

NuStar and PMI Sign Letter of Intent to Form a Joint Venture to Develop Pipeline Infrastructure to Transport Liquefied Petroleum Gases and Refined Products into Mexico

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SAN ANTONIO--(BUSINESS WIRE)--Oct. 15, 2014-- NuStar Energy L.P. (NYSE: NS) and PMI, an affiliate of Pemex, announced today that the companies have signed a letter of intent for a proposed joint venture (JV) in which the two companies will develop new pipeline infrastructure to transport liquefied petroleum gases (LPGs) and refined products from the U.S. into northern Mexico to meet the region's growing demand for these products.

"This landmark alliance is one of the very first commercial agreements between energy companies from the U.S. and Mexico to create a JV focused on infrastructure, and it resulted from Mexico's recently enacted energy reforms, which call for major investments in energy infrastructure and attracting foreign investment in Mexico's energy sector," said PMI Director General Jose Manuel Carrera. "It would also be the first alliance of its kind for both of our companies. While NuStar and PMI previously partnered to transport propane into Mexico, this would be the first JV between the companies, and it would give PMI access to multiple LPG and refined product suppliers in major refining centers in the U.S. Gulf Coast. Because the agreement primarily involves pipeline transportation of the products into Mexico, it would result in more efficient, clean, and reliable transportation of refined products and LPGs between the U.S. and Mexico by reducing the amount of petroleum products transported by truck across the border."

Under the proposed JV, the companies will jointly fund construction of new pipeline and storage assets, and NuStar would manage construction and operation of those assets. LPGs and refined products will be delivered from Mont Belvieu and Corpus Christi, Texas, to Nuevo Laredo and Burgos-Reynosa, Mexico.

The new pipeline and terminal facilities will be integrated with NuStar's existing pipeline infrastructure. This project will be supported by a throughput commitment from PMI.

"This is an ideal partnership that would bring together PMI's vast presence in Mexico's oil and gas market and NuStar's logistics expertise and resources to provide a stable supply of LPGs and refined products to meet the significant demand in Mexico," said NuStar President and CEO Brad Barron. "This is an outstanding growth opportunity for NuStar, and our preliminary estimates indicate that this JV opportunity should be immediately accretive to the earnings of both companies once the project goes into service."

Based on current projections, the projects are expected to be completed and placed into service in the second half of 2016.

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 8,643 miles of pipeline and 82 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids. The partnership's combined system has approximately 91 million barrels of storage capacity, and NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom. For more information, visit NuStar Energy L.P.'s Web site at www.nustarenergy.com.

PMI is the international group of companies of Petróleos Mexicanos. It is responsible for trading crude oil, petroleum products and petrochemicals worldwide, with operations in over 20 countries. PMI also operates midstream assets in Mexico and the United States. PMI has extensive long-term business relationships with major oil and midstream companies around the world. www.pmi.com.mx

Source: NuStar Energy L.P.

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