

Thomas Kivisto

President, SemGroup LP



Tulsa's angst over its diminished profile in the energy world hasn't much affected Thomas Kivisto. The way he sees it, the departure of major players from the Mid-Continent Field opens up rich opportunities for the sort of bold entrepreneurs who put Tulsa on the map in the first place.

The majors' exit, and new recovery technologies, have created opportunities for "more Oklahoma-driven" entrepreneurs, Kivisto said.

"There was a period of time, 10 to 12 years, when the major companies weren't looking to enhance production. They were looking to get out (of the Mid-Continent). Independents, with lower overhead costs, can take advantage of the technology. I think Oklahoma will see a nice rebound."

Kivisto's SemGroup certainly has flourished. In just five years it has grown into one of the 10 largest privately held companies in America.

SemGroup, through its six subsidiaries, is in business to connect producers with refineries and other end users. Organized in 2000, it has acquired the assets of some 35 companies, including 2.5 million barrels of crude oil storage at Cushing, 2.3 million barrels of refined product storage at Glenpool and in the upper Midwest, almost 10 million barrels of natural gas liquids storage, five billion cubic feet of natural gas storage and 2,600 miles of crude oil pipeline.

It is in the process of building 2 million barrels of additional crude storage at Cushing and 1 million barrels of refined product storage in Oklahoma. It has also gotten into the business of buying, processing and selling asphalt, a refining process byproduct.

A former University of Kansas basketball star and Koch Industries executive in Wichita, Kivisto moved to Tulsa in 1993 to start his own marketing firm, Eagle Wing, with backing from the Bank of Oklahoma. In 2000, BOK underwrote a \$70 million loan to start SemGroup.

In some respects, SemGroup's aggressive opportunism is reminiscent of Tulsa's energy industry heyday. And BOK is descended from the Exchange National Bank, organized in 1910 as the world's first "oilmen's bank,"

"In our very first bank meeting, Bank of Oklahoma had 15 banks from energy cities around the U.S. I think they came in with the idea they were going to reducing (BOK's) exposure by taking on some of the risk. What we really did was present five more projects we wanted to do."

Forbes magazine recently listed SemGroup No. 9 on its list of largest privately held companies, with 2004 net profits of \$103 million on revenues of \$12.57 billion. By remaining private, Kivisto said, SemGroup can be more flexible than larger competitors.

In 2006, Kivisto said, "I think you'll see us more tuned to asset acquisition and less to marketing acquisition.

We have some major construction projects going on . . . (including) 50-75 miles of gas gathering lines . . . and gas processing plants in Oklahoma. We expect to be announcing two additional acquisitions early in the year."

Headquartered in Warren Place II, SemGroup is remodeling two floors in a nearby three-story office building that has been vacant for several years.

Said Kivisto: "Oklahoma's energy industry is strong."