



NuStar and Velocity Sign Letter of Intent to Develop a Pipeline for Eagle Ford Shale Condensate

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SAN ANTONIO, Jun 27, 2011 (BUSINESS WIRE) -- NuStar Logistics, L.P. and Velocity Midstream Partners announced today that they have signed a letter of intent to develop a joint pipeline solution to transport west Eagle Ford Shale condensate from Velocity's Gardendale Hub to NuStar's North Beach Corpus Christi, Texas terminal facility.

Velocity will build and operate a new 70-mile, 12-inch pipeline with the capacity to move over 100,000 barrels per day of condensate from Gardendale to Oakville, Texas. Velocity's 12-inch pipeline will interconnect with NuStar's new Oakville Storage Facility near Three Rivers, Texas. This storage facility will be connected to NuStar's existing 16-inch pipeline, which has the capacity to transport approximately 200,000 barrels per day of crude and condensate into NuStar's Corpus Christi North Beach Terminal. The North Beach terminal has approximately 2 million barrels of storage capacity, large-scale marine loading facilities, and access to several Corpus Christi refinery markets. NuStar also has a land lease option for 15 acres contiguous to the existing property, which will provide terminal expansion capabilities.

Velocity is currently constructing 65 miles of pipeline and 150,000 barrels of storage to transport condensate to Velocity's Gardendale Terminal for producers, including Shell E&P, Chesapeake, SM Energy and Rosetta Resources. The addition of the NuStar partnership allows Velocity to quickly offer these and other producers a downstream solution to transport condensate from the Gardendale Terminal to end markets with strong purchaser demand. Construction of Velocity's 12-inch pipeline and NuStar's Three Rivers storage facility will begin this summer and the system is expected to be in service by April of 2012.

"We are pleased to be partnering with NuStar on this transportation project. Given the steep ramp in condensate production, the western portion of the Eagle Ford Shale has an immediate need for transportation solutions to the Gulf Coast markets," said Rick Wilkerson, President of Velocity Midstream. "Given the difficult trucking conditions, it is the next 18-24 months that our customers are most concerned about. Several crude oil projects have been announced and will be needed, however, the Velocity - NuStar system will offer producers a near-term solution for transportation of condensate directly to Corpus Christi markets and other markets accessible from Corpus Christi."

"We're excited about working with Velocity to offer this much-needed logistics solution to our customers," said Curt Anastasio, NuStar's President and CEO. "This project is part of a larger strategy to give our customers even greater logistical flexibility by moving the crude and condensate from the Eagle Ford region to Corpus Christi. Our customers are excited about the project because it provides them with access to a great market that offers waterborne access to major refining and trading hub markets throughout the Gulf Coast."

About Velocity Midstream

Velocity currently operates 50+ miles of oil gathering and transportation pipeline and the Catarina oil terminal in the Eagle Ford Shale. Velocity is currently constructing the 65 mile Gardendale Pipeline to transport a rapidly growing volume of condensate to Velocity's Gardendale Terminal. The Gardendale Terminal will have 150,000 barrels of initial storage, and will provide access to downstream take-away pipelines, truck loading and unloading facilities, as well as U.S. Development Group's ("USD") rail loading facilities adjacent to Velocity's Terminal. For more information contact Rick Wilkerson at 918-574-2323 or visit Velocity Midstream's Web site at <http://www.velocitymidstream.com>.

About NuStar

NuStar Energy L.P. is a publicly traded, limited partnership based in San Antonio, with 8,417 miles of pipeline; 90 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids; and two asphalt refineries and a fuels refinery with a combined throughput capacity of 118,500 barrels per day. The partnership's combined system has over 94 million barrels of storage capacity. One of the largest asphalt refiners and marketers in the U.S. and the second largest independent liquids terminal operator in the nation, NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, the United Kingdom and Turkey. For more information, visit NuStar Energy L.P.'s Web site at <http://www.nustarenergy.com>.

SOURCE: NuStar Energy L.P. and Velocity Midstream

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