

## NuStar Closes on Accretive Acquisition That Further Expands Its Presence in Eagle Ford Shale Play

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### ***NuStar completes purchase of South Texas crude assets from TexStar***

SAN ANTONIO--(BUSINESS WIRE)--Dec. 14, 2012-- NuStar Energy L.P. (NYSE: NS) today announced that it has closed on the purchase of crude oil pipeline, gathering and storage assets in the Eagle Ford Shale region from TexStar Midstream Services LP for approximately \$325 million. The company is also acquiring natural gas liquids (NGL) assets from TexStar that are also in the Eagle Ford Shale region for approximately \$100 million, and that acquisition is expected to close in the first quarter of 2013, subject to certain closing conditions.

The closing of the TexStar acquisition comes on the heels of NuStar's announcement that the company plans to sell its San Antonio refinery, and another announcement that it has entered into a long-term pipeline and terminal services agreement with ConocoPhillips that will allow expansion of NuStar's South Texas Crude Oil Pipeline System. All of these transactions are part of NuStar's announced strategic redirection away from the margin-based refining and marketing business in order to further grow its fee-based pipeline and storage operations through internal growth projects and acquisitions.

"The TexStar acquisition and related projects make NuStar one of the top logistics players in the Eagle Ford Shale region. The crude oil assets we are purchasing from TexStar will be integrated with our existing pipeline and storage system in South Texas, and this will further integrate NuStar with producers and marketers of Eagle Ford Shale crude oil," said Curt Anastasio, president and CEO of NuStar. It will also provide Eagle Ford crude producers with greater ability to move production to Corpus Christi, where they will have access to NuStar's Corpus Christi storage and dock space that can be utilized for shipments to other markets.

"It is important to note that these crude oil assets should begin generating cash flow immediately, and NuStar takes on no commodity or margin risk as a result of this transaction or the NGL asset transaction," Anastasio added.

### **Crude Oil Assets**

The crude asset acquisition includes a crude pipeline system that spans from LaSalle County and Frio County to Live Oak County. The system has the capacity to transport 100,000 barrels per day (BPD) of crude oil and consists of approximately 140 miles of crude transmission and gathering lines. NuStar is also acquiring five storage terminals located along the pipeline system that have a combined capacity of 643,400 barrels. They include TexStar's Gardendale terminal in LaSalle County, its Highway 85 terminal in Frio County, its Highway 97 and Highway 16 terminals in McMullen County, and its Oakville terminal in Live Oak County. The TexStar system was connected to NuStar's recently constructed 600,000-barrel Oakville storage terminal and the crude is transported to NuStar's 1.6-million-barrel Corpus Christi North Beach storage terminal via its existing 16-inch pipeline.

Anastasio noted that the system is currently transporting approximately 70,000 BPD, and that its 100,000-BPD capacity should be reached by mid-2013. Approximately 90 percent of the throughput on this system is secured by long-term, take-or-pay commitments and acreage dedications from Eagle Ford producers and marketers.

NuStar expects to spend \$65 to \$85 million over the next 18 to 24 months (with the majority being spent in 2013) to integrate and complete crude gathering and terminal assets, and projected EBITDA from the assets is expected to range between \$10 and \$30 million in 2013, between \$45 and \$65 million in 2014, and between \$50 and \$70 million in 2015 and beyond when the assets are completed and fully integrated.

Anastasio noted that approximately \$330 million of growth capital will be required to complete NGL projects after that acquisition closes, and estimated EBITDA generated from the NGL assets should be in the \$40 to \$60 million range in 2014, and in the \$70 to \$90 million range in 2015 and beyond upon completion of the NGL asset projects.

"As we've said, this transaction has the potential to significantly transform NuStar's earnings potential for the foreseeable future, and there are many more exciting opportunities before us," said Anastasio.

### ***About NuStar Energy***

NuStar Energy L.P., a publicly traded master limited partnership based in San Antonio, is one of the largest independent liquids terminal and pipeline operators in the nation. NuStar currently has 8,433 miles of pipeline; 82 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids; a fuels refinery with a throughput capacity of 14,500 barrels per day; and 50% ownership in two asphalt refineries with a combined throughput capacity of 104,000 barrels per day. The Partnership's combined system has approximately 94 million barrels of storage capacity, and 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 [www.nustarenergy.com](http://www.nustarenergy.com).

### ***About TexStar***

TexStar is a full service midstream company focused on providing a full suite of midstream services to producers in South Texas. TexStar's goal is to provide the highest netback possible to producers for gas and natural gas liquids by providing low cost gathering, treating, compression and processing as well as access to multiple product outlets. TexStar's gas assets include over 500 miles of low pressure sour gas gathering systems located primarily in Frio and LaSalle counties, an acid gas treater and injection well ultimately capable of processing more than 250 MMcf/d of inlet gas, a high pressure rich gas system consisting of over 130 miles of 24" and 16" inlet trunk lines and over 40 miles of 20" residue take away. Both the

high pressure rich gas line and the residue take away line are currently co-owned through a joint venture with TEAK Midstream, LLC. Additionally, TexStar is currently constructing a cryogenic processing plant designed for 250 MMcfd of inlet gas capacity with estimated ethane recoveries in excess of 90%, which should be operational in April 2013. TexStar is headquartered in San Antonio, TX and is a portfolio company of funds managed by EIG Global Energy Partners and HM Capital Partners, LP. More information can be found at TexStar's website [www.TexStarMS.com](http://www.TexStarMS.com).

*Within the text of this release, we make reference to certain non-GAAP financial measures, which should not be considered as alternatives to GAAP measures. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP are included on our website at [www.nustarenergy.com](http://www.nustarenergy.com) within the Investors tab.*

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