The Company is considered to be a development stage company and as such the financial statements presented herein are presented in accordance with Statement of Financial Accounting Standard No. 7.

The registration statement for the Offering was declared effective on December 11, 2007. The Company consummated the Offering on December 17, 2007 and received net proceeds of $448,700,000, which includes $15,600,000 from the Insider Warrants sold in a private placement (described in Note 4) and $15,750,000 of the underwriters' deferred discount (See Note 3). The net proceeds from the Offering were placed in a trust account ("Trust Account") established for the benefit of the holders of the Common Stock sold as part of the Units in the Offering (the "Public Stockholders") of the Company. The Company's management intends to apply substantially all of the net proceeds of the Offering toward consummating a Business Combination. The initial target business must have a fair market value equal to at least 80% of the Company's net assets held in the trust account at the time of such acquisition.

The Company's Amended and Restated Certificate of Incorporation provides that the Company's corporate existence will cease in the event it does not consummate a Business Combination by December 11, 2009 or June 11, 2010 in the event the Public Stockholders approve a proposal to extend the period of time to consummate a Business Combination by an additional six (6) months (the "Extended Period"). If the Company does not effect a Business Combination by December 11, 2009 or June 11, 2010, as the case may be, the Company will promptly distribute the amount held in the Trust Account, which is substantially all of the proceeds from the Offering, including any accrued interest, to its Public Stockholders.

On September 6, 2007, the Company's Board of Directors approved a .625-for-one reverse stock split. All share and per share data in these financial statements have been adjusted to give effect to the reverse split.

On November 30, 2007, the Company's Board of Directors approved a 2.3-for-one stock dividend. All share and per share data in these financial statements have been adjusted to give effect to the stock dividend.

On November 30, 2007, the Company granted to the Sponsor 2,500,000 warrants to purchase up to 2,500,000 shares of Common Stock (the "Sponsor Warrants"). The Sponsor Warrants are identical to the warrants sold in the Offering, except that: (i) the Sponsor Warrants are exercisable at $12.50 per share, (ii) the Sponsor Warrants will be non-redeemable so long as they are held by the Sponsor or its permitted assigns and (iii) the Sponsor Warrants expire on December 11, 2012. The Company performed a Black-Scholes calculation to determine the value of the warrants, using an expected life of 5 years, volatility of 26.67% and a risk free interest rate of 3.38%. The grant of the Sponsor Warrants is recorded as compensation expense in accordance with Financial Accounting Board Opinion No. 123(R) (Statement 123) and is included in the amount of $3,980,000 in the Company's Statements of Operations.

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

On December 11, 2007, the Sponsor forfeited 1,437,500 shares of common stock. All shares and per share data in these financial statements have been adjusted to give effect to the forfeiture.

On January 15, 2008, the Underwriters informed the Company that they would exercise no part of the Over-allotment Option. As a result, the Sponsor forfeited 1,687,500 shares of Common Stock to maintain ownership of 20.0% of the Company's outstanding shares of Common Stock.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements include the accounts of the Company. The Company is currently evaluating acquisition candidates. All activity through August 31, 2008 is related to the Company's formation, the Offering and its search for a Business Combination. The Company has selected August 31 as its fiscal year end.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash and Cash Equivalents Held in Trust

The Company's restrictive investment held in the Trust Account at August 31, 2008 is invested in U.S. Government Institutional money market securities. The Company recognized interest income of $8,164,755 on investments held in trust for the year ended August 31, 2008 and for the period from inception (June, 25, 2007) to August 31, 2008, which is included in the accompanying Statements of Operations.

Deferred Offering Costs

Deferred Offering costs as of August 31, 2007 consisted principally of legal, accounting and underwriting fees that are related to the Offering and were charged to capital upon completion of the Offering.

Deferred Underwriters Fees

Pursuant to the Underwriting Agreement, the Company is obligated to the Underwriters for up to $15,750,000 of deferred fees and expenses related to the Offering, which is payable to the Underwriters upon the consummation of a Business Combination.

Notes Payable

The Company's sponsor United Refining, Inc. provided two no-interest loans to the Company in the aggregate amount of $300,000 which was repaid at the consummation of the Offering from the proceeds of the offering. The proceeds of this loan were used to cover pre-offering expenses.

Source: United Refining Ener, 10-K, December 01, 2008

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

Common Stock Subject to Possible Conversion

With respect to the Extended Period (the proposal for which is approved by the Public Stockholders) or the Business Combination which is approved and consummated, any Public Stockholder who voted against the Extended Period or the Business Combination, as the case may be, may demand that the Company redeem his or her shares. The initial per share redemption price will equal $9.97 per share (plus a portion of the interest earned on the Trust Account) but net of: (i) taxes payable on interest earned on the Trust Account and State of Delaware franchise taxes and (ii) up to $3,700,000 of interest income released to the Company to fund working capital. Accordingly, Public Stockholders holding up to one share less than 40.0% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares of Common Stock in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by the Initial Stockholder. As a result of this redemption right, $179,459,990 plus accretion of $1,943,157 has been classified as Common Stock, Subject to Possible Redemption on the accompanying balance sheet as of August 31, 2008.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and the cash and cash equivalents held in trust. The Company's policy is to limit the amount of credit exposure to any one financial institution and place investments with financial institutions evaluated as being creditworthy, or in short-term money market funds which are exposed to minimal interest rate and credit risk.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Income/Loss Per Common Share

Basic income/loss per share excludes dilution and is computed by dividing the income/loss available to common stockholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or redeemed for common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. At August 31, 2008, there were no such potentially dilutive securities. Therefore, basic and diluted income/loss per share were the same for the year ended August 31, 2008 for the shares subject to conversion.

Fair Value of Financial Instruments

The fair values of the Company's assets and liabilities that qualify as financial instruments under SFAS No. 107 "Disclosures about Fair Value of Financial Instruments," approximate their carrying amounts presented in the balance sheet at August 31, 2008 and August 31, 2007.

The Company accounts for derivative instruments, if any, in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities." as amended, ("SFAS 133") which establishes accounting and reporting standards for derivative instruments.

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

Recently Issued Accounting Standards

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements ("Statement 157"). Statement 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. Statement 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Statement 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007. In February 2008, the FASB provided a one year deferral for the implementation of Statement 157 for non-financial assets and liabilities recognized or disclosed at fair value on a non-recurring basis. The Company believes that the adoption of Statement 157 will not have a significant effect on the Company's financial statements.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ("Statement 159"). Statement 159 provides a "Fair Value Option" under which a company may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Statement 159 will be available on contract-by-contract basis with changes in fair values recognized in earnings as those changes occur. Statement 159 is effective for fiscal years after November 15, 2007. Statement 159 also allows early adoption provided the entity also adopts the requirements of Statement 157. The Company does not believe the adoption of Statement 159 will have a material impact, if any, on its financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), Business Combinations, ("SFAS 141(R)"). Statement 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations, but also provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired and liabilities assumed arising from contingencies, the capitalization of in-process research and development at fair value, and the expensing of acquisition-related costs as incurred. Statement 141(R) is effective for fiscal years beginning after December 15, 2008. In the event that the Company completes acquisitions subsequent to its adoption of Statement 141 (R), the application of its provisions will likely have a material impact on the Company's results of operations, although the Company is not currently able to estimate that impact.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 ("Statement 160"). Statement 160 requires that ownership interests in subsidiaries held by parties other than the parent, and the amount of consolidated net income, be clearly identified, labeled and presented in the consolidated financial statements. It also requires once a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. Sufficient disclosures are required to clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. It is effective for fiscal years beginning after December 15, 2008, and requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements are applied prospectively. The Company does not expect the adoption of Statement 160 to have a material impact on its financial condition or results of operations.

The Company does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE 3—COMMITMENTS

Administrative Services Agreement

The Company utilizes certain administrative, technological and secretarial services, as well as certain limited office space provided by United Refining, Inc., its Sponsor. The Sponsor has agreed that, until the

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

acquisition of a target business by the Company, it will make such services available to the Company, as may be required by the Company from time to time. The Company has agreed to pay United Refining, Inc. $7,500 per month for such services commencing December 11, 2007 and terminating upon the earlier of the date the Company consummates a Business Combination or dissolves and liquidates in accordance with its amended and restated certificate of incorporation. The Company has paid the Sponsor $65,178 through August 31, 2008 for these costs.

Underwriting Agreement

In connection with the Offering, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Deutsche Bank Securities Inc. and Maxim Group LLC, the representatives of the underwriters in the Offering (the "Underwriters").

Pursuant to the Underwriting Agreement, the Company is obligated to the Underwriters for certain fees and expenses related to the Offering, including underwriting discounts and commissions of $31,500,000, of which $15,750,000 has been paid at the closing of the Offering and $15,750,000 has been deferred upon the consummation of a Business Combination. The deferred discount can be reduced up to $6,299,999 if up to one share less then 40% of the aggregate number of shares owned by all Public Stockholders seek redemption.

NOTE 4—COMMON AND PREFERRED STOCK, SPONSOR WARRANTS AND INSIDER WARRANTS

On December 17, 2007, the Company consummated the offering of 45,000,000 units ("Units") of its securities, each Unit consisting of one share of common stock, par value $0.0001 per share, and one warrant ("Warrant") to purchase one share of Common Stock, pursuant to the registration statement on Form S-1, as amended. The Units were sold at a public offering price of $10.00 per Unit, generating gross proceeds of $450,000,000.

a) Common and Preferred Stock

The Company was incorporated in Delaware on June 25, 2007 and has the authority to issue 150,000,000 shares of common stock having a par value of $.0001 per share and 1,000,000 shares of preferred stock having a par value of $.0001 per share. Concurrent with its incorporation, the Company entered into a securities subscription agreement with its Sponsor, whereby the Sponsor purchased 12,937,500 shares of common stock of the Company for $25,000 in cash.

As of August 31, 2008, there are 30,650,000 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants) and all of the 1,000,000 shares of preferred stock available for issuance.

b) Sponsor Warrants

On November 30, 2007, the Company issued 2,500,000 Sponsor Warrants to its Sponsor, exercisable at an initial purchase price of $12.50 per share effective on December 11, 2007 and expiring on December 11, 2012. These warrants and the shares purchasable hereunder constitute "restricted securities" under federal securities laws and applicable regulations and may not be resold or transferred without registration under the Securities Act of 1933. The grant of the warrants to our Sponsor is recorded as compensation expense in accordance with Statement of Financial Accounting Standard No. 123(R) and was valued using the Black-Scholes model, Accordingly, $3,980,000 is recorded as compensation expense in the Company's Statements of Operations.

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

c) Insider Warrants

On December 10, 2007, our Sponsor purchased 15,600,000 common stock warrants ("Insider Warrants") from the Company at a price of $1.00 per warrant in a private placement pursuant to Regulation D of the Securities Act of 1933, as amended. Proceeds from the sale of the Insider Warrants of $15,600,000 were placed in the Trust Account. The Insider Warrants are identical to those sold in the Offering except that none of the Insider Warrants are transferable or salable until after the Company completes a Business Combination, are not subject to redemption if held by our Sponsor or its permitted assigns and may be exercised on a "cashless" basis at any time after they become exercisable if held by our Sponsor or its permitted assigns. The holder of Insider Warrants does not have any right to any liquidation distributions with respect to the shares underlying such Insider Warrants in the event we fail to consummate a Business Combination, in which event the Insider Warrants will expire worthless.

As of August 31, 2008, there are 63,100,000 warrants outstanding. Each warrant, excluding the Sponsor Warrants, will be exercisable for one share of common stock at an exercise price of $7.00 per share, while the Sponsor Warrants will be exercisable for one share of common stock at the price of $12.50 per share. None of the warrants may be exercised until after consummation of our Business Combination and the funding in the trust account disbursed. The warrant exercise price will be paid directly to the Company and not placed in the trust account.

NOTE 5—INCOME TAXES

The provision for income taxes for the year ended August 31, 2008, as well as for the period June 25, 2007 (inception) through August 31, 2008, consists of current federal tax of $2,770,000, and a deferred tax benefit of $268,000. There is no provision for income taxes required for the period June 25, 2007 (inception) through August 31, 2007.

The Company's effective tax rate does not approximate the federal statutory rate due to compensation which is not deductible for tax purposes. No provision for state and local income taxes has been made since the Company was formed as a vehicle to affect a Business Combination and, as a result, does not conduct operations and is not engaged in a trade or business in any state. The Company is incorporated in Delaware and authorized to do business in New York and accordingly is subject to franchise taxes. Delaware and New York franchise tax expense of $16,661 ($16,511 Delaware and $150 New York) for the year ended August 31, 2008 as well as the period June 25, 2007 (inception) through August 31, 2008 are included as part of formation and operating costs in the accompanying statement of operation.

Source: United Refining Ener, 10-K, December 01, 2008

UNITED REFINING ENERGY CORP.

NOTES TO FINANCIAL STATEMENTS—(Continued)

NOTE 6—SUMMARIZED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Fiscal Year Ended August 31, 2008				For the Period From June 25, 2007 (Inception) to August 31, 2007
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Interest income	—	3,319,845	2,576,260	2,268,650	—
Compensation expense to sponsor	3,980,000	—	—	—	—
Formation and operating costs	—	139,935	530,084	134,842	2,065
Provision for income taxes	—	1,128,800	647,367	725,833	—
Net income (loss) for the period	(3,980,000)	2,051,110	1,398,809	1,407,975	(2,065)
Accretion of Trust Account relating to common stock subject to possible conversion	—	820,444	559,524	563,189	—
Net income (loss) attributable to common shareholders	(3,980,000)	1,230,666	839,285	844,786	(2,065)
Weighted number of shares outstanding, basic and diluted	12,937,500	33,502,748	38,250,001	38,250,001	12,937,500
Net income per share, basic and diluted	(0.31)	0.04	0.01	0.02	0.00
Number of shares outstanding subject to possible conversion	—	17,999,999	17,999,999	17,999,999	—
Net income per share subject to possible conversion, basic and diluted	—	0.05	0.03	0.03	—

Source: United Refining Ener, 10-K, December 01, 2008

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A(T). CONTROLS AND PROCEDURES.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of August 31, 2008. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of August 31, 2008, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the year ended August 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

ITEM 9B. OTHER INFORMATION.

None.

Source: United Refining Ener, 10-K, December 01, 2008

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Our current directors and executive officers are as follows:

Name	Age	Position
John A. Catsimatidis	60	Chairman of the Board of Directors and Chief Executive Officer
Myron L. Turfitt	56	President and Director
James E. Murphy	63	Chief Financial Officer
John R. Wagner	49	Secretary
Theodore P. Nikolis	54	Director
Michael Bilirakis	78	Director

John A. Catsimatidis has been our Chairman and Chief Executive Officer since inception. Mr. Catsimatidis is the Chairman of the Board and Chief Executive Officer of Red Apple Group, Inc., a diversified holding company with interests in the energy industry, supermarkets, airplanes and finance. Mr. Catsimatidis founded Red Apple Supermarkets, a single neighborhood grocery store in 1968. Through internal growth and a series of acquisitions, Mr. Catsimatidis has grown the operation, under the brand name "Gristedes," into Manhattan's largest supermarket chain. He is currently the Chairman of the Board and Chief Executive Officer of United Refining Company, an integrated refiner and marketer of petroleum products in western New York and northwestern Pennsylvania, and has held those positions since February 1986, when his wholly-owned company, United Acquisition Corp., purchased United Refining, Inc., United Refining Company's parent and our sponsor, while United Refining Company was in bankruptcy proceedings. Thereafter, Mr. Catsimatidis negotiated a plan of reorganization, paying creditors 100% of proven claims plus post-petition interest, and enabling United Refining Company to emerge from bankruptcy. For the fiscal year ended August 31, 2008, United Refining Company generated net sales in excess of $3.208 billion. United Refining Company, which celebrated its 100th anniversary in 2002, also operates approximately 371 gas stations and convenience stores. While at United Refining Company, Mr. Catsimatidis has also overseen its acquisition of Country Fair, which has 73 retail locations and the increase of the refinery's output from 65,000 barrels per day, or bpd, to 70,000 bpd. Mr. Catsimatidis has also acquired a large portfolio of commercial real estate and via R.A. Real Estate, Inc., a company wholly-owned by Mr. Catsimatidis, is currently engaged in a $500 million commercial and residential development project in Brooklyn, New York. Mr. Catsimatidis has also been involved in the airline industry since the early 1970s. His holdings in aviation have included owning commercial aircraft and, at one time, he controlled Capitol Airlines, then the 11th largest commercial airline in the United States.

Myron L. Turfitt has been our President and Director since inception. He is currently President and Chief Operating Officer of United Refining Company, and has held these positions since September 1996. Mr. Turfitt began his career at United Refining Company in July 1981 as Vice President—Accounting and Administration, a position he held until August 1983. Beginning in August 1983, Mr. Turfitt became Senior Vice President-Finance of United Refining Company until June 1987, when he was made Chief Financial Officer and Executive Vice President. He held those positions until September 1996, when he took over his current position of President and Chief Operating Officer of United Refining Company. Mr. Turfitt is a CPA with over 30 years of financial and operations experience in all phases of the petroleum business including exploration and production, refining and retail marketing. His experience covers both fully-integrated major oil companies and large independents.

James E. Murphy has been Chief Financial Officer since July 2007. Since January 1997, Mr. Murphy has served as Chief Financial Officer of United Refining Company, a wholly-owned subsidiary of our sponsor, United Refining, Inc. He previously held the position of Vice President-Finance from April 1995 to December 1996 and Director of Internal Auditing from May 1982 to April 1986. Additionally, Mr. Murphy has held other accounting and internal auditing positions during his career with United Refining Company. Mr. Murphy is a CPA and prior to joining us he had over 15 years experience in accounting and auditing with banking, public accounting and manufacturing companies.

John R. Wagner has been our Secretary since July 2007. Since August 1997, Mr. Wagner has served as Vice President, General Counsel and Secretary to each of United Acquisition Corp., parent of our sponsor, United Refining, Inc. and to its subsidiary United Refining Company. Prior to joining the United Refining family of companies, Mr. Wagner served as Counsel to Dollar Bank, F.S.B. from 1988 to August 1997.

Theodore P. Nikolis has been a director of our company since July 2007. Since October 2005, Mr. Nikolis has served as Senior Counsel to The Royal Bank of Scotland (LSE: RBS). As Senior Counsel, Mr. Nikolis oversees and manages the legal aspects of the Bank's New York lending transactions, including with respect to regulatory and compliance matters. In addition, Mr. Nikolis manages the legacy real estate properties of National Westminster Bank plc, a United Kingdom based bank which had approximately £9.8 billion of revenue in fiscal 2006. Approximately 20 years ago, Mr. Nikolis began his involvement in the electric power sector as a project finance attorney at the firm of Chadbourne & Parke. From January 2000 to October 2005, Mr. Nikolis was a principal of Nikolis & Associates, LLC, a consulting firm focused on distressed debt providing turnaround strategies, debt restructuring, collateral sales and bankruptcy options for the maximization of asset and/or collateral value in distressed situations. From January 2003 to October 2005, Mr. Nikolis was also a member of Odysseus Energy Inc., a private equity group targeting distressed electric generating facilities. From March 1998 to January 2000, Mr. Nikolis managed the closure of Coutts & Co.'s New York office, the private banking subsidiary of NatWest. Between 1993 and 1998 he was Senior Vice President and Counsel for NatWest Markets, the former investment banking division of NatWest Plc., where he created and managed the unit responsible for managing corporate and project finance restructuring, problem loans, and all bankruptcy proceedings. From 1991 to 1993, Mr. Nikolis held a similar position with NatWest, USA where, inter alia, he managed the short term operation, financial restructuring and ultimate liquidation of over $1 billion of distressed co-generation and independent power production facilities.

Michael Bilirakis has been a director of our company since September 2007. In January 2007, Mr. Bilirakis returned to the practice of law, which he previously engaged in from 1968 to 1984, and established the Bilirakis Law Group. From January 1983 until his retirement in January 2007, Mr. Bilirakis served in the U.S. House of Representatives as a representative of the Ninth District of Florida. During his tenure, Mr. Bilirakis served on the House Energy and Commerce Committee for 22 years. From 1992 to 2006, Mr. Bilirakis served as a member of the North Atlantic Treaty Organization (NATO) Parliamentary Assembly, which brings together members of the U.S. Congress with members of parliaments throughout NATO to facilitate awareness and understanding of key security issues and to provide transparency of NATO policies.

Our board of directors is divided into two classes with only one class of directors being elected in each year and each class serving a two-year term. Our Bylaws provide that the number of directors constituting our board of directors shall not be less than one or more than nine. As of August 31, 2008 we had four directors. The term of office of the first class of directors, consisting of Messrs. Nikolis and Bilirakis will expire at our first annual meeting of stockholders following the completion of the Company's initial public offering. The term of office of the second class of directors, consisting of Messrs. Catsimatidis and Turfitt, will expire at the second annual meeting following the completion of the Company's initial public offering.

Director Independence

Our board of directors has determined that Theodore P. Nikolis and Michael Bilirakis are "independent directors" as such term is defined in the rules of the NYSE Alternext US and Rule 10A-3 of the Exchange Act. We intend to locate and appoint at least one additional independent director to serve on the board of directors and one additional independent director to serve on each of our audit committee and nominating committee within one year of the completion of our initial public offering.

Audit Committee

Our audit committee consists of Theodore P. Nikolis and Michael Bilirakis. As required by the rules of the NYSE Alternext US, each of the members of our audit committee is financially literate. We are currently

Source: United Refining Ener, 10-K, December 01, 2008

conducting a search for an additional member for our board of directors. We will identify the director we consider to qualify as an "audit committee financial expert" and "financially sophisticated" as defined under SEC and NYSE Alternext US rules, respectively, within one year of the completion of our initial public offering.

Code of Ethics

We adopted a code of ethics that applies to our officers, directors and employees. We have filed copies of our code of ethics as an exhibit to the registration statement in connection with our initial public offering. You will be able to review these documents by accessing our public filings at the SEC's Web site at www.sec.gov.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) ("Section 16(a)") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires executive officers and directors and persons who beneficially own more than ten percent (10%) of the Company's common stock to file initial reports of ownership on Form 3 and reports of changes in ownership on Form 4 with the Securities and Exchange Commission (the "Commission") and any national securities exchange on which the Company's securities are registered.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the executive officers and directors, the Company believes that all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten per cent (10%) beneficial owners were satisfied during 2008, except as follows: Theodore P. Nikolis filed a Form 4 to report the acquisition of shares of common stock in the open market, which was late.

ITEM 11. EXECUTIVE COMPENSATION.

No compensation of any kind, including finder's and consulting fees, will be paid by us to any of our executive officers, directors, or any of their respective affiliates, for services rendered prior to or in connection with a business combination. However, we will reimburse such persons for any out-of-pocket expenses incurred in connection with activities on our behalf, such as identifying potential target businesses and performing due diligence on suitable business combinations, although they will not be reimbursed for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount not held in the trust account unless the business combination is consummated. As of August 31, 2008, an aggregate of $11,159 has been reimbursed to our executive officers, directors, and their respective affiliates for such expenses. Of such amount, $3,026 was paid to our officers and directors.

After an initial business combination, directors or executive officers who remain with us may be paid consulting, management or other fees from the combined company with any and all amounts being fully disclosed to stockholders, to the extent then known, in the proxy solicitation materials furnished to our stockholders. It is unlikely the amount of such compensation will be known at the time of a stockholder meeting held to consider an initial business combination, as it will be up to the directors of the post-combination business to determine executive officer and director compensation. We do not intend to take any action to ensure that members of our management team maintain their positions with us after the consummation of our initial business combination, although it is possible that some or all of our executive officers and directors may negotiate employment or consulting arrangements to remain with the company after the initial business combination. The existence or terms of any such employment or consulting arrangements to retain their positions with the company may influence our management's motivation in identifying or selecting a target business but we do not believe that the ability of our management to remain with the company after the consummation of an initial business combination will be a determining factor in our decision to proceed with any potential business combination.

Compensation Committee Interlocks and Insider Participation

None.

Source: United Refining Ener, 10-K, December 01, 2008

Compensation Committee Report and Compensation Discussion and Analysis

We have not included a compensation committee report and a compensation discussion and analysis because members of our management team have not received any cash or other compensation for services rendered to us during the year ended August 31, 2008.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following information, including stock ownership, is submitted with respect to our directors, each executive officer that would be named in a "Summary Compensation Table," for all executive officers and directors as a group, and, based solely on Schedule 13D and 13G filings with the Securities and Exchange Commission, for each holder of more than five percent of our common stock as of August 31, 2008.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner (1)	Amount and nature of beneficial ownership (2)	Percent of Class
HBK Investments L.P. (3)	4,555,300	8.10%
Platinum Partners Value Arbitrage Fund LP (4)	4,455,000	7.92%
QVT Financial LP (5)	4,000,000	7.11%
Brian Taylor (6)	3,500,000	6.22%
United Refining, Inc. (7)	11,250,000	20.00%
John A. Catsimatidis (7)	11,250,000	
James E. Murphy	—	—
Theodore P. Nikolis	2,000	*
Michael Bilirakis	—	—
All Directors and Officers as a Group (6 persons)	11,252,000	20.0%

* less than one percent (1%).

(1) Unless otherwise indicated, the business address of each of the stockholders is 823 Eleventh Avenue, New York, New York 10019.

(2) Unless otherwise indicated, all ownership is direct beneficial ownership.

(3) HBP Investments L.P. has delegated discretion to vote and dispose of our common stock it holds to HBK Services LLC. In addition, voting power and dispositive power is share with KBK Partners II L.P., HBK Management LLC and HBK Master Fund L.P. The address for HBK Investments L.P., and the other entities named herein, is 300 Crescent Court, Suite 700, Dallas, Texas 75201.

(4) The address for Platinum Partners Value Arbitrage Fund LP is 152 West 57th Street, 54th Floor, New York, New York 10019.

(5) QVT Financial LP ("QVT Financial") is the investment manager for QVT Fund LP (the "Fund"), which beneficially owns 3,303,315 shares of common stock, and for Quintessence Fund L.P. ("Quintessence"), which beneficially owns 360,725 shares of common stock. QVT Financial is also the investment manager for a separate discretionary account managed for Deutsche Bank AG (the "Separate Account"), which holds 335,960 shares of common stock. QVT Financial has the power to direct the vote and disposition of the common stock held by the Fund, Quintessence and the Separate Account. Accordingly, QVT Financial may be deemed to be the beneficial owner of an aggregate amount of 4,000,000 shares of common stock, consisting of the shares owned by the Fund and Quintessence and the shares held in the Separate Account. QVT Financial GP LLC, as General Partner of QVT Financial, may be deemed to beneficially own the same number of shares of common stock reported by QVT Financial. QVT Associates GP LLC, as General Partner of the Fund and Quintessence, may be deemed to beneficially own the aggregate number of shares of common stock owned by the Fund and Quintessence, and accordingly, QVT Associates GP LLC may be deemed to be the beneficial owner of an aggregate amount of 3,664,040 shares of common stock. Each of

QVT Financial and QVT Financial GP LLC disclaims beneficial ownership of the shares of common stock owned by the Fund and Quintessence and held in the Separate Account. QVT Associates GP LLC disclaims beneficial ownership of all shares of common stock owned by the Fund and Quintessence, except to the extent of its pecuniary interest therein. The address for QVT Financial LP, QVT Financial GP LLC and QVT Associates GP LLC is 1177 Avenue of the Americas, 9th Floor, New York, New York 10036. The address for QVT Fund LP is Walkers SPV, Walkers House, Mary Street, George Town, Grand Cayman, KY1 9001 Cayman Islands.

(6) Brian Taylor shares voting and dispositive power over these shares of common stock with Pine River Capital Management L.P. and Nisswa Master Fund Ltd. The address for each party is 601 Carlson Parkway, Suite 330, Minnetonka, Minnesota 55305.

(7) Mr. Catsimatidis may be deemed to beneficially own the shares owned by United Refining, Inc by virtue of his indirect ownership and control of United Refining, Inc.

All of the shares of common stock outstanding prior to the effective date of the registration statement relating to our initial public offering were placed in escrow with Continental Stock Transfer & Trust Company, as escrow agent, and will be so held until the earliest of:

- one year following the consummation of a business combination and three years from the date of the prospectus relating to our initial public offering, but in no event less than one year from the consummation of a business combination; and

- the consummation of a liquidation, merger, stock exchange or other similar transaction which results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property subsequent to our consummating a business combination with a target business.

During the escrow period, the holders of these shares of common stock will not be able to sell or transfer their securities except in certain limited circumstances (such as transfers to relatives and trusts for estate planning purposes, while remaining in escrow), but will retain all other rights as our stockholders, including, without limitation, the right to vote their shares of common stock and the right to receive cash dividends, if declared. If dividends are declared and payable in shares of common stock, such dividends will also be placed in escrow. If we are unable to effect a business combination and liquidate, the holders will not receive any portion of the liquidation proceeds with respect to common stock owned by them prior to our initial public offering.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On June 25, 2007, we issued 10,000,000 shares of our common stock to our sponsor, United Refining, Inc., which is indirectly owned by John A. Catsimatidis, our Chairman and Chief Executive Officer, for an aggregate amount of $25,000 in cash, at a purchase price of approximately $0.0025 per share. On September 6, 2007, we effected a .625-for-one reverse stock split effectively increasing the per share price to $0.004 per share. On November 29, 2007, we announced a 2.3-for-one stock dividend effectively decreasing the per share price to $0.0019.

On December 11, 2007 United Refining, Inc. agreed to forfeit 1,437,500 shares of our common stock. Finally, on January 15, 2008, the underwriters of the Company's initial public offering informed the Company that they would exercise no part of their Over-allotment Option. In accordance with its contractual obligations, our Sponsor forfeited an additional 1,687,500 shares of our Common Stock.

United Refining, Inc. purchased in a private placement transaction 15,600,000 warrants from us at a price of $1.00 per warrant. These insider warrants have terms and provisions that are identical to the warrants included in the units sold in our initial public offering, respectively, except that: (i) the insider warrants were purchased pursuant to an exemption from the registration requirements of the Securities Act and will become freely tradable only after they are registered pursuant to a registration rights agreement signed on the date of the prospectus

relating to our initial public offering, (ii) the insider warrants are nonredeemable so long as they are held by our sponsor or its permitted assigns and (iii) the insider warrants are exercisable (a) on a "cashless" basis at any time after they become exercisable, if held by our sponsor or its permitted assigns and (b) in the absence of an effective registration statement covering the shares of common stock underlying the warrants. The transfer restriction does not apply to transfers made pursuant to registration or an exemption that are occasioned by operation of law or for estate planning purposes, while remaining in escrow. The $15,600,000 purchase price of the insider warrants was added to the proceeds of our initial public offering to be held in the trust account pending our completion of our initial business combinations. If we do not complete one or more business combinations that meet the criteria described in this prospectus, then the $15,600,000 purchase price of the insider warrants will become part of the liquidation amount distributed to our public stockholders from our trust account and the insider warrants will become worthless.

On November 30, 2007, we granted to United Refining, Inc., warrants to purchase up to 2,500,000 shares of our common stock, which we refer to as the sponsor warrants. Such warrants were granted to the sponsor in order to induce it to increase its investment in the private placement preceding our initial public offering (and such warrants were delivered upon the closing of the private placement) and were treated as a compensation expense for accounting purposes. The sponsor warrants are identical to the warrants included in the units sold in our initial public offering, except that: (i) the sponsor warrant are exercisable at $12.50 per share, (ii) the sponsor warrants are nonredeemable so long as they are held by our sponsor or its permitted assigns and (iii) the sponsor warrants expire five years from the date of the prospectus relating to our initial public offering.

The holders of a majority of: (i) the shares of common stock held by United Refining, Inc., which is indirectly owned by John A. Catsimatidis, our Chairman and Chief Executive Officer and (ii) the shares of common stock issuable upon exercise of the insider warrants and (iii) the sponsor warrants and the underlying shares of common stock will be entitled to make up to two demands that we register these securities pursuant to a registration rights agreement signed on the date of the prospectus relating to our initial public offering. Such holders may elect to exercise these registration rights at any time commencing on or after the date on which these securities are released from escrow. In addition, these stockholders have certain "piggyback" registration rights with respect to registration statements filed subsequent to the date on which these securities are released from escrow. We will bear the expenses incurred in connection with the filing of any such registration statements.

Because the insider warrants and the sponsor warrants were originally issued pursuant to an exemption from the registration requirements under the Securities Act, the holders of these warrants will be able to exercise their warrants even if, at the time of exercise, a prospectus relating to the common stock issuable upon exercise of such warrants is not current. Our insider warrants and the sponsor warrants will become freely tradable only after they are registered pursuant to a registration rights agreement to be signed on or before the date of this prospectus.

In order to protect the amounts held in the trust account, our sponsor has agreed to indemnify us for claims of creditors, vendors, service providers and target businesses that have not executed a valid and binding waiver of their right to seek payment of amounts due to them out of the trust account. In the event that the proceeds in the trust account are reduced and our sponsor asserts that it is unable to satisfy its obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether we would take legal action against our sponsor to enforce its indemnification obligations. While we currently expect that our independent directors would take legal action against our sponsor on our behalf to enforce its indemnification obligations, it is possible that our independent directors in exercising their business judgment may choose not to do so in a particular instance. If our independent directors choose not to enforce the indemnification obligations of our sponsor, we cannot assure you that the per-share distribution from the trust account, if we liquidate, will not be less than $9.97, plus interest then held in the trust account.

United Refining, Inc. loaned an aggregate of $300,000 prior to the consummation of our initial public offering to cover expenses related to the offering, such as SEC registration fees, NYSE Alternext US listing fees,

FINRA registration fees and legal and accounting fees and expenses. The loan was payable without interest on the earlier of December 31, 2008 or the consummation of our initial public offering. We repaid this loan from the proceeds of our initial public offering not placed in trust.

We will reimburse our officers and directors, subject to board approval, for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on our behalf such as identifying and investigating possible target businesses and business combinations. There is no limit on the amount of out-of-pocket expenses reimbursable by us, which will be reviewed only by our board or a court of competent jurisdiction if such reimbursement is challenged. Accountable out-of-pocket expenses incurred by our officers and directors will not be repaid out of proceeds held in the trust account until these proceeds are released to us upon the completion of a business combination, provided there are sufficient funds available for reimbursement after such consummation.

All ongoing and future transactions between us and any of our officers and directors or their respective affiliates, including loans by our officers and directors, will be on terms believed by us to be no less favorable than are available from unaffiliated third parties. Such transactions or loans, including any forgiveness of loans, will require prior approval by a majority of our disinterested "independent" directors or the members of our board who do not have an interest in the transaction, in either case who had access, at our expense, to our attorneys or independent legal counsel. We will not enter into any such transaction unless our disinterested "independent" directors determine that the terms of such transaction are no less favorable to us than those that would be available to us with respect to such a transaction from unaffiliated third parties.

While we do not intend to pursue a business combination with any company that is affiliated with our sponsor, executive officers or directors, we are not prohibited from pursuing such a transaction. In the event we seek to complete a business combination with such a company, we would obtain an opinion from an independent investment banking firm which is a member of the FINRA and is reasonably acceptable to the representatives of the underwriters of our initial public offering, that such a business combination is fair to our stockholders from a financial point of view. Other than with respect to the business combination, we have not adopted a policy that expressly prohibits our directors, officers, securityholders or affiliates from having a direct or indirect pecuniary interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. Nor do we have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. Accordingly, such parties may have an interest in certain transactions in which we are involved, and may also compete with us.

Mr. Catsimatidis is deemed to be our "parent" and "promoter," as these terms are defined under the federal securities laws.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The firm of BDO Seidman LLP ("BDO") is our independent registered public accounting firm. BDO manages and supervises the audit, and is exclusively responsible for the opinion rendered in connection with its examination. The following is a summary of fees paid to BDO for services rendered:

Audit Fees

Audit fees for the period from inception to August 31, 2008 related to professional services rendered in connection with our initial public offering (comprised of various financial statements included in our Registration Statement on Form S-1, including all amendments, and our Current Report on Form 8-K filed with the SEC on December 18, 2007), aggregating $232,000; the audit of our financial statements for the period ended August 31, 2008 and the quarterly review of financial statements included in our quarterly report on Form 10-Q for the quarterly periods ended November 30, 2007, February 29, 2008 and May 31, 2008 amounted to $64,000.

Source: United Refining Ener, 10-K, December 01, 2008

Audit-Related Fees

We did not receive any audit related fees for the year ended August 31, 2008.

Tax Fees

We received $2,000 of tax services for the year ended August 31, 2008.

All Other Fees

We did not receive products and services provided by BDO, other than those discussed above, for the year ended August 31, 2008.

Pre-Approval Policy

Since our audit committee was not formed until September 2007, the audit committee did not pre-approve the appointment of BDO, although any services rendered prior to the formation of our audit committee were approved by our board of directors and have since been ratified by our audit committee. On a going-forward basis, the audit committee will pre-approve all auditing services and permitted non-audit services to be performed for us by BDO, including the fees and terms thereof (subject to the *de minimus* exceptions for non-audit services described in the Exchange Act which are approved by the audit committee prior to the completion of the audit). The audit committee may form and delegate authority to subcommittees of the audit committee consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full audit committee at its next scheduled meeting.

Source: United Refining Ener, 10-K, December 01, 2008

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) *Financial Statements.*

The following financial statements of United Refining Energy Corp. are included in Item 8:

Financial Statements	Page
Report of Independent Registered Public Accounting Firm	52
Balance Sheet at August 31, 2008 and 2007	53
Statement of Operations for the Years Ended August 31, 2008, for the Period from June 25, 2007 (inception) to August 31, 2007 and for the Period from June 25, 2007 (inception) to August 31, 2008	54
Statement of Stockholders' Equity for the Years ended August 31, 2008, for the Period from June 25, 2007 (inception) to August 31, 2007 and for the Period from June 25, 2007 (inception) to August 31, 2008	55
Statement of Cash Flows for the Years Ended August 31, 2008, for the Period from June 25, 2007 (inception) to August 31, 2007 and for the Period from June 25, 2007 (inception) to August 31, 2008	56
Notes to Financial Statements	57

(2) *Financial Statement Schedules.*

All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.

(3) *Exhibits.*

Exhibit No.	Exhibit
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Registrant Statement on Form S-1 filed on July 19, 2007)
3.2	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
3.3	Bylaws (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on July 19, 2007 and to the Registrant's Current Report on Form 8-K filed on January 7, 2008)
4.1	Specimen Unit Certificate
4.2	Specimen Common Stock Certificate
4.3	Specimen Warrant Certificate
4.4	Warrant Agreement by and between Continental Stock Transfer & Trust Company and the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
4.5*	Sponsor Warrant granted to United Refining, Inc.
10.1	Investment Management Trust Agreement by and between Continental Stock Transfer & Trust Company and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.2	Securities Escrow Agreement by and among the Registrant, Continental Stock Transfer & Trust Company and United Refining, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.3	Registration Rights Agreement by and between the Registrant and United Refining, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)

Source: United Refining Ener, 10-K, December 01, 2008

Exhibit No.	Exhibit
10.4	Letter Agreement by and between the Registrant and United Refining, Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.5	Letter Agreement by and between the Registrant and John A. Catsimatidis (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.6	Letter Agreement by and between the Registrant and Myron L. Turfitt (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.7	Letter Agreement by and between the Registrant and James E. Murphy (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.8	Letter Agreement by and between the Registrant and John R. Wagner (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.9	Letter Agreement by and between the Registrant and Theodore P. Nikolis (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.10	Letter Agreement by and between the Registrant and Michael Bilirakis (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.11	Administrative Services Agreement by and between the Registrant and United Refining, Inc.
10.12	Subscription Agreement, dated December 11, 2008 by and between the Registrant and United Refining, Inc. (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed on December 17, 2007)
10.13	Right of First Refusal Agreement, dated December 11, 2008, by and among the Registrant, Red Apple Group, Inc., United Acquisition Corp., United Refining, Inc. and United Refining Company
14	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 filed on October 12, 2007)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Audit Committee Charter (incorporated by reference to Exhibit 99.1 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 filed on October 12, 2007)
99.2	Corporate Governance and Nominating Committee Charter (incorporated by reference to Exhibit 99.24 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 filed on October 12, 2007)

* Filed herewith

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED REFINING ENERGY CORP.

Dated: December 1, 2008

By: /s/ Myron L. Turfitt
Myron L. Turfitt
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities on the dates indicated here.

Signature	Title	Date
/s/ John A. Catsimatidis John A. Catsimatidis	Chairman of the Board of Directors and Chief Executive Officer (*Principal Executive Officer*)	December 1, 2008
/s/ Myron L. Turfitt Myron L. Turfitt	President and Director	December 1, 2008
/s/ James E. Murphy James E. Murphy	Chief Financial Officer (*Principal Financial Officer*)	December 1, 2008
/s/ John R. Wagner John R. Wagner	Secretary	December 1, 2008
/s/ Theodore P. Nikolis Theodore P. Nikolis	Director	December 1, 2008
/s/ Michael Bilirakis Michael Bilirakis	Director	December 1, 2008

Source: United Refining Ener, 10-K, December 01, 2008

WARRANT

Neither these securities nor the securities into which these securities are exercisable have been registered with the Securities and Exchange Commission or the securities commission of any state in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, may not be offered for sale, sold or otherwise disposed of except pursuant to an effective registration statement filed under the Securities Act or pursuant to an exemption from registration under such act and in compliance with applicable state securities or blue sky laws.

W No. 1

UNITED REFINING ENERGY CORP.
COMMON STOCK WARRANT

This certifies that United Refining, Inc. ("Holder") is entitled to purchase, subject to the terms and conditions of this Warrant, from United Refining Energy Corp., a Delaware corporation (the "Company"), TWO MILLION FIVE HUNDRED THOUSAND (2,500,000) fully paid and non assessable shares of the Company's Common Stock, par value $0.001 per Share ("Common Stock"), in accordance with Section 2 during the period commencing on the effective date of the Company's registration statement for its initial public offering and ending at 5:00 p.m. EST, five (5) years from the date of the first closing of the Offering (the "Expiration Date"), at which time this Warrant will expire and become void unless earlier terminated as provided herein. The shares of Common Stock of the Company for which this Warrant is exercisable, as adjusted from time to time pursuant to the terms hereof, are hereinafter referred to as the "Shares."

1. Exercise Price. The initial purchase price for the Shares shall be $12.50 per share. Such price shall be subject to adjustment pursuant to the terms hereof (such price, as adjusted from time to time, is hereinafter referred to as the "Exercise Price").

2. Exercise and Payment. Commencing on the date hereof, this Warrant may be exercised, in whole or in part, from time to time by the Holder, during the term hereof, by surrender of this Warrant and the Exercise Agreement annexed hereto duly completed and executed by the Holder to the Company at the principal executive offices of the Company, together with payment in the amount obtained by multiplying the Exercise Price then in effect by the number of Shares thereby purchased, as designated in the Exercise Agreement. Payment may be in cash, by wire transfer of immediately available funds to an account specified by the Company or by cashier's check payable to the order of the Company.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance and delivery upon exercise of this Warrant such number of shares of Common Stock or other shares of capital stock of the Company as are from time to time issuable upon exercise of this Warrant. All such shares shall be duly authorized, and when issued upon such exercise, shall be validly issued, fully paid and non-assessable, free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale and free and clear of all preemptive rights.

4. Delivery of Stock Certificates. Within a reasonable time after exercise, and in no event more than 7 business days thereafter, in whole or in part, of this Warrant, the Company shall issue in the name of and deliver to the Holder a certificate or certificates for the number of fully paid and nonassessable shares of Common Stock which the Holder shall have requested in the Exercise Agreement. If this Warrant is exercised in part, the Company shall deliver to the Holder a new Warrant for the unexercised portion of this Warrant at the time of delivery of such stock certificate or certificates.

5. No Fractional Shares. No fractional shares or scrip representing fractional shares will be issued upon exercise of this Warrant. If upon any exercise of this Warrant a fraction of a share results, the Company will pay the Holder the difference between the fair market value of the fractional share and the portion of the Exercise Price allocable to the fractional share.

6. Charges, Taxes and Expenses. The Company shall pay all transfer taxes or other incidental charges, if any, in connection with the transfer of the Shares purchased pursuant to the exercise hereof from the Company to the Holder.

7. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to the Company, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor and dated as of such cancellation, in lieu of this Warrant.

8. Saturdays, Sundays, Holidays, Etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding weekday which is not a legal holiday.

9. Adjustment of Exercise Price and Number of Shares. The Exercise Price and the number of and kind of securities purchasable upon exercise of this Warrant shall be subject to adjustment from time to time as follows:

(a)Subdivisions, Combinations and Other Issuances. If the Company shall at any time after the date hereof but prior to the expiration of this Warrant subdivide its outstanding securities as to which purchase rights under this Warrant exist, by stock split or otherwise, or combine its outstanding securities as to which purchase rights under this Warrant exist, the number of Shares as to which this Warrant is exercisable as of the date of such subdivision, stock split or combination shall forthwith be proportionately increased in the case of a subdivision, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, but the aggregate purchase price payable for the total number of Shares purchasable under this Warrant as of such date.

(b)Merger. If at any time after the date hereof there shall be a merger or consolidation of the Company with or into another corporation when the Company is not the surviving corporation, then lawful provision shall be made so that the Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the aggregate Exercise Price then in effect, the number of shares or other securities or property of the successor corporation resulting from such merger or consolidation, which would have been received by Holder for the shares of stock subject to this Warrant had this Warrant been exercised prior to such merger or consolidation.

(c) Reclassification, Etc. If at any time after the date hereof there shall be a change or reclassification of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, then the Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares or other securities or property resulting from such change or reclassification, which would have been received by Holder for the shares of stock subject to this Warrant had this Warrant at such time been exercised.

10. Notice of Adjustments; Notices. Whenever the Exercise Price or number of Shares purchasable hereunder shall be adjusted pursuant to Section 9 hereof, the Company shall execute and deliver to the Holder a certificate setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Exercise Price and number of and kind of securities purchasable hereunder after giving effect to such adjustment, and shall cause a copy of such certificate to be mailed (by first class mail, postage prepaid) to the Holder.

11. Rights As Stockholder; Notice to Holders. Nothing contained in this Warrant shall be construed as conferring upon the Holder or his or its transferees the right to vote or to receive dividends or to consent or to receive notice as a shareholder in respect of any meeting of shareholders for the election of directors of the Company or of any other matter, or any rights whatsoever as shareholders of the Company. The Company shall give notice to the Holder by registered mail if at any time prior to the expiration or exercise in full of the Warrants, any of the following events shall occur:

(a) dissolution, liquidation or winding up of the Company shall be proposed;

(b) a capital reorganization or reclassification of the Common Stock (other than a subdivision or combination of the outstanding Common Stock and other than a change in the par value of the Common Stock) or any consolidation or merger of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or change of Common Stock outstanding) or in the case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety; or

(c) a taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other rights.

Such giving of notice shall be simultaneous with the giving of notice to holders of Common Stock. Such notice shall specify the record date or the date of closing the stock transfer books, as the case may be. Failure to provide such notice shall not affect the validity of any action taken in connection with such dividend, distribution or subscription rights, or proposed merger, consolidation, sale, conveyance, dissolution, liquidation or winding up.

12. Restricted Securities; Registration Rights. The Holder understands that this Warrant and the Shares purchasable hereunder constitute "restricted securities" under the federal securities laws inasmuch as they are, or will be, acquired from the Company in transactions not involving a public offering and accordingly may not, under such laws and applicable regulations, be resold or transferred without registration under the Securities Act of 1933, as amended (the "Securities Act") or an applicable exemption from such registration. Unless the Shares are registered in accordance with the requirements of the Securities Act, the Holder further acknowledges that a securities legend substantially in the form appearing on the first page of this Warrant shall be placed on any Shares issued to the Holder upon exercise of this Warrant.

The Holder of this Warrant shall be entitled to the registration rights with respect to the Shares as set forth in the Subscription Agreement entered into by the Company in connection with the purchase of this warrant by the original Holder.

13. Certification of Investment Purpose. Unless a current registration statement under the Securities Act shall be in effect with respect to the securities to be issued upon exercise of this Warrant, the Holder covenants and agrees that, at the time of exercise hereof, it will deliver to the Company a written certification executed by the Holder that the securities acquired by him upon exercise hereof are for the account of such Holder and acquired for investment purposes only and that such securities are not acquired with a view to, or for sale in connection with, any distribution thereof. This Warrant is acquired by the Holder for investment purposes, and not with a view to, or for sale in connection with, any distribution thereof. The Holder is experienced in business and financial matters and has the capacity to protect the Holder's interests. The Holder is an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act.

14. Market Standoff Period; Agreement. In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing such offering of the Company's securities, each Holder hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any disposed of in the registration and those acquired by the Holder in the registration or thereafter in open market transactions) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering, provided that the Company's officers and directors are subject to lock-up provisions of similar terms and conditions.

15. Miscellaneous.

(a)Construction. Unless the context indicates otherwise, the term "Holder" shall include any transferee or transferees of this Warrant, and the term "Warrant" shall include any and all warrants outstanding pursuant to this Agreement, including those evidenced by a certificate or certificates issued upon division, exchange or substitution.

(b)Notices. Unless otherwise provided, any notice required or permitted under this Warrant shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or three (3) days following deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified (or one (1) day following timely deposit with a reputable overnight courier with next day delivery instructions), or upon confirmation of receipt by the sender of any notice by facsimile transmission, at the address indicated below or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

To Holder:	United Refining, Inc. 823 Eleventh Avenue New York, New York 10016
To the Company:	United Refining Energy Corp. 823 Eleventh Avenue New York, New York 10016

(c)Governing Law. This Warrant shall be governed by and construed under the laws of the State of New York.

(d)Entire Agreement. This Warrant, the exhibits and schedules hereto, and the documents referred to herein, constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings, whether oral or written, between the parties hereto with respect to the subject matter hereof.

(e)Binding Effect. This Warrant and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the Company and its successors and assigns, and Holder and its successors and assigns.

(f)Waiver; Consent. This Warrant may not be changed, amended, terminated, augmented, rescinded or discharged (other than by performance), in whole or in part, except by a writing executed by the parties hereto, and no waiver of any of the provisions or conditions of this Warrant or any of the rights of a party hereto shall be effective or binding unless such waiver shall be in writing and signed by the party claimed to have given or consented thereto.

(g)Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision shall be excluded from this Warrant and the balance of the Warrant shall be interpreted as if such provision were so excluded and the balance shall be enforceable in accordance with its terms.

(h)Counterparts. This Warrant may be signed in several counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly exercised effective as of November 30, 2007.

UNITED REFINING ENERGY CORP.

By: /s/ John A. Catsimatidis
John A. Catsimatidis, Chief Executive Officer

EXHIBIT A TO WARRANT

NOTICE OF EXERCISE

To: United Refining Energy Corp. Dated:_________
Attn: Chief Financial Officer

The undersigned, registered holder of the Warrant to Purchase Common Stock delivered herewith, hereby irrevocably exercises such warrant for, and purchases thereunder,______ shares of Common Stock of United Refining Energy Corp., a Delaware corporation, and herewith makes payment of the warrant price of $______ for such shares in full.

INVESTOR

Signature: ______________________________

Print Name: ______________________________

Address: ______________________________
____
____

Telephone: ______________________________

Facsimile: ______________________________

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John A. Catsimatidis, certify that:

1. I have reviewed this annual report on Form 10-K of United Refining Energy Corp. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 1, 2008

Signature: /s/ John A. Catsimatidis
John A. Catsimatidis
Principal Executive Officer

Exhibit 31.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James E. Murphy, certify that:

1. I have reviewed this annual report on Form 10-K of United Refining Energy Corp. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 1, 2008

Signature: /s/ James E. Murphy
James E. Murphy
Principal Financial Officer

Source: United Refining Ener, 10-K, December 01, 2008

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of United Refining Energy Corp. (the "Company") on Form 10-K for the year ended August 31, 2008, as filed with the Securities and Exchange Commission (the "Report"), I, John A. Catsimatidis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: December 1, 2008

By: /s/ John A. Catsimatidis
John A. Catsimatidis
Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of United Refining Energy Corp. (the "Company") on Form 10-K for the year ended August 31, 2008, as filed with the Securities and Exchange Commission (the "Report"), I, James E. Murphy, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: December 1, 2008

By: /s/ James E. Murphy
James E. Murphy
Principal Financial Officer

Created by 10KWizard www.10KWizard.com

EXHIBIT S

"Richard J. Parks"
<RJP@Pietragallo.com>
01/15/2009 07:43 AM

To <Andrew.Swartz@weil.com>
cc "Wagner, John" <jwagner@urc.com>
bcc
Subject RE: United Refining / SemMaterials

History: This message has been forwarded.

Andrew
As discusses on the phone yesterday, we would like to seek a continuance of discovery as well as all other proceeding deadlines in the adversary action scheduling order to obtain a 90-120 day continuance of all further deadlines to see where the bankruptcy goes from here given the involvement of John Catsimatidis in the bankruptcy of Sem Group. Obviously, if Mr.. Catsimatidis is successful, the adversary action is moot. Given the relatively early stages of this Bankruptcy, it is our desire not it divert expense and resources at this time if the company is reorganized and becomes part of the Red Apple Group. If you are not familiar with the involvement, I have attached a link to an article about the efforts of Red Apple.

Please let me know as soon as possible so we can get this into Court if we are in agreement.

http://www.reuters.com/article/innovationNews/idUSTRE4BF0NC20081216

Richard J. Parks, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
54 Buhl Blvd
Sharon, PA 16146
Office: (724) 981-1397 | Fax: (724) 981-1398
http://www.Pietragallo.com
RJP@Pietragallo.com | BIO

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From: Andrew.Swartz@weil.com [mailto:Andrew.Swartz@weil.com]
Sent: Wednesday, January 14, 2009 10:54 AM
To: Richard J. Parks
Cc: john.strasburger@weil.com
Subject: RE: United Refining / SemMaterials

I'll have to patch John in, so let us call you. Will you be at your office?

Andrew R. Swartz
Weil, Gotshal & Manges LLP
Phone: (713) 546-5168
Fax: (713) 224-9511

"Richard J. Parks" <RJP@Pietragallo.com>

01/14/2009 09:52 AM

To <Andrew.Swartz@weil.com>
cc
Subject RE: United Refining / SemMaterials

Yes. Do I call you?

Richard J. Parks, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
54 Buhl Blvd
Sharon, PA 16146
Office: (724) 981-1397 | Fax: (724) 981-1398
http://www.Pietragallo.com
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From: Andrew.Swartz@weil.com [mailto:Andrew.Swartz@weil.com]
Sent: Wednesday, January 14, 2009 9:51 AM
To: Richard J. Parks
Cc: john.strasburger@weil.com
Subject: RE: United Refining / SemMaterials

John Strasburger and I are available for a call at 3:00 eastern. Does that time work for you?

Andrew R. Swartz
Weil, Gotshal & Manges LLP
Phone: (713) 546-5168
Fax: (713) 224-9511

"Richard J. Parks" <RJP@Pietragallo.com>

01/13/2009 05:04 PM

To <Andrew.Swartz@weil.com>
cc
Subject RE: United Refining / SemMaterials

I have tried to call about three people at your office regarding this file as well as your local counsel about this case. Are you aware that the principal of United Refining is leading a group to buy Sem? Please call me tomorrow or I will call you in the am so we can discuss these proceedings and working out how to complete discovery. I have to leave now for a game with my son but I will call you at 10:00 my time 9:00 yours if that is a good time. If not let me know I am pretty open tomorrow except at 11:00 am .

Richard J. Parks, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
54 Buhl Blvd
Sharon, PA 16146
Office: (724) 981-1397 | Fax: (724) 981-1398
http://www.Pietragallo.com
RJP@Pietragallo.com | BIO

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From: Andrew.Swartz@weil.com [mailto:Andrew.Swartz@weil.com]
Sent: Tuesday, January 13, 2009 5:42 PM
To: Richard J. Parks
Subject: United Refining / SemMaterials

Richard,

In relation to the United Refining/SemMaterials adversary proceeding, we served document requests on United Refining on December 11, 2008. Copies of the Requests and Notice of Services are attached. According to the request, United Refining's responses were due on January 9, 2009. My understanding is that we did not receive responses to our document requests. Please let me know if United Refining intends to respond. If so, when.

Also, we would like to arrange for the deposition of the individuals named in United Refining's initial disclosures as "possible witnesses": Charles Topa, Michael Kolos, John Wagner, Ashton Ditka, and Edward Kline. Please let me know when these individuals are available to be deposed. If United Refining requires a formal deposition notice, please let me know.

Warm regards,

Andrew R. Swartz
Weil, Gotshal & Manges LLP
Phone: (713) 546-5168
Fax: (713) 224-9511

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received this communication in error, please immediately notify us by email (postmaster@weil.com), and destroy the original message. Thank you.

The information contained in this email message is intended only for use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by email (postmaster@weil.com), and destroy the original message. Thank you.

EXHIBIT T

NEWS

[back to Releases]

FOR IMMEDIATE RELEASE
02/27/2009
Catsimatidis Makes Bid for SemMaterials Assets

New York, NY – John Catsimatidis, chairman of the Red Apple Group of New York, has made a bid for all of the assets of SemMaterials. The bid is being considered by SemGroup, LLC, and no decision has been made about the disposition of the assets of the asphalt supply company.

"In response to SemGroup's request for bids, I placed a substantial bid for all of the assets of SemMaterials," said Catsimatidis. "My bid was not immediately accepted, and we are continuing our negotiations with SemGroup, LLP."

"Financing is available to me for the entire amount of my bid. However, my advisors believe I should obtain a $100 million increase in my open line of credit to ensure plenty of working capital is available to the company if crude oil prices spike again. It just wouldn't be prudent to proceed to buy the assets without the assurance of the availability of adequate working capital."

Catsimatidis controls 5 of the 9 seats on SemGroup, LLC's management committee.

"We are working hard to prepare a plan of reorganization for all of the company's assets, including SemMaterials. I think an auction of SemMaterials' assets was premature; the asphalt business should be part of the entire reorganized company," Catsimatidis said.

"Because SemGroup, LLC insisted on proceeding with an auction, I was willing to participate and offer the highest and best bid. The sellers wanted to close the transaction by March 15, and I could not assure them that I could close the purchase before the end of the month. I intend to continue to negotiate with the sellers while putting together my plan for reorganizing the entire company," Catsimatidis added.

SemGroup, L.P., is a privately held midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace. SemGroup, L.P. provides diversified services for end users and consumers of crude oil, natural gas, natural gas liquids, refined products and asphalt. Services include purchasing, selling, processing, transporting, terminating and storing of product, and serves customers in the United States, Canada, Mexico and Wales.

SemGroup, L. P., had revenues of more than $14 billion in 2007 and employed more than 2,200 people worldwide. The company filed for protection under Chapter 11 of the U. S. Bankruptcy Code in July 2008.

For more information, call Nicole Morgan at (918) 599-0029 or e-mail nicole@rexpr.com, or call Gerald McKelvey at (212) 843-8013 or e-mail gmckelvey@rubenstein.com.

--end--

[back to Releases]

EXHIBIT U

ABOUT

John A. Catsimatidis
Chairman of the Red Apple Group of New York and United Refining Energy Corporation

John Catsimatidis was brought to America from the island of Nissiros, Greece by his parents when he was 6 months old. He was raised in New York City, attended Brooklyn Tech High School and then New York University.

While in college, Catsimatidis worked in a local grocery store, eventually gaining a 50 percent stake in the store, before opening his first wholly owned store in 1969 on Manhattan's Upper West Side. By the time he was 25, he owned several grocery stores around Manhattan in addition to several pieces of real estate. He acquired the Gristedes supermarket chain in 1986 and the Sloan's supermarket chain in 1993. Today, there are more than 35 Gristedes grocery stores.

In the 1980s, Catsimatidis continued to diversify his business holdings – starting Capital Air airline. He then purchased the United Refining Company, which was in bankruptcy, and returned 100 cents on the dollar to the creditors. United Refining refines and markets petroleum products in the northeastern US. The company, which serves more than 370 gas stations, is the refining unit of his diversified Red Apple Group. The company also owns a 65,200 barrel-per-day refinery in Warren, Penn., which produces various grades of gasoline, diesel fuel, kerosene, No. 2 heating oil and asphalt. All of the crude oil refined by United Refining originates in North America.

Catsimatidis is active in numerous New York City charities, ranging from the Juvenile Diabetes Foundation to the New York Police Athletic League to the Greek Orthodox Church in the United States.

Catsimatidis and his wife, Margo, have two children and reside in Manhattan.

SemGroup G.P., L.L.C. is the general partner of SemGroup L.P., and the management committee of the general partner serves as the equivalent of the company's board of directors. Other members of the majority of the management committee include:

Martin R. Bring
Member of Ellenoff Grossman & Schole LLP

Martin R. Bring represents public and private companies in all aspects of corporate and securities matters. Bring is engaged in general corporate representation and advises a wide range of private and public companies, both domestic and foreign. Bring has extensive experience in the areas of corporate finance, private and public offerings (including blind pool offerings or SPACs) of debt and equity securities for U.S. and foreign companies (representing both issuers and underwriters), commercial bank loans (representing both lender and borrowers) and financial restructurings, mergers and acquisitions, SEC reporting matters and other general corporate matters. He has also written and lectured on the topic of Sarbanes-Oxley compliance. Admitted to practice in 1968, Bring was most recently a senior shareholder and Chairman of the Corporate Group at Anderson Kill & Olick P.C. in New York.

Bring received his law degree from Yale University and a Bachelor of Arts degree from the University of Rochester.

Matthew F. Coughlin III
Managing Partner of International Insurance Brokers, LTD

Matthew F. Coughlin, III serves as Managing Partner for International Insurance Brokers, LTD., a Tulsa-based national insurance brokerage. Prior to forming IIB, Coughlin was managing director of a large international insurance brokerage firm in New York after heading up divisions of several larger international insurance brokerage firms over the course of his career.

Heavily involved in the Tulsa community, Coughlin served as the chief financial officer of Tulsa Ballet Theatre, Inc. from 2005 to 2008 where he continues to serve as a board member. Coughlin also serves on the boards of the Catholic Foundation of Eastern Oklahoma and Friends of Catholic Education, Inc. His past service includes the board of Cascia Hall Preparatory School where he is past Chairman.

Born in Bayonne, N.J., Coughlin earned a Bachelor of Science degree from Saint John's University in New York. He and his family have lived in New Jersey and Texas, and they consider Tulsa, Okla., their home.

J. Nelson Happy
Attorney, United Refining Energy Corporation

J. Nelson Happy presently serves as the attorney for the United Refining Energy Corporation, based in New York City and owned by John Catsimatidis. Prior to his position

with United Refining, Happy was the chairman of Green Industries of Kerrville, Texas, and the general counsel and president of Mooney Aerospace Group, also of Kerrville.

While general counsel at Mooney, Happy was responsible for all public filings and FAA regulatory issues. When he was promoted to president, with responsibility for all operations, he successfully restarted the company after bankruptcy and expanded it to employ more than 400 people manufacturing eight aircraft per month.

From 1999-2001, Happy was the CEO and director of Cenco Refining Company of Santa Fe Springs, Calif., where he successfully obtained key permits to restart the Powerine Refinery.

Happy also served as the Chairman and CEO of Flight International Group, Ltd. of Newport News, Va., from 1990 to 1993 where he successfully restructured the public company and negotiated the sale of the company, now known as L-3 Flight International, to investors.

In the late 1980s, Happy worked closely with Catsimatidis to successfully bring United Refining Company out of bankruptcy and return 100 cents on the dollar to its creditors.

Happy is a graduate of Syracuse University (B.A. cum laude, '64) and Columbia University School of Law (J.D., 1967). He is admitted to practice in New York as well as numerous states and the United States Supreme Court.

Thane Ritchie
Founder and CEO of Ritchie Capital

Myron L. Turfitt
President and COO of United Refining

Myron L. Turfitt has been President and Chief Operating Officer of United Refining since September 1996. He has held several positions within the company, including Chief Financial Officer, Executive Vice President, Senior Vice President-Finance Vice President, Accounting and Administration. Turfitt is a CPA with more than 30 years of financial and operations experience in all phases of the petroleum business, including exploration and production, refining and retail marketing. His experience covers both fully-integrated major oil companies and large independents.

EXHIBIT V

NEWS

[back to Articles]

Investor offers his strategy to reshape, save SemGroup
12/16/2008, **Daily Oklahoman** By: Jack Money

EnergyNew Yorker has history of rescue experience

TULSA — A businessman who owns one of the nation's largest groupings of private companies has added Tulsa-based SemGroup LP to his portfolio.

John A. Catsimatidis, chairman of Red Apple Group based in New York, Monday said he controls a majority of the bankrupt energy company's management board and intends to submit a reorganization plan in the ongoing bankruptcy case rather than just selling its assets.

Catsimatidis has done this type of rescue before. Twenty years ago, he saved a longtime Pennsylvania refinery that was going through bankruptcy. He still owns it, and the refinery, which supplies Catsimatidis' convenience stores with fuel, actually has expanded.

"I strongly believe that reorganization will deliver far more value to SemGroup's creditors than liquidation," Catsimatidis said. "SemGroup has a tremendous portfolio of assets that can be revitalized with a renewed commitment to the company's core businesses.

"The problem with liquidation is there will likely be nothing left once the assets have been sold — if they can be sold at all in this environment," he said.

Catsimatidis said he plans to work with creditors to develop a reorganization plan that enables SemGroup to repay its debts while preserving a majority of its 2,000 at-risk jobs. He also plans to maintain SemGroup's headquarters in Tulsa.

Words of praise
Catsimatidis' acquisition of SemGroup was facilitated by

Tulsa insurance company executive Matthew F. Coughlin III, a news release issued Monday said.

"I know John Catsimatidis has the resources, expertise and dedication that will be necessary to rescueSemGroup from the liquidators," Coughlin, the managing partner of International Insurance Brokers Ltd., said on Monday.

Coughlin said he knew Catsimatidis as both a friend and as a customer of his insurance products. And as the chief financial officer of the Tulsa Ballet, Coughlin also knew SemGroup founder Tom Kivisto and appreciated the support coming from SemGroup employees for Tulsa's arts.

A charity supporter
Besides saving the corporate headquarters and the company's jobs, Coughlin said Catsimatidis also plans for SemGroup to be one of Tulsa's largest charity and arts supporters.
Kivisto, SemGroup's founder and former chief executive officer and president, cheered the news.

"Over the years, SemGroup has built an outstanding team of talented and dedicated employees which has achieved a successful business plan," Kivisto said in a statement. "Mr. Catsimatidis' involvement means that the company can resume that course.

"While the turnaround of SemGroup will not be achieved overnight, it is a good-news day for all of Tulsa. I have every expectation that SemGroup will once again stand as a leading corporate citizen of Tulsa," Kivisto said.

The deal also is important to the state's oil producers who still are owed money by SemGroup.

"It sounds like the guy is tailor-made to do this," said Mike Terry, president of the Oklahoma Independent Petroleum Association. "If this works out, it will be an early Christmas present to a lot of producers in Oklahoma," Terry said.

More Info

AT A GLANCE
Who is John A. Catsimatidis?
Catsimatidis is chairman and chief executive officer of Red Apple Group. The company has holdings in oil refining, retail petroleum products, convenience stores, supermarkets, real estate and aviation. Catsimatidis, 60, grew up in New York City. He opened a small supermarket in 1968 on Manhattan's Upper West Side. He later took over Gristedes' Supermarkets and transformed it into an iconic staple of New York life, group officials say.
In 1986, Catsimatidis acquired United Refining Co. of Warren, Pa. Today, United Refining, with a 70,000 barrel per day capacity, provides fuel to western Pennsylvania and New York through its network of four hundred gas stations and convenience stores.
Catsimatidis' Red Apple Real Estate is an investor in the New York, New Jersey and Florida real estate markets.

His official biography says Catsimatidis is a jet pilot, and a pioneer in business jet management.Catsimatidis' companies post annual sales of more than $3.7 billion. With 8,000 employees, Catsimatidis is a major employer in the New York City metropolitan area, in upstate New York and in Pennsylvania.
He has served on the board of directors of New York City's Police Athletic League since 1984, and is cofounder of the Brooklyn Tech Alumni Foundation Capital Campaign. He also supports several medical foundations.

BACKGROUND
How the deal worked

SemGroup GP, the general partner of SemGroup LP, has a nine-member management board controlling the bankrupt company. Riverstone Holdings, Ritchie Capital Management and a group of company founders each had three members on the board. The founders gave their positions to John A. Catsimatidis; Ritchie Capital gave up two of its three positions. Besides Catsimatidis and Matthew F. Coughlin III, the others Catsimatidis appointed to the board are J. Nelson Happy, who brought United Refining out of bankruptcy, Myron L. Turfitt, current president of United Refining, and Martin R. Bring, Catsimatidis' personal attorney.

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EXHIBIT W

NEWS

[back to Releases]

FOR IMMEDIATE RELEASE
01/09/2009
Catsimatidis Meets with SemGroup Bank Creditors

NEW YORK, N.Y. – John A. Catsimatidis, chairman of the Red Apple Group of New York and United Refining Energy Corporation, announced today members of the SemGroup management committee held an introductory meeting in New York with the creditors' bank group steering committee.

During this morning's meeting, Catsimatidis proposed the concept of a consensual reorganization plan rather than the planned liquidation. In addition, he committed an outline of a plan, which he hopes to be consensual, will be complete by the end of the month. Under the Catsimatidis plan, the creditors would realize substantially more value than through liquidation. The management committee was invited by the steering committee to present the plan for review in February.

"We are continuing to work diligently on a plan that will revive SemGroup and are very pleased to have had the opportunity to meet the bank group steering committee," said Catsimatidis. "The management committee has been looking forward to this meeting for several weeks, and our meeting continues to move SemGroup in the right direction."

Catsimatidis announced last month he obtained five of the nine seats on SemGroup G.P., L.L.C.'s management committee, the equivalent of SemGroup L.P.'s board of directors. Since that time, he has met with management and the company's restructuring professionals regarding input for a reorganization plan on behalf of the company.

SemGroup, L.P., is a privately held midstream service company providing the energy industry the means to move products from the wellhead to the wholesale marketplace.

SemGroup provides diversified services for end users and consumers of crude oil, natural gas, natural gas liquids, refined products and asphalt. Services include purchasing, selling, processing, transporting, terminaling and storing of product. SemGroup serves customers in the United States, Canada, Mexico, Wales, Switzerland and Vietnam.

SemGroup, L. P., had revenues of more than $14 billion in 2007 and employed more than 2,200 people worldwide. The company entered into Chapter 11 of the U. S. Bankruptcy Code in July 2008.

For more information, call Nicole Morgan at (918) 599-0029 or e-mail nicole@rexpr.com, or call Gerald McKelvey at (212) 843-8013 or e-mail gmckelvey@rubenstein.com.

[back to Releases]

EXHIBIT X

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

FILED
APR 2 2009
Phil Lombardi, Clerk
U.S. DISTRICT COURT

SEMGROUP, G.P., L.L.C., an Oklahoma limited liability company, Plaintiff,	)	
v.	)	Case No. 09 CV - 179 GKF PJC
TERRENCE RONAN, an individual, Defendant.	)	JURY TRIAL DEMANDED

COMPLAINT

The Plaintiff, SemGroup, G.P., L.L.C. ("Plaintiff"), by and through its attorney of record, Kenneth L. Brune of the Brune Law Firm, in support of its Complaint against the Defendant, Terrence Ronan, alleges and states as follows:

PARTIES

1. SemGroup, G.P., L.L.C., is an Oklahoma limited liability company ("SGGP").

2. SGGP is the sole general partner of SemGroup, L.P., an Oklahoma limited partnership ("SLP").

3. SLP is a debtor and the debtor in possession, along with its debtor affiliates in jointly administered chapter 11 cases pending in the United States Bankruptcy Court for the District of Delaware, Case Number 08-11525-(BLS) ("the Bankruptcy Case"). Various subsidiaries of SLP are also debtors in the Bankruptcy Case.

4. SLP is managed by SGGP, which in accordance with the Operating Agreement of SemGroup, G.P., L.L.C. (the "SGGP Operating Agreement"), is managed by a Management Committee (the "Management Committee").

5. Defendant Terrence Ronan ("Defendant Ronan"), upon information and belief, is a resident of the State of Massachusetts. Defendant Ronan is currently serving as the Chief Executive Officer and President of SLP, appointed by the Management Committee pursuant to the SGGP Operating Agreement.

JURISDICTION AND VENUE

6. This Court has diversity jurisdiction over this action pursuant to 28 USC § 1332.

7. There is complete diversity of citizenship between the Plaintiff and Defendant and an amount in controversy in excess of seventy-five thousand dollars ($75,000). In diversity jurisdiction suits seeking the equitable remedies of declaratory judgment, the amount in controversy is determined by the value to the plaintiffs of the object of the litigation. 28 U.S.C.A. § 1331. *See Hunt v. Washington State Apple Adver. Comm'n,* 432 U.S. 333, 347, 97 S.Ct. 2434, 53 L.Ed.2d 383 (1977).

8. Venue is proper pursuant to 28 USC § 1391(a) as the Defendant's actions occurred in this judicial district and the impact on Plaintiff is in this judicial district. The principal corporate offices and principal place of business of SLP and SGGP are located in this judicial district.

9. This Court has the authority to grant declaratory relief under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202.

GENERAL STATEMENT OF FACTS

10. This action arises from a controversy between the Management Committee and Defendant Ronan.

11. By letters dated January 6, 2009 and January 15, 2008 (the January 15 letter was

issued in 2009, but is incorrectly dated 2008), Defendant Ronan, as an officer acting for SGGP, informed the Plaintiff of his actions and intent to effectively remove SGGP and the Management Committee from their roles in governing SLP and to deny the Management Committee its ability to perform its governance function and fiduciary duties.

12. Section 5.1 of the SGGP Operating Agreement states: "There is hereby established a Management Committee, the members of which shall be 'Managers' and which shall have the authority to manage the business and affairs of the Company and is hereby authorized to act on behalf of the Members of the Company as provided for herein, and shall have the authority to delegate such authority to officers as provided in Section 5.2 below." (See SGGP Operating Agreement, attached hereto as Exhibit 1 and incorporated by reference)

13. Section 5.1 of the SGGP Operating Agreement further states that "Except as to the matters set forth in Section 5.3(a), Section 5.4 and Section 11.1 hereof, the decisions of the Management Committee shall require consent of a simple majority of its members."

14. Section 5.1(a)(i) of the SGGP Operating Agreement states: "*Ritchie Committee Designees.* From and after the date hereof and for so long as Ritchie holds, in the aggregate, at least five percent (5%) of the total capital and profits interest in the Partnership, Ritchie shall have the right to designate three (3) members of the Management Committee (each a "*Ritchie Designee*")."

15. Ritchie currently holds, in the aggregate, at least five percent (5%) of the total

capital and profits interest in SLP.

16. The Ritchie Designees as defined in the SGGP Operating Agreement were properly appointed pursuant to the terms of the SGGP Operating Agreement and currently consist of A.R. Thane Ritchie, John A. Catsimatidis and J. Nelson Happy.

17. Section 5.1(a)(ii) of the SGGP Operating Agreement states: "*Kivisto Unitholders Committee Designees*. From and after the date hereof and for so long as the Kivisto Unitholders hold at least five percent (5%) of the total capital and profits interest of the Partnership, Thomas L. Kivisto shall have the right to designate three (3) members of the Management Committee."

18. The Kivisto Unitholders currently hold at least five percent (5%) of the total capital and profits interest in SLP.

19. The Kivisto Designees as defined in the SGGP Operating Agreement were properly appointed pursuant to the terms of the SGGP Operating Agreement and currently consist of Matthew F. Coughlin, III, Martin R. Bring, and James C. Hansel.

20. Defendant Ronan was appointed by the Management Committee as President and CEO of SLP.

21. Section 5.2(a) of the SGGP Operating Agreement states that "the President shall be the chief executive officer of the Company and, **subject to direction by the Management Committee**, he shall have general executive charge, management, and control of the properties and operations of the Company in the ordinary course of its business, with all such powers with respect to such properties and operations as may be reasonably incident to such responsibilities." (emphasis added)

22. Section 5.2 of the SGGP Operating Agreement further states: "Subject to the voting requirements of Section 5.4, any Officer may be removed as such, either with or without cause, by the Management Committee whenever in their judgment the best interests of the Company will be served thereby...."

23. Section 5.4 of the SGGP Operating Agreement titled, "*Actions by the Management Committee*" states that the retention or discharge of any officer or any individual acting in a similar capacity requires the "approval of a majority of the members of the Management Committee, which majority must include at least one Riverstone Designee (so long as a Riverstone Designee is then serving as a member of the Management Committee) and one Ritchie Designee (so long as a Ritchie Designee is then serving as a member of the Management Committee)."

24. On July 21, 2008, the Management Committee adopted resolutions (the "July 21 Resolutions") whereby "Authorized Officers" are authorized and directed to take certain actions to effectuate the reorganization and restructuring of SemGroup.

25. The July 21 Resolutions upon which Defendant relies in his attempt to exercise control over SLP were not intended to usurp the plenary power and right of the Management Committee under the SGGP Operating Agreement to exercise and perform their appropriate governance powers and fiduciary duties.

26. During December 2008 and January 2009, the Management Committee encountered significant resistance from Defendant Ronan to the Management Committee's efforts to exercise governance powers to oversee and manage the officers of SLP in the restructuring of SLP, to obtain information from officers and

employees of SLP, and to direct the officers of SLP in connection with their management of the business operations and restructuring of SLP. The focal point of this resistance was Defendant Ronan, the President and CEO of SLP, who had been employed by the Management Committee as Senior Vice President – Finance in March 2008, and elevated to the presidency of SLP on the eve of the bankruptcy.

27. On January 22, 2009, the Management Committee of SGGP validly adopted certain resolutions by written consent signed by a majority of the members of the Management Committee (the "Management Directives") in accordance with the SGGP Operating Agreement in order to exercise its proper governance powers and authority over SLP as required by the SGGP Operating Agreement and the fiduciary duty of the Management Committee. The Management Directives require, among other things, that (i) Defendant Ronan report regularly, and not less than weekly, on the status of the Bankruptcy Case, (ii) Defendant Ronan seek advance Management Committee approval before filing motions in the Bankruptcy Case with respect to a restructuring or reorganization plan, (iii) Defendant Ronan seek advance Management Committee approval before filing motions in the Bankruptcy Case with respect to modifying any debtor in possession financing agreements, and (iv) Defendant Ronan cause the management and employees of SLP and its subsidiaries to make themselves available to the Management Committee.

28. On February 6, 2009, **without approval of** the Management Committee, the Defendant caused to be filed in the Bankruptcy Case his *Motion of the Debtors for an Order Approving the Auction and Sale of Assets of SemMaterials, or in the*

Alternative, Authorizing the Wind-Down of SemMaterials and Rejection of the Terminalling and Storage Agreement with SemGroup Energy Partners, L.P. This motion was filed by Defendant Ronan **without notice to, or approval from**, the Management Committee. The filing of this motion without the notice or approval of the Management Committee directly affects the ability of the Management Committee to perform its governance role and fiduciary duties and is in direct violation of the January 22, 2009 Management Directives.

29. Defendant Ronan has publicly announced his intentions to thwart the Management Committee's actions.

30. The Defendant has continually and consistently failed and refused to comply with the Management Directives.

31. The failure and refusal of Defendant Ronan, as an officer of SLP, to take direction from the Management Committee and comply with the Management Directives violates the Management Directives, and thwarts, prevents and precludes the Management Committee's exercise of its governance rights and fiduciary duties under the SGGP Operating Agreement, including without limitation the Management Committee's rights to (i) direct the officers of SLP in their management of SLP's business and restructuring, (ii) direct such officers in connection with the formulation of a business plan and reorganization plan for SLP and its affiliated Chapter 11 debtors and (iii) duly consider, evaluate and provide direction to SLP's officers concerning any such business and reorganization plans.

32. The failure and refusal of Defendant Ronan, as an officer of SLP, to take direction

from the Management Committee and comply with the Management Directives constitutes a breach of Defendant Ronan's fiduciary duty to SLP and SGGP.

33. The failure and refusal of Defendant Ronan, as an officer of SLP, to take direction from the Management Committee and comply with the Management Directives constitutes a breach of Defendant Ronan's duty of loyalty owed to SLP and SGGP.

34. The actions of Defendant Ronan reflect a conflict of interest with his duties to SLP and SGGP.

35. The Defendant should be required to comply with the Management Directives and limit his activities to those required by his position and authorized by the Management Committee and cease his efforts to prevent the Management Committee from performing its governance role and fiduciary duties.

36. This Court should enter a declaratory judgment interpreting and construing the SGGP Operating Agreement and declaring the management authority of the parties and affirming the authority of the Management Committee to perform its governance role and fiduciary duties.

FIRST CAUSE OF ACTION

DECLARATORY RELIEF

37. The allegations contained in paragraphs 1 through 37 are incorporated by reference as if set forth at length herein.

38. Defendant Ronan continues to take action in his capacity as an officer of SLP without seeking Management Committee approval or recognizing the governance authority of the Management Committee.

39. Plaintiff seeks a declaration from this Court that a majority vote of the members of the Management Committee constitutes sufficient authority to direct the actions of Defendant Ronan in his capacity as an officer of SGGP.

40. Plaintiff seeks a declaration from this Court that Defendant Ronan does not have the authority to act without the supervision, direction and corporate governance of the Management Committee.

41. Plaintiff seeks a declaration from this Court that the properly issued resolutions of the Management Committee and specifically the Management Directives of January 22, 2009 are binding on Defendant Ronan.

42. Plaintiff seeks a declaration from this Court that a majority vote of the members of the Management Committee constitutes sufficient authority to direct the actions of Defendant Ronan with respect to any and all governance issues.

43. Plaintiff seeks a declaration from this Court that a majority vote of the Management Committee constitutes sufficient authority to manage the business and affairs of SLP and that the Management Committee has express authority under the SGGP Operating Agreement to delegate management authority to persons other than Defendant Ronan without violating the terms of Section 5.4 of the SGGP Operating Agreement.

WHEREFORE, the Plaintiff respectfully requests that this Court issue Declaratory Relief determining that:

(a) a majority of Management Committee constitutes the authority to direct the actions of Defendant Ronan;

(b) Defendant Ronan does not have the authority to act without the supervision, direction and corporate governance of the Management Committee;

(c) the properly issued resolutions of the majority of the members of the Management Committee are binding on Defendant Ronan;

(d) the Management Committee has the authority to direct the actions of Defendant Ronan with respect to any and all bankruptcy issues; and

(e) a majority vote of the Management Committee constitutes sufficient authority to manage the business and affairs of SLP and that the Management Committee has express authority under the SGGP Operating Agreement to delegate management authority to persons other than Defendant Ronan without violating the terms of Section 5.4 of the SGGP Operating Agreement.

The Plaintiff further requests that this Court grant such relief as is proper including an award of costs and a reasonable attorney fee and all other appropriate relief in either at law or in equity.

SECOND CAUSE OF ACTION

BREACH OF DUTY OF LOYALTY

44. The allegations contained in paragraphs 1 through 43 are incorporated by reference as if set forth at length herein.

45. At all relevant times herein mentioned, Defendant Ronan, by virtue of his employment with SLP, owes the Management Committee and SGGP a duty of loyalty. Defendant Ronan's duty of loyalty includes, but is not limited to, a requirement that he avoid any conflicts of interest in business relationships and that

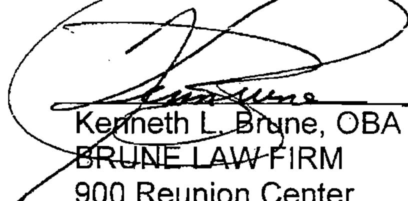
he follow and accept the governance of the duly appointed authority vested in the Management Committee.

46. Defendant Ronan breached his Duty of Loyalty by engaging in the conduct described herein.

47. As a direct result of Defendant Ronan's breach of his Duty of Loyalty, SGGP has suffered monetary damages in an amount to be determined at trial.

WHEREFORE, the Plaintiff respectfully requests that the Court enter judgment against the Defendant, for all damages resulting from his breach of duty of loyalty owed to the Plaintiff, in an amount to be determined at trial, plus pre-judgment and post-judgment interest and costs associated with this suit, and grant such other relief to which the Plaintiff may be entitled at law or in equity.

Respectfully submitted,



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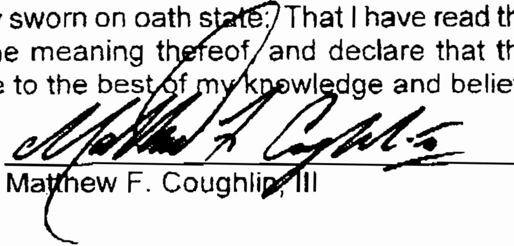
STATE OF New York)
) ss.
COUNTY OF New York)

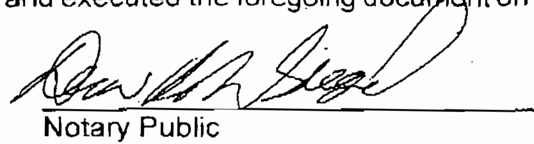
I, Matthew F. Coughlin, III, being first duly sworn on oath state: That I have read the above and foregoing document, understand the meaning thereof, and declare that the facts and statements contained therein are true to the best of my knowledge and belief.



Matthew F. Coughlin, III

NOTARY PUBLIC

Matthew F. Coughlin, III appeared before me and executed the foregoing document on the 2nd day of April, 2009.



Notary Public