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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 19, 2008

NUSTAR ENERGY L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

1-16417

(Commission
File Number)

74-2956831

(IRS Employer
Identification No.)

2330 North Loop 1604 West

San Antonio, Texas

(Address of principal executive offices)

78248

(Zip Code)

Registrant's telephone number, including area code: (210) 918-2000

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

On June 19, 2008, senior management of NuStar Energy L.P. (the “Company”) will make a presentation to investors regarding the basics of refining, asphalt and crude oil, as well as an overview of the Company’s asphalt refineries (the “Presentation”). The Presentation and slides attached to this report were prepared in connection with an investor tour of the Company’s asphalt refinery in Savannah, Georgia. The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference. The slides will be available on the Company’s website at www.nustarenergy.com.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company or any of its affiliates.

Safe Harbor Statement

Statements contained in the exhibit to this report state the Company’s or its management’s expectations or predictions of the future and are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. It is important to note that the Company’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the documents that the Company has filed with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Slides from presentation to be used on June 19, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NuStar Energy L.P.

By: Riverwalk Logistics, L.P.
its general partner

By: NuStar GP, LLC
its general partner

Date: June 19, 2008

By: /s/ Amy L. Perry
Amy L. Perry
Assistant Secretary

EXHIBIT INDEX

<u>Number</u>	<u>Exhibit</u>
99.1	Slides from presentation to be used on June 19, 2008.

Savannah Refinery Tour

June 19, 2008



Management Presentation



Forward Looking Statements

This presentation contains certain estimates, predictions, projections, assumptions and other forward-looking statements that involve various risks and uncertainties. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "will," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions. For a discussion of certain of those risks, please read "Risk Factors" in Item 1A of NuStar Energy L.P's and NuStar GP Holdings, LLC's respective annual reports on Form 10-K for the year ended December 31, 2007 and subsequent quarterly reports as filed with the Securities and Exchange Commission.

<u>Topic</u>	<u>Presenter*</u>
● Introduction (5 minutes)	Curt Anastasio
● Basics of Crude Oil & Refining (10 minutes)	Mike Pesch
● Coker Expansions & Impact on Asphalt Supply (10 minutes)	Mike Pesch
● Basics of Asphalt (10 minutes)	Ron Corun
● Asphalt Market Fundamentals (15 minutes)	Mike Stone
● Plant Overviews (15 minutes)	Dan Statile
● Q&A (20 minutes)	
● Concluding Remarks	
● Break/Board Bus for Refinery Tour	

* Bios of management team can be found in the appendix

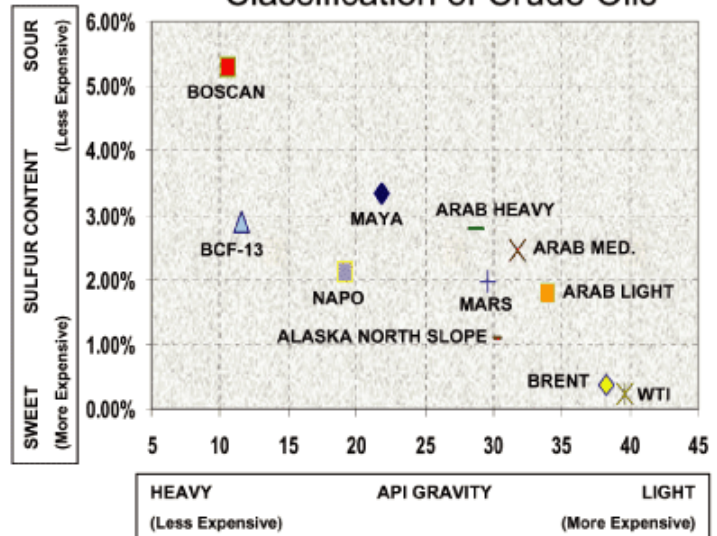
Basics of Crude Oil & Refining

Mike Pesch

VP of Refining Operations

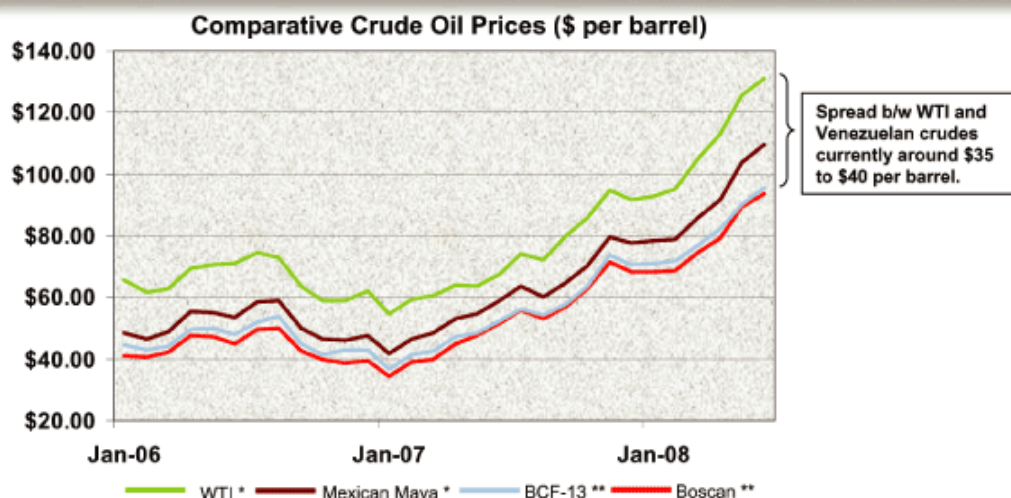
- Crude oils are typically classified and priced by density and sulfur content
- Density of crude oil commonly measured by API gravity (Heavy vs. Light)
 - Higher the API number, the lighter the compound
 - Light crude oils are easier to process
 - Heavy crude oils are more difficult to process
- Sulfur content of Crude Oil (Sweet vs. Sour)
 - Sweet crudes typically have less than 0.5% sulfur
 - Sour crudes have 1.0% or more sulfur
 - Higher sulfur crudes typically require additional processing

Classification of Crude Oils





Lower Quality Crudes Less Expensive

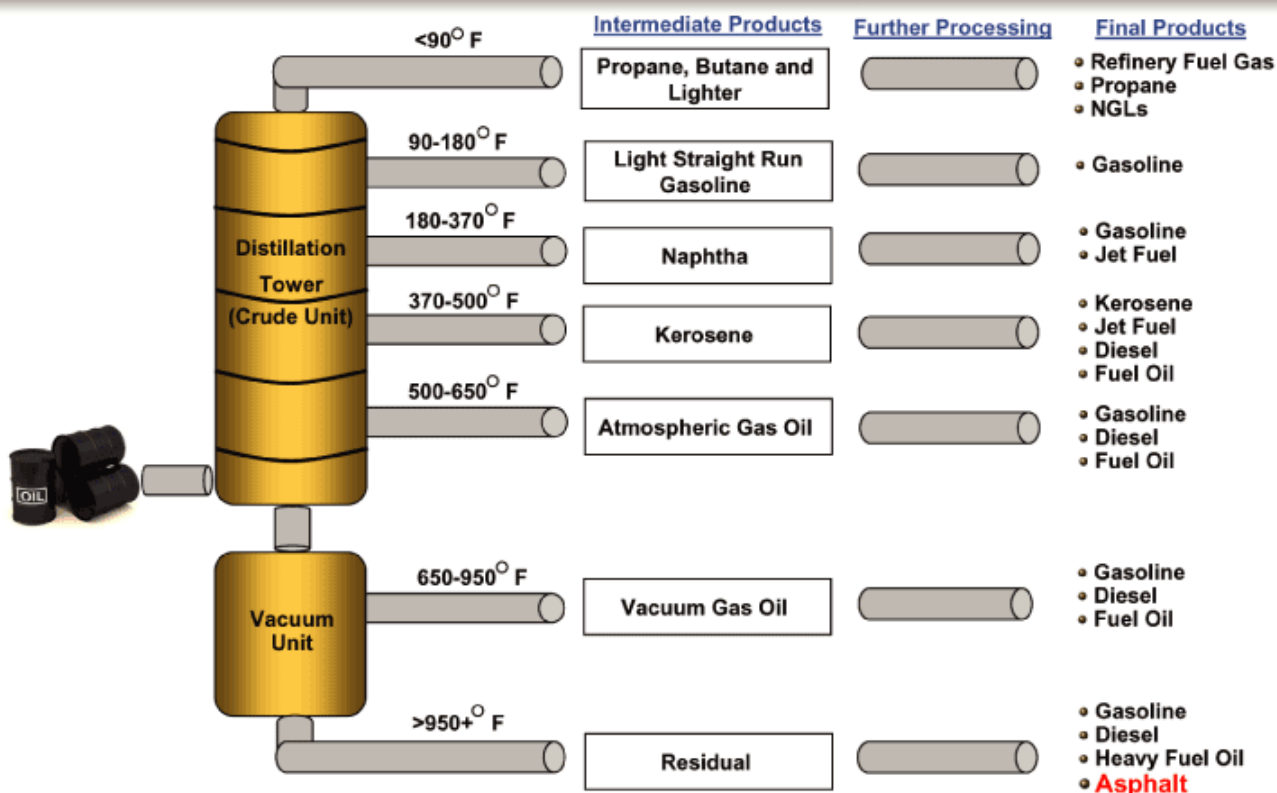


- NuStar is receiving significant discounts for the crude oil it is purchasing from Venezuela (i.e. BCF-13 and Boscan crude oils)
 - BCF-13 and Boscan crude oils are very low-quality crudes purchased at a deep-discount to sweet crudes (i.e. WTI) and to other heavy-sour crudes (i.e. Mexican Maya)
- Crude feedstocks are ideal to run at NuStar's refineries since they produce a high yield of asphalt

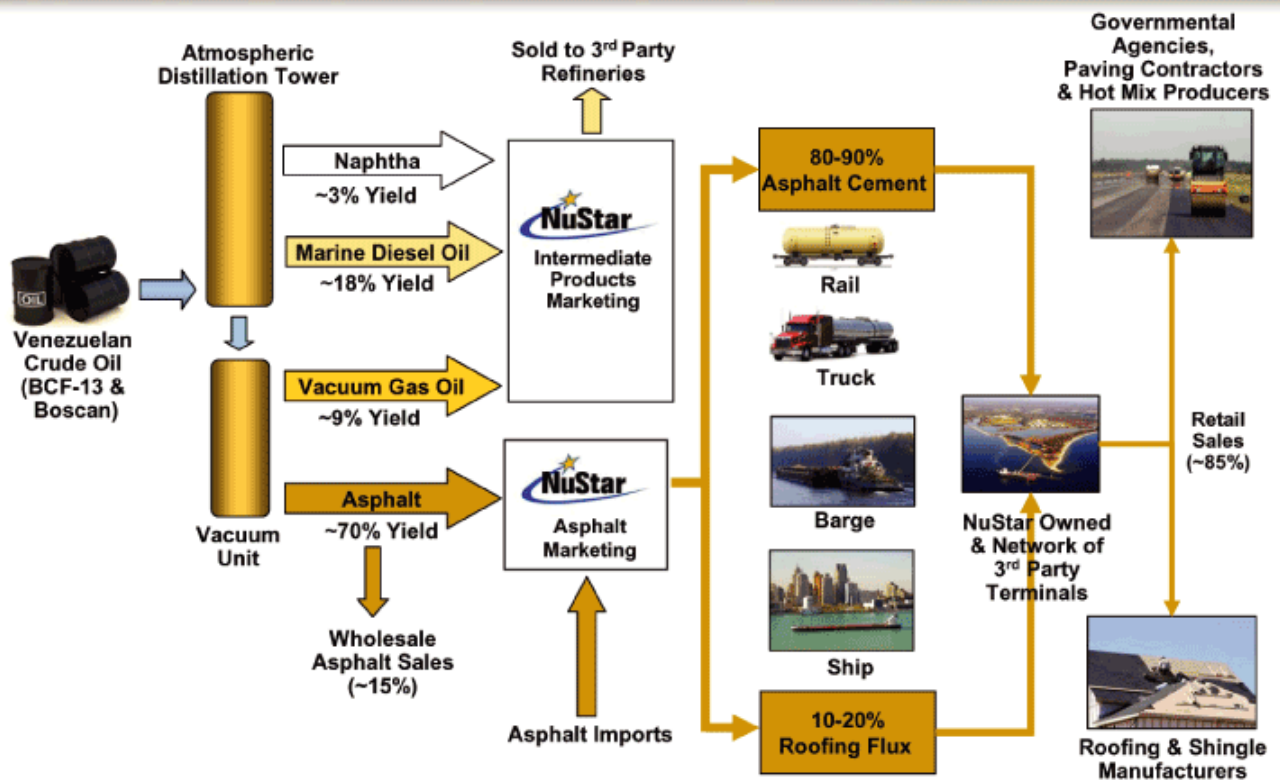
* Source: Platts

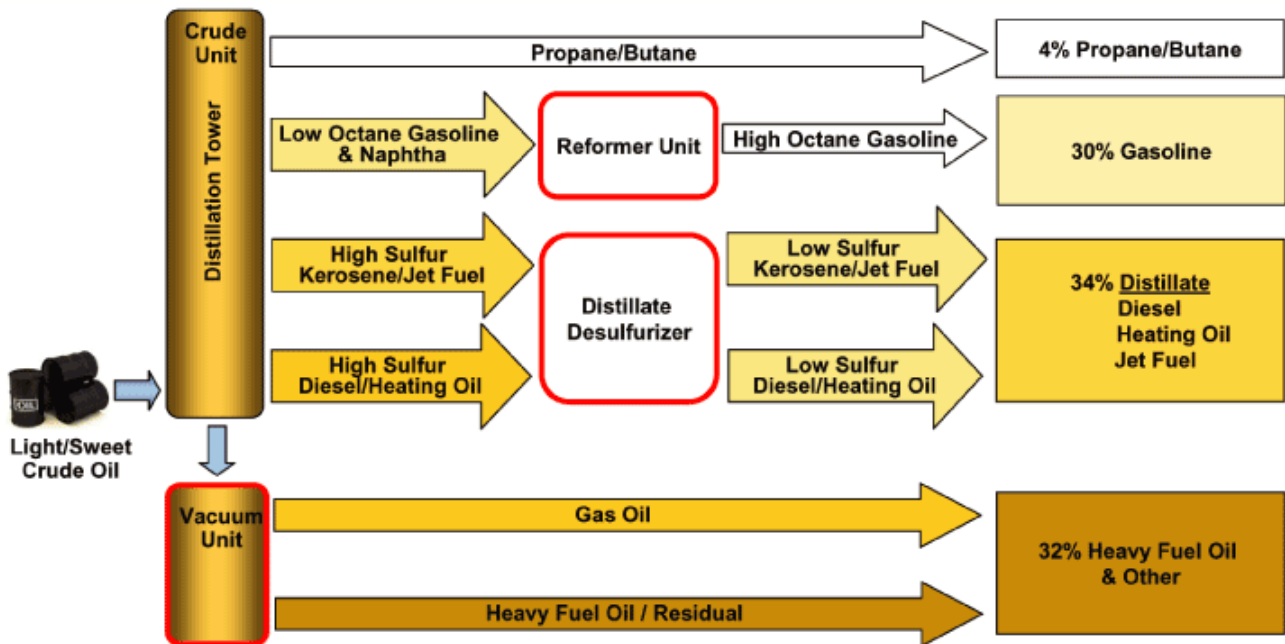
** Source: Company

Core Refining Process

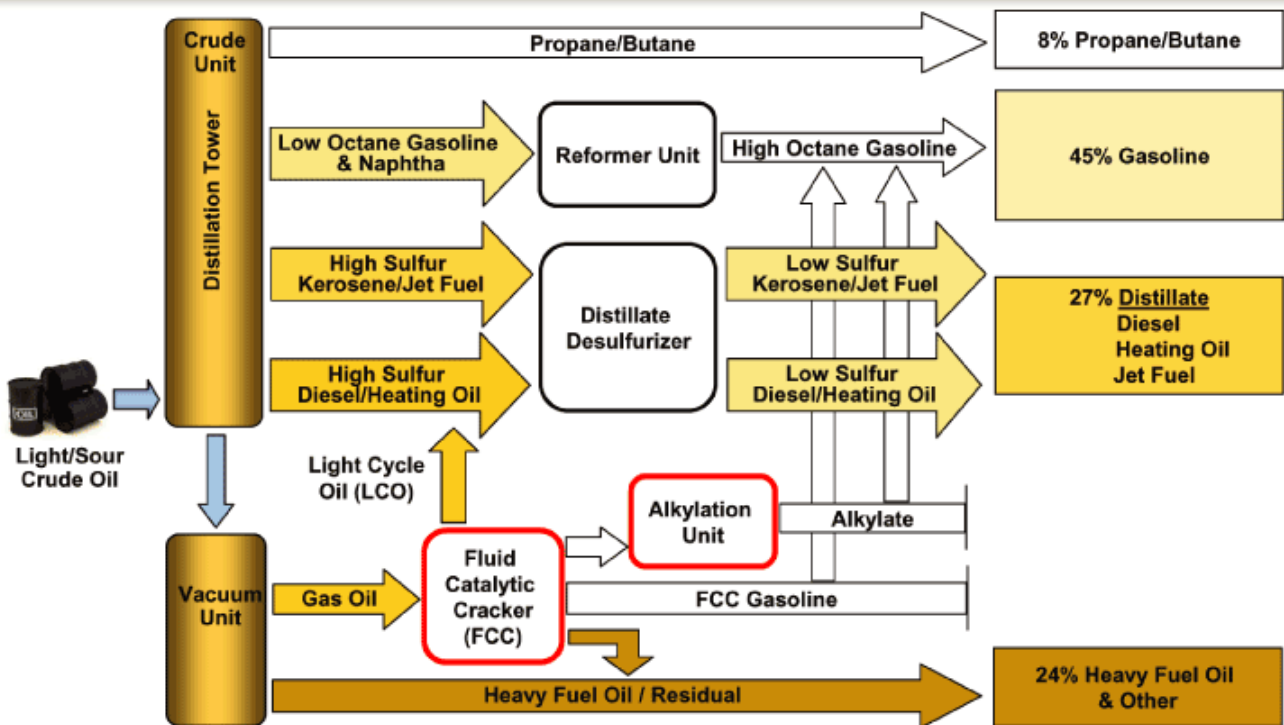


Simple Asphalt Refining – “On Purpose”



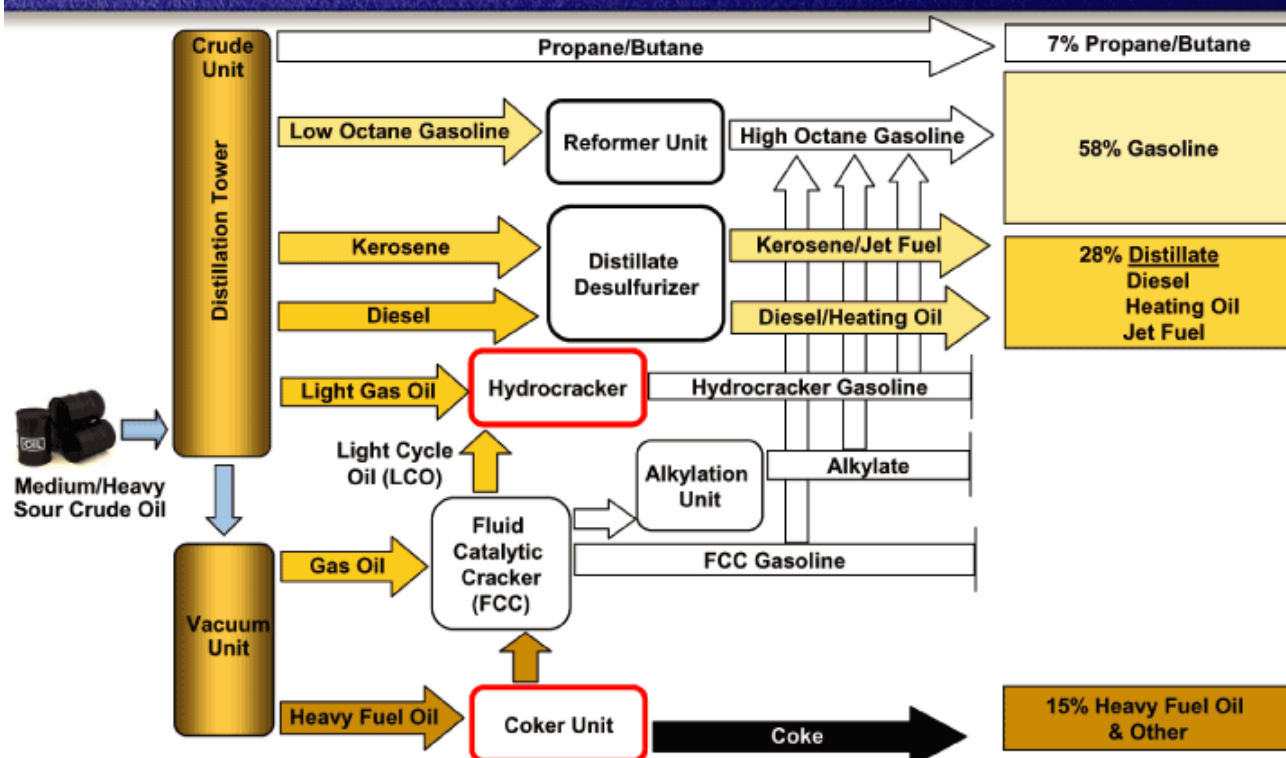


- Low complexity refineries typically run light/sweet crude oil and produce a higher yield of lower quality products
- Asphalt typically accounts for a small proportion of the total production from traditional fuels refineries



- Medium complexity refineries typically run more sour crude oils and produce more higher quality products

High Complexity Refinery

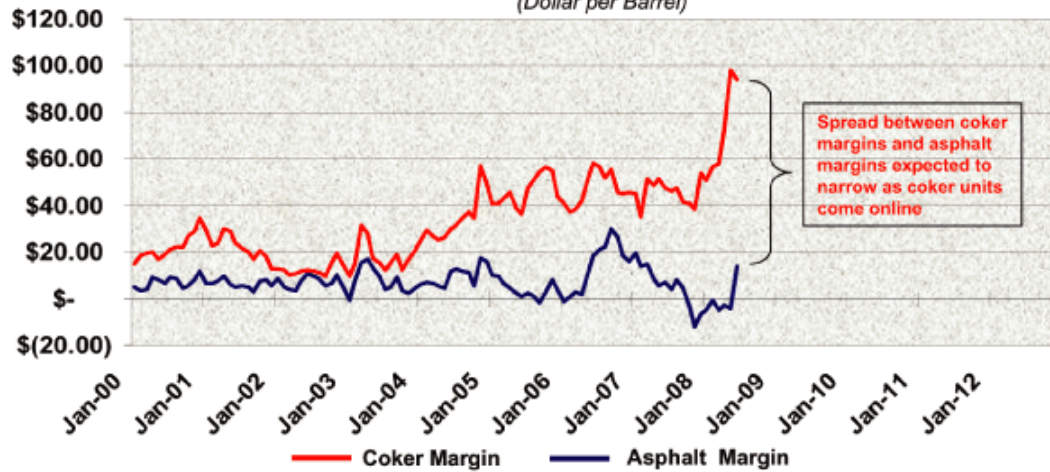


- High complexity refineries typically run heavier and more sour crude oils and produce the highest yields of lighter/higher value products



Strong Coker Margins Expected to Benefit Asphalt

Coker Margins vs. Asphalt Margins
(Dollar per Barrel)



- Strong coker margins continue to incentivize refineries to add coker units
 - Allows refineries to run heavier/more sour crude oil which cost significantly less than lighter/sweeter crudes
 - Provide the best margins as the "bottom of the barrel" is upgraded to lighter/higher value products like gasoline and distillates
- As refineries continue to add more coker units, supply of asphalt expected to be "squeezed", which should result in improved asphalt margins

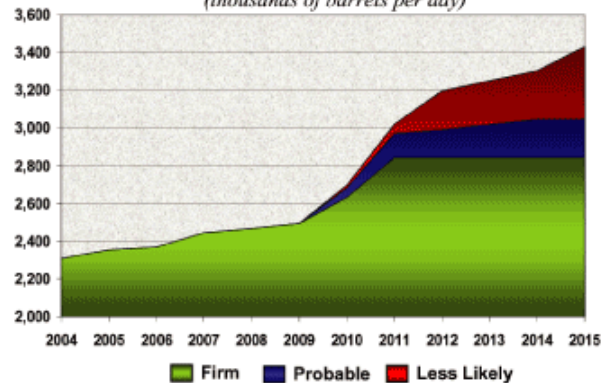
***Coker Expansions & Impact on
Supply of Asphalt***
Mike Pesch
VP of Refining Operations

Refinery Coker Projects Expected to “Squeeze” Supply of Asphalt

- With recent high coking margins, many new coker projects and coker expansions are in progress
 - Most are in Mid-Continent region, built to run Western Canadian bitumen production that is ramping up
 - Several Gulf Coast refineries are also building cokers, but generally in conjunction with crude expansions
- Coking is used to break down the heaviest fractions of crude oil into lighter, higher value products and elemental carbon, or coke
 - Materials used in coker would otherwise be usable only as residual fuel or asphalt
 - Results in asphalts and heavy fuel oils being reprocessed into incremental transportation fuels like gasoline and diesel

 Supply of asphalt expected to decrease and asphalt margins should increase as these residuals are fed into the coker for further processing into lighter products

U.S. Coker Capacity Increases
(thousands of barrels per day)



Coker Unit

Sources: Asphalt demand from The Freedonia Group, Inc.; Global Vacuum Tower Bottoms Consumption from Purvin & Gertz Global Petroleum Market Outlook



U.S. Coker Capacity Projects

Current U.S. Coker Capacity Projects: (Includes firm and probable expansions)

No.	Refinery	PADD	Announced Coker Capacity (Mopd)	Announced Crude Capacity (Mtpd)	Start Up Date	Status
1	Coffeyville Resources - Coffeyville, Kansas	II	2.0	8.0	Feb-07	Complete
2	Frontier - Cheyenne, Wyoming	IV	4.3	-	Aug-07	Complete
3	ConocoPhillips - Borger, Texas	III	25.0	-	Nov-07	Complete
4	Cenex - Laurel, Montana	IV	15.0	-	Feb-08	Complete
5	Frontier - El Dorado, Kansas	II	3.0	11.0	May-08	Complete
6	Tesoro - Martinez, California	V	4.4	-	May-08	Complete
7	Sindair - Sindair, Wyoming	IV	20.0	11.0	Nov-08	Firm
8	Holly - Artesia, New Mexico	III	25.0	14.3	Feb-09	Probable
9	Sindair - Tulsa, Oklahoma	II	28.5	-	May-09	Firm
10	Marathon - Catlettsburg, Kentucky	II	37.0	-	Feb-10	Probable
11	Marathon - Garyville, Louisiana	III	44.0	160.0	Feb-10	Firm
12	ConocoPhillips - Wood River, Illinois	II	65.0	65.0	Aug-10	Firm
13	Hunt - Tuscaloosa, Alabama	III	11.0	15.0	Aug-10	Probable
14	Marathon - Detroit, Michigan	II	20.0	13.0	Nov-10	Probable
15	Valero - St. Charles, Louisiana	III	10.0	45.0	Nov-10	Firm
16	BPI/Husky - Toledo, Ohio	II	25.0	-	Feb-11	Firm
17	Altolina Petrochemicals Inc. - Port Arthur, Texas	III	50.0	-	Feb-11	Probable
18	Motiva - Port Arthur, Texas	III	60.0	325.0	Feb-11	Probable
19	Pasadena Refining System - Pasadena, Texas	III	29.0	100.0	May-11	Probable
20	BP - Whiting, Indiana	II	80.0	30.0	May-11	Firm
21	Valero - Port Arthur, Texas	III	45.0	-	May-11	Firm
22	ConocoPhillips - Borger, Texas	III	20.0	34.0	May-12	Probable
23	ConocoPhillips - Wood River, Illinois	II	30.0	25.0	May-13	Probable
Total US Expansion			653.2	876.3		
Total US Coker Expansion at Asphalt Producing Refineries			467.8	409.3		
Highlighted facilities with asphalt production capabilities						

Map of U.S. Coker Capacity Projects
(Includes firm and probable expansions)



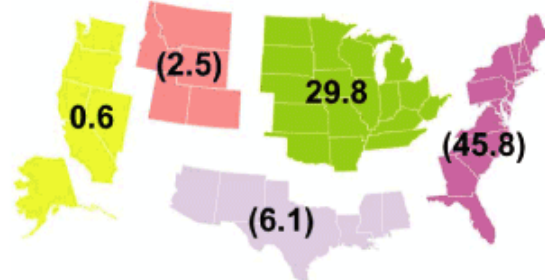
Source: PIRA Refinery Database

Coker Additions Expected to Shift U.S. Asphalt Supply/Demand Balance

- U.S. is currently net short asphalt
 - East Coast is the tightest asphalt market and has historically been supplemented with imports or excess production in Mid-Continent and Gulf Coast
- New coker projects primarily in the Gulf Coast and Mid-Continent regions expected to reduce asphalt supply even further
 - Resulting imbalance expected to result in higher call on imports and/or cutting back on coker capacity
- Shifting supply/demand balance expected to drive asphalt margins higher

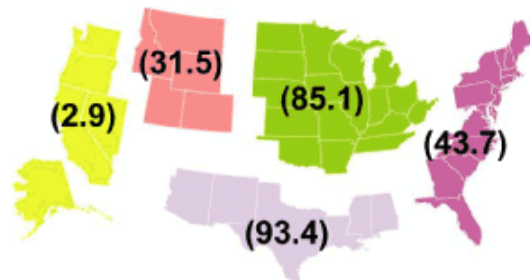
Sources: Poten & Partners; PIRA Refinery Database, Energy Information Agency

2007 Asphalt Supply/Demand Balance by Region
(thousands of barrels per day)



U.S. Net Short ~24 mbpd

2012 Asphalt Supply/Demand Balance by Region
(thousands of barrels per day)



Expected U.S. Net Short ~257 mbpd



Global Coker Projects Also Expected to Significantly Impact U.S. Asphalt Supply

2007-2012 Global Asphalt Supply & Demand

(expressed in thousands of asphalt equivalent barrels per day)

2007 Asphalt Supply and Demand	1,808
Increased Asphalt Supply due to Crude Quantity/Quality	1,716
Increased Fuel Oil Demand	(519)
Firm Expansions in Coker Capacity	(1,387)
Probable Expansions in Coker Capacity	(748)
2012 Asphalt Supply	870
2012 Asphalt Demand	1,952
2012 Supply Gap	(1,082)

- Coker projects primarily in the U.S., Latin America and Asia are expected to significantly impact the global asphalt supply from 2007 through 2012
- Of the major asphalt consuming countries, U.S. is adding a significant portion of world coker capacity with a smaller portion of crude capacity
- Global coker capacity coming on through 2012 expected to increase asphalt margins worldwide

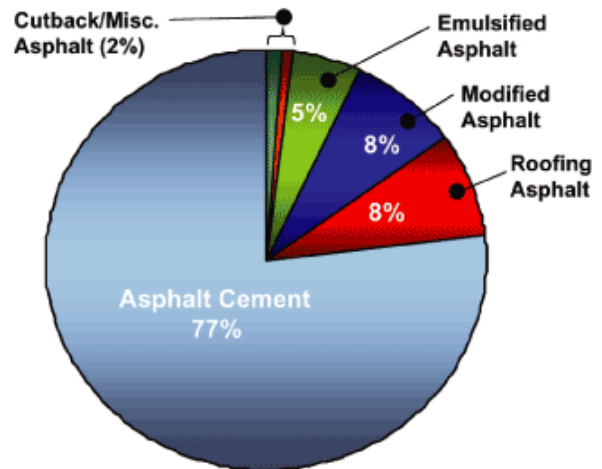
Sources: Purvin & Gertz Global Petroleum Market Outlook, PIRA Refinery Database, Baker & O'Brien Crude Assays, PIRA August 2007 Bottom-of-the-Barrel Study



Basics of Asphalt
Ron Corun
Manager - Asphalt Technical Services

- Asphalt – “A dark brown to black cementitious material in which the predominating constituents are bitumens, which occur in nature or are obtained in petroleum processing. Asphalt is a constituent in varying proportions of most crude petroleum and used for paving, roofing, industrial and other special purposes.”*
- Asphalt is typically expressed in short tons
 - Conversion to barrels is 5.6 barrels per short ton
- Any grade of asphalt except polymer modified asphalt is considered qualifying income for MLPs
- Uses of Asphalt – Paving
 - Asphalt Cement
 - Hot Mix Asphalt (HMA) pavements
 - Polymer-Modified Asphalt (PMA)
 - Emulsified Asphalts
 - Cutback Asphalts
- Uses of Asphalt – Roofing
 - Residential (Shingles)
 - 61% of roofing market
 - 65% of shingles are used for re-roofing
 - Commercial (Built-Up Roofing)

2006 U.S. Usage by Type of Asphalt



Total Usage of Asphalt = 32,460,617 tons

Source: Asphalt Institute Usage Report

*Source: Asphalt Institute Manual MS-5

- Asphalt cement is one of the oldest engineering materials
 - Adhesive and waterproofing materials used for numerous applications including primarily paving
- Asphalt cement is primarily sold to paving contractors and hot mix producers
 - Relatively small component of total hot mix asphalt cost (~30%)
- Asphalt cement is mixed with hot, dry stone in a plant to produce Hot Mix Asphalt (HMA)
 - Approximately 90% of road paving asphalt in the U.S. is used for HMA
 - HMA typically contains 3% - 7% liquid asphalt
- HMA is placed on the road with a paving machine and is compacted with rollers
 - HMA mix is designed to contain air – acts as a cushion in the flexible pavement
 - 20% air in mix behind paver
 - Reduce to 3% - 7% after rolling
- Asphalt cement specifications require the material be designed and formulated to meet performance standards
 - Climate
 - Stiff enough to prevent rutting in hot weather
 - Flexible enough to resist cracking in cold weather
 - Traffic – trucks (weight, number & speed)





Asphalt's Position in Paving Market

Paving Market

- More than 100 million tons of asphalt are consumed worldwide each year
- Approximately 32 million tons of asphalt paving products are sold each year in the U.S.
 - Approximately 85% of asphalt consumed is used for road paving and approximately 10% used for roofing products
- Over 3,600 hot mix plants located in the U.S.

Market Segments

- Department of Transportation (DOT)
- City, county & townships
- Commercial (parking lots, weigh stations, underlayments for rail-line)

Channels of Funding

- Congress reauthorizes a six-year operating budget to give all state DOTs authority to manage federal and state owned roads
- City, counties, and townships typically have separate funding for their own roadways (i.e. fuel taxes, bonds, vehicle registration fees)

Asphalt is More Economical Than Concrete for Road Construction

- HMA competes with Portland Cement Concrete (PCC) as the pavement choice for highway agencies
- Cement manufacturers have spent millions of dollars over the last 10 years in an attempt to take 15% of the HMA market share
- HMA is the pavement material found on the surface of 94% of roads in the U.S. today
- Asphalt Advantages Over Concrete
 - Lower raw material costs and lower installation costs
 - Carbon footprint of asphalt is 30% of concrete
 - Faster construction time (~22 hours/mile for asphalt vs. ~228 hours/mile for concrete)
 - Better life cycle benefits than concrete



What are Polymer Modified Asphalts?

- PMA replaces asphalt cement in an HMA mix
- Improves Pavement Performance
 - Reduced rutting
 - Reduced cracking
 - Improved durability
 - Higher asphalt contents
 - More resistant to moisture damage
- National Study – Quantified Enhanced Performance of PMA
 - 25% to 100% increase in service life
 - 5 to 10 years increase in service life
- NuStar Asphalt is on the cutting edge of PMA technology with a complete line of products
 - StellarFlex SP - Superior Performance by the Mile™
 - For heavy traffic loads and volumes
 - StellarFlex CR
 - Designed to retard the reflective cracking from concrete pavements
 - StellarFlex FR
 - Formulated for airfield pavements
 - Resists damage from jet fuel spills
 - FlexGard
 - High Performance Thin Overlay material
 - Designed for city, county and municipal roads and streets





NuStar's StellarFlex FR at Work In NYC



NYC – Central Park

- Damage from horse drawn carriages
- Concentrated wheel loads



NYC – Central Park

- Damage from horse urine
- Repaved starting line for NYC Marathon every year for 10 years in a row



Finished Product

- NYC will be using StellarFlex FR again this summer



Asphalt Market Fundamentals

Mike Stone

VP Asphalt Marketing

- Asphalt industry is highly fragmented and regional in nature
 - Considered a niche business with few integrated asphalt-focused refiners that have production, logistics, and wholesale and marketing capabilities such as NuStar's asphalt business
- Participants range in size from major oil companies and independent refiners to small family-owned proprietorships
- NuStar's competitors include refiners such as BP, ConocoPhillips, Ergon, ExxonMobil, Irving Oil, Marathon and Valero Energy and resellers such as Associated Asphalt and SemMaterials

Top 10 Refiners by Asphalt Capacity

(Thousands of Barrels per Day)

	<u>Company</u>	<u>Capacity</u>	<u>% Total</u>
1.	Marathon	100.0	12.7%
2.	Valero Energy	86.0	10.9%
3.	NuStar Energy L.P.	74.0	9.4%
4.	BP	71.4	9.1%
5.	Flint Hills	52.0	6.6%
6.	ConocoPhillips	45.0	5.7%
7.	Alon (Paramount)	42.5	5.4%
8.	Sinclair Oil	28.0	3.6%
9.	ExxonMobil	25.0	3.2%
10.	Murphy	25.0	3.2%
	Other	<u>236.9</u>	<u>30.1%</u>
	Total U.S.	785.8	100.0%

NuStar Energy L.P. is the third largest asphalt producer in the U.S. and the largest asphalt producer on the U.S. East Coast

Source: Energy Information Administration

- Highway construction expenditures are dependent upon spending by federal, state and local governments and from the private sector
- Current federal highway funding bill passed in August 2005 (i.e. SAFETEA-LU) apportioned an average of \$38.6 billion per year for a total of around \$193 billion through 2009
 - Federal funds typically require states to match some portion of the federal contribution as an incentive to spend more on road construction
 - Federal funds have historically accounted for approximately 25% of total highway construction and maintenance spending
 - State, county and local dollars that supplement federal funds increase total public road funding to over \$120 billion per year
 - Next administration will need to focus on new highway funding bill in 2009
- Motor fuel tax and other user fees account for more than half of transportation revenues
- Higher prices and budget constraints at the state and local level expected to result in lower volumes in 2008

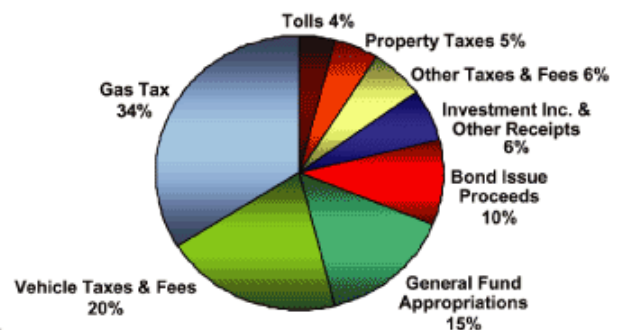
* Source: NAPA - National Asphalt Pavement Association

** Source: Bureau of Transportation Statistics

Annual Federal Highway Funding Under SAFETEA-LU (\$ in billions)*



Typical Revenue Sources for Road Construction & Maintenance**





Asphalt Seasonality & Winter fill Economics

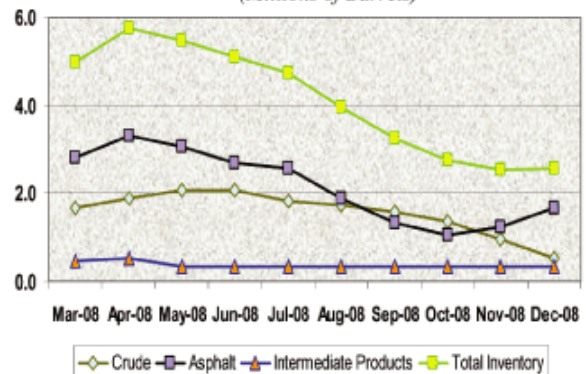
● Asphalt demand is seasonally driven by favorable construction weather

- Highest demand months are between May and October, or warm weather months when most road construction activity in the U.S. takes place
 - More of a factor for cold weather states on the U.S. East Coast
 - ◆ Cannot lay asphalt in the Northeast unless the ground temperature is at least 40 degrees F
- Higher inventory build months are from January through April

● Winter fill Economics

- Due to decreased demand in winter months, asphalt producers typically minimize production until the beginning of February
- Average historical price uplifts between draw months and build months have been attractive
 - Around \$90 per ton for paving and around \$85 per ton for roofing asphalt on East Coast
- NuStar has access to extensive storage capacity through owned and third-party terminals to take advantage of producing supply at low prices in the low demand winter months and selling finished asphalt products at higher prices in the peak summer demand season
 - NuStar acquired around 5.2 million barrels of inventory for approximately \$350 million from CITGO on March 20, 2008 that has increased in value
 - ◆ Benefit of higher prices realized when inventory is sold/processed

Expected NuStar Energy L.P.'s 2008 Inventory Volumes Associated with Asphalt Business
(Millions of Barrels)



- U.S. is the largest consumer of asphalt products in the world with around 540 mbpd of asphalt in 2007, or 30% of total world asphalt demand

- U.S. asphalt demand expected to grow steadily at just under 1% percent annually

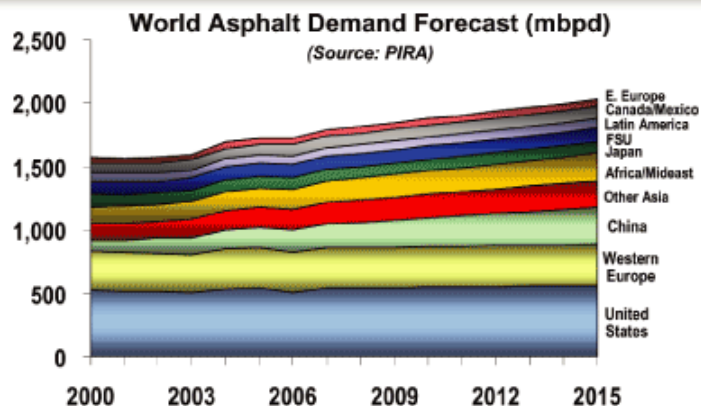
- U.S. Paving Demand Drivers

- Aging highway system, increased focus on preventative road maintenance and increases in total highway miles driven
- Federal highway funding programs that supplement state funding for road projects
- Residential and commercial construction

- U.S. Roofing Demand Drivers

- Re-roofing projects account for majority of asphalt demand versus new builds

- Global asphalt demand expected to increase by 2% annually primarily supported by China, Middle East and other developing Asian countries



- Significant infrastructure needs in the U.S.
 - Major increase in road investment needed to accommodate growing demand on nation's surface transportation system
- U.S. is only spending a fraction of what we should to maintain roads
 - Approximately 35% of roads are in fair to poor condition*
 - Currently spending around \$70 billion annually on highways**
 - Estimated \$185 billion required each year to maintain roads in current condition**
 - Estimated \$200 billion required to upgrade roads to good condition**
- Since 1970, highway travel has increased 167%, while road capacity has increased by only 7%***
 - Congestion costs American drivers an estimated \$63 billion per year in wasted time and fuel costs



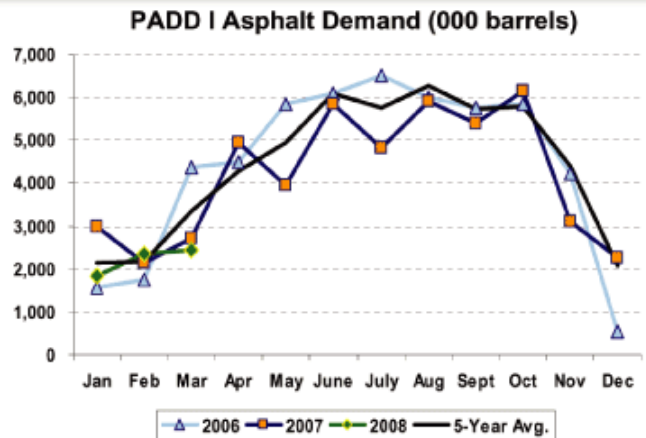
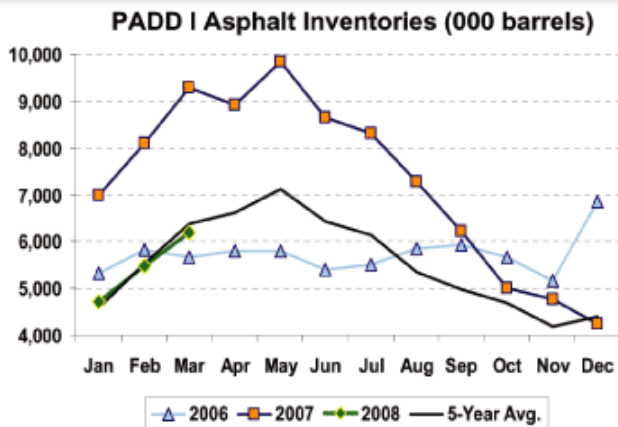
* Source: TRIP

** Source: National Surface Transportation Policy & Revenue Commission

*** Source: Bureau of Transportation Statistics

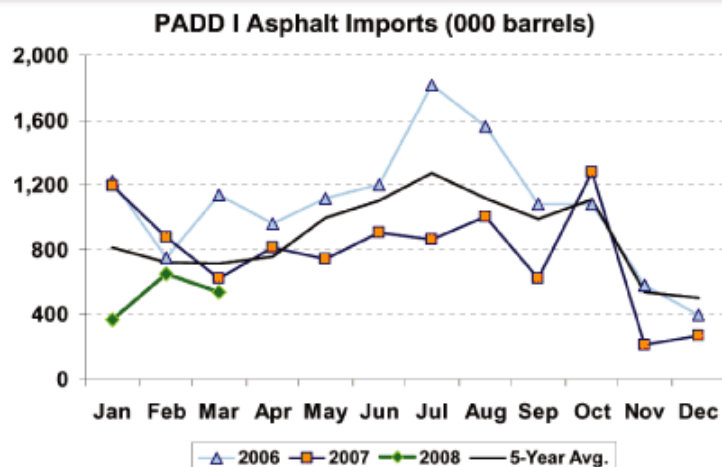


PADD I Asphalt Current Supply & Demand Fundamentals

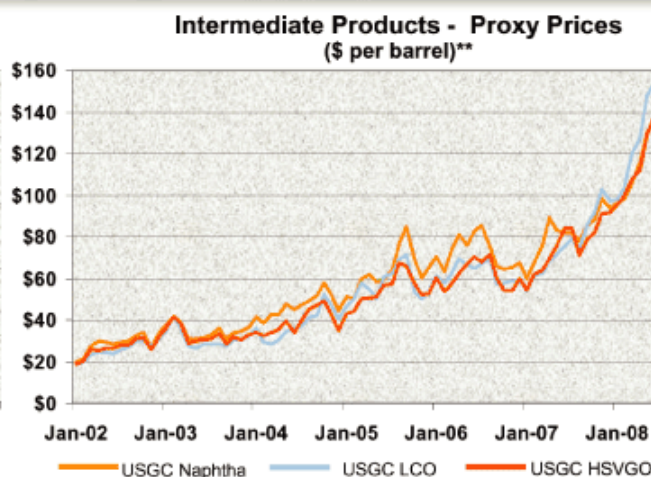
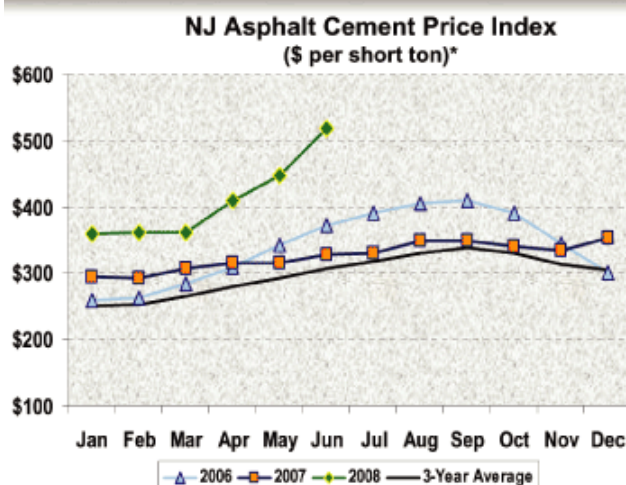


- Demand for asphalt during the early part of the asphalt season has been slower than expected due to rising construction costs and higher commodity prices
- However, current reduction in supply is more than offsetting negative impact of reduction in demand
 - PADD I inventories are over 30% lower than last year's levels
 - Weak gasoline cracks have resulted in production run cuts in the U.S. Mid-West/Mid-Continent regions
 - Competitor in PADD I has discontinued producing asphalt
 - Strong asphalt prices in Canada, Europe and West Africa attracting asphalt supplies
 - Venezuela has not exported any asphalt to the U.S. since January 2008

Source of data for graphs: Energy Information Administration



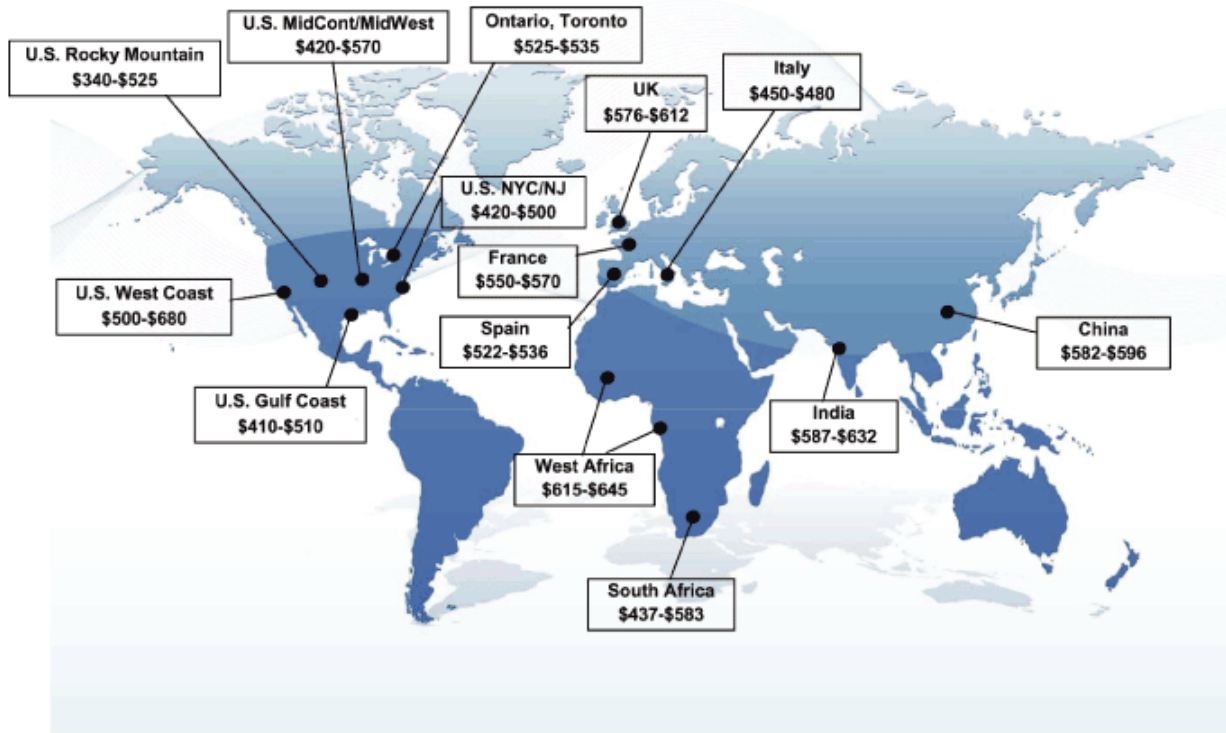
- Venezuela and Canada have historically been top exporters of asphalt to the U.S.
 - ✦ Venezuela has exported on average around 1.2 to 1.6 million tons annually to U.S. East coast markets
 - Shipping rates from Venezuela to the U.S. East Coast are around \$30 to \$45 per ton
 - ✦ Canada has exported on average around 0.6 to 1 million tons of asphalt annually to bordering U.S. PADDs
 - Shipping rates from Canada to the U.S. East Coast are around \$24 to \$46 per ton
- Venezuela exported around 166,000 barrels to the U.S. East Coast in January 2008 but has not exported any asphalt to the U.S. since that time causing a tight supply situation in the PADD I market
 - ✦ Should Venezuela start exporting asphalt, NuStar Energy L.P. has right of first offer



- Asphalt and intermediate product prices have been increasing significantly although have lagged the rapid run-up in crude oil prices
 - Asphalt rack prices are correlated with crude oil prices to the extent that ~80% of the movement in asphalt prices can be attributed to changes in crude oil prices
- Expect asphalt prices to average around \$435 per short ton for the second quarter 2008
- Based on current market fundamentals, expect asphalt prices of between \$525 and \$550 per short ton for the third quarter 2008
 - Continue to expect contribution from asphalt business will be in the EBITDA range previously communicated
- Prices for intermediate products continue to strengthen providing valuable contribution to NuStar's results

* Source: State of New Jersey Dept. of Transportation; ** Source: OPIS
 Note: Prices for intermediate products above are shown as proxies only for NuStar's intermediate products

Current World Asphalt Prices (Dollar per Short Ton)



Source: Argus – Pricing Week of June 2 through June 6

Savannah & Paulsboro Plant Overviews

Dan Statile

General Manager – Savannah Refinery



NuStar's Savannah Asphalt Refinery

- Located on the U.S. Southeast seaboard, approximately 2.5 miles upstream from downtown Savannah adjacent to the Savannah River
 - Center of the Southeast premium asphalt market
 - Only refinery and asphalt producer on the Southeast seaboard
 - 1,000 feet of frontage along Savannah River
- Built in 1929 by the Mexican Petroleum Corporation of Georgia and operations began in 1930
 - Later purchased by Amoco
 - CITGO purchased refinery from Amoco in April 1993
- Total throughput capacity of 30,000 barrels per day
- Refinery includes two atmospheric towers, a tank farm, a marine dock, a PMA production facility, testing laboratory and processing areas
 - Total storage capacity of 1.2 million barrels
- Savannah refinery supplies various asphalt grades by truck, rail and marine vessel to a network of 10 asphalt terminals in the Southeast



Source: Google Maps



Savannah Crude Oil & Products Slate

- NuStar's Savannah refinery runs only Boscan crude oil

Typical Product Yields at Savannah Refinery

Boscan Crude Oil

Asphalt	~74%
Naphtha	~4%
Marine Diesel Oil	~14%
Atmospheric Gas Oil	~8%

Typical Crude Runs at Savannah Refinery

(30,000 bpd capacity)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u>
Mbpd	18	28	30	25	
MM barrels	1.6	2.5	2.8	2.3	9.2
Utilization	60%	93%	100%	83%	84%

Typical Annual Production at Savannah Refinery

Crude Runs	9.2 million barrels
Asphalt Production	6.8 million barrels
Intermediate Products	2.4 million barrels



NuStar's Savannah Asphalt Refinery

Expected Turnaround Work

Between 12/26/08 – 1/17/09

Expected cost: ~\$1.5 million

NuStar's Paulsboro Asphalt Refinery

- Located in the middle of the major U.S. East Coast asphalt demand center right off the Delaware River
 - Largest on-purpose asphalt refinery in the U.S.
 - Primary competitors include Valero Energy and Irving Oil
 - Terminal network stretches from New York to North Carolina
- Refinery constructed in two phases in 1978 and 1981
 - CITGO purchased Paulsboro refinery from Seaview Oil Company in 1991
- Total throughput capacity of 74,000 barrels per day
- Refinery consists of two petroleum refining units and a liquid storage terminal for petroleum and chemical products
 - Total storage capacity of 3.4 million barrels
- Paulsboro refinery supplies various asphalt grades and intermediate products by ship, barge, railcar and tanker trucks to a network of 11 asphalt terminals in the Northeast





Paulsboro Crude Oil & Products Slate

- NuStar's Paulsboro refinery runs both BCF-13 and Boscan crude oil

Typical Product Yields at Paulsboro Refinery

	<u>BCF-13</u>	<u>Boscan</u>
Asphalt	~64%	~74%
Naphtha	~2%	~4%
Marine Diesel Oil	~16%	~19%
Vacuum Gas Oil	~18%	~3%

Typical Crude Runs at Paulsboro Refinery

(74,000 bpd capacity)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u>
Mbpd	32	58	58	50	
MM barrels	2.9	5.2	5.4	4.6	18.1
Utilization	43%	78%	78%	68%	67%

Typical Annual Production at Paulsboro Refinery

Crude Runs	18.1 million barrels
Asphalt Production	12.7 million barrels
Intermediate Products	5.4 million barrels



NuStar's Paulsboro Asphalt Refinery

Expected Turnaround Work

Between 1/15/09 – 1/26/09
Expected cost: ~\$1.5 million

- Expansive network of 14 complementary third-party leased terminals with total asphalt storage capacity of 1.7 million barrels
 - Allows NuStar to market products farther inland than many of its competitors
 - Provides capability to market to diverse customer base
 - No single customer represents more than 8% of total volume sales
- Over 3.9 million barrels of net operational asphalt storage capacity
 - Enables a proven "winter fill" strategy of storing production in low-demand winter months for sale during the summer paving season





Near-Term Capital Investment Opportunities

- Near-term, have identified around \$35 million of high return, quick pay-back projects at both the Paulsboro and Savannah asphalt refineries
- PDVSA capital constraints have resulted in "low hanging fruit" projects:

<u>Type of Project</u>	<u>Opportunity</u>	<u>Expected Capex</u>	<u>In-Service Dates</u>	<u>Expected IRR</u>
Improve Crude Oil Flexibility & Rates	Improve flexibility to run alternative crude oils and improve ability to run higher volumes of crude oil at Paulsboro refinery resulting in higher product volumes	~19 million	1Q09 thru 4Q09	~65%
Energy Efficiency	Improve energy efficiency by implementing projects that reduce usage of natural gas at both Paulsboro and Savannah refineries	~\$10.5 million	4Q08 thru 4Q09	~38%
PMA Projects	Increase production of high quality polymer modified asphalt at Savannah and Paulsboro refineries by constructing new storage tanks	~\$2.7 million	Paulsboro – 1Q09 Savannah – 3Q09	~90% ~137% ~104%
Improve Product Yields	Increase yield of Marine Diesel Oil and put in capability to produce roofing flux at Paulsboro refinery	~2.5 million	3Q09 thru 4Q10	~18%
Total		~\$35 million		~57%

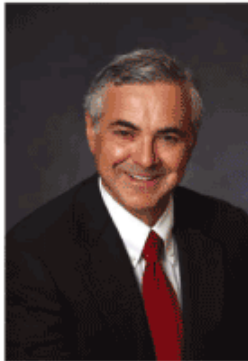


Long-Term Capital Investment Opportunities

- Longer term, continue to evaluate other opportunities at Paulsboro and Savannah refineries including:
 - Significant modifications to crude units at Paulsboro and Savannah refineries to continue to increase crude oil flexibility and produce products during the paving off-season
 - Opportunities include:
 - ◆ Replacement of Venezuelan crude oils with alternative supply at both facilities
 - ◆ Realignment of process equipment to maximize rate on current crude oil slate resulting in a 40% increase in production at Paulsboro and 10% increase in production at Savannah
 - ◆ Produce roofing flux and fuel oil during the paving off-season
 - Expected capital spending ranges from \$30 to \$40 million
 - Expect to complete evaluation by first quarter 2009 with completion of projects targeted for first quarter 2010
 - Intermediate products desulphurization
 - Marine diesel oil is substantially discounted by around 15 to 40 cents per gallon to NYMEX heating oil due to its high sulfur content
 - Continue to evaluate various options to reduce sulfur level of marine diesel oil by building a grass-roots hydrotreater or by entering a JV with a partner who already has related infrastructure
 - ◆ Produces Ultra Low Sulfur Diesel (ULSD), which currently sells at a 20 to 25 cent per gallon premium to NYMEX heating oil
 - Expected project completion in first quarter 2012 assuming a late 2009 start

Appendix

Experienced Management Team



Curt Anastasio – CEO & President

- President and CEO of NuStar Energy L. P. (NYSE: NS) and NuStar GP Holdings, LLC (NYSE: NSH)
- Anastasio has been President of NuStar Energy L.P. and its predecessors since December 1999, and he assumed the position of CEO of NuStar GP Holdings, LLC in 2006.
- Prior to becoming President of NuStar GP, LLC in 1999, Anastasio held various positions in supply, trading, transportation, marketing, development and legal. He has 20 years of industry experience.
- Curt serves as the Chairman of the National Association of Publicly Traded Partnerships and as a member of the organization's Executive Committee.
- In addition to participating in various volunteer activities, Curt serves on the Board of Trustees of the United Way of San Antonio and Bexar County, the San Antonio Medical Foundation and Southwest Research Institute. He also serves on the Board of Directors of the Alamo Area Council of the Boy Scouts of America, the Economic Development Foundation and the McNay Art Museum – all in San Antonio. In addition, Anastasio belongs to various professional organizations and has lectured and written on legal and business topics.
- Curt received a Juris Doctorate degree from Harvard Law School in 1981 and a Bachelor of Arts degree, Magna cum Laude, from Cornell University in 1978. After graduation, he practiced law in New York City.

**Steve Blank – Senior VP, CFO & Treasurer**

- Chief Financial Officer, Senior Vice President and Treasurer of NuStar Energy L.P. In this position, he is responsible for corporate finance, external reporting, accounting, budgeting and forecasting, investor relations, risk management, tax, treasury and credit.
- Before that, Steve held a variety of positions with UDS in New York, London and San Antonio, including Director, Planning and Development (1980-83); Assistant Treasurer – Corporate Finance (1983-90); Vice President of Investor Relations (1991-95); Vice President – Information Technology (1996); and Vice President – Finance and Treasurer (1996-01).
- Before joining UDS in 1980, Steve worked for two years with National Westminster Bank in New York.
- Steve received a BA in History from the State of University of New York in 1976. He went on to obtain a Master's in International Affairs, with a specialization in Business, from Columbia University in 1978.

**Rick Bluntzer, Senior VP Operations**

- Rick Bluntzer, Senior Vice President of Operations oversees NuStar Energy L.P.'s extensive pipeline, terminal, international and asphalt refining operations. Additionally he oversees NuStar's engineering, information systems (operations) and procurement organizations.
- Rick began his career with Valero Refining Company in 1976, serving in various operating and management systems until 1979, when he became a part of Valero's refinery acquisition team.
- Rick joined the Valero L.P. organization after the Valero/UDS merger and held various senior operating and management positions, contributing to the success and transition of today's NuStar organization.

**Mike Hoeltzel, Senior VP Corporate Development**

- Senior Vice President of Corporate Development for NuStar Energy L.P.
- Joined NuStar in February 2007 with 30 years refinery experience.
- Valero Energy's Corporate Development Department from 2000 to 2007. Primary responsibility was valuation of refinery acquisitions during this period of growth from 6 to 19 refineries. Also supported growth of Valero L.P. during 2002-2006 when M&A opportunities for both companies were developed in a common department.
- Worked in CITGO's Corpus Christi refinery from 1991-2000 in various Project Management, Planning & Economics, and Strategic Planning positions.
- Worked in Kerr-McKee's Corpus Christi refinery from 1977-1991 in Project Management and Planning & Economics positions.
- Worked for Exxon in Oil Production from 1971-1973 and Dupont from 1973-1977, project engineering assignments with both companies.
- Graduated from Oklahoma State University in 1971 with BS and MS degrees in Mechanical Engineering. Also received MBA from Corpus Christi State University (now Texas A&M Corpus Christi) in 1983

**Mike Pesch, VP Refining Operations**

- 26 years experience in oil industry across all segments:
- 1 year NuStar - Midstream and now Asphalt Refining
- 18 years CITGO/Valero - Refining
- 7 years Exxon - Exploration and Production
- Assignments included Operations, Maintenance, Planning and Economics, Project Engineering, Best Technical Practice development and Strategic Sourcing. Positions ranged from staff engineering roles to management, including Refinery Manager at Valero's Paulsboro Refinery.
- BS Chemical Engineering in 1982 from Rose Hulman Institute of Technology



Mike Stone, VP Asphalt Marketing

- Vice President Asphalt Marketing, Supply & Trading of NuStar Energy LP. Responsible for all asphalt commercial activities involving asphalt sales, purchases, exchanges and import/export business.
- Prior to his position at NuStar he was the Vice President of Asphalt Marketing at Valero Energy Corporation for 9 years and launched their national asphalt marketing operations from the U.S. East Coast through the Gulf Coast / Midcontinent regions to the West Coast California markets.
- Before joining Valero, Mike was Vice President of Asphalt Marketing for CITGO for 6 years managing its East Coast asphalt operations.
- Mike began his career in 1983 with CITGO Petroleum Corporation and spent 10 years in gasoline wholesale rack marketing responsible for establishing and implementing the unbranded rack sales business in Texas, Florida and southeastern states region.
- Mike currently serves as a Director on the board of the Asphalt Institute and is a member of the organization's Executive Committee. He also serves as an Associate Member of the National Asphalt Pavement Association.
- Received his B.B.A. in Finance from Texas State University in 1981.



Dan Statile, General Manager – Savannah Refinery

- Current role as General Manager of the NuStar Savannah Refinery
- 5 years at Valero Energy Paulsboro Refinery as Maintenance Director,
- 10 years at CITGO Petroleum's Lake Charles facility Manager, Process Safety, Safety and Industrial Hygiene Manager, and Manager Reliability and Engineering Support.
- 8 years at Westinghouse Electric spending - Responsibilities in engineering, maintenance execution primarily in the Nuclear sector and risk management consulting in the petrochemical and refining sector before moving full time into Refining.

BS Mechanical Engineering WPI; MS Nuclear Engineering RPI
 Graduate Certificate Reliability Engineering University of Tennessee
 Certified Maintenance and Reliability Professional
 EMT-B, Fire Fighter 2, HAZMAT Tech



Ron Corun, Manager Asphalt Technical Services

- Worked in the HMA paving industry 42 years (started at age 13).
- Performed virtually every task in paving construction: laborer, equipment operator, asphalt plant operator, quality control and mix design technician (both Marshall and Superpave), estimator, foreman, superintendent, general manager.

Employment

- 2008 – Present NuStar Asphalt Refining, LLC
 Asphalt Technical Support Manager Education
- 1997– 2007 CITGO Asphalt Refining Company
 Technical Support Manager
- 1974 – 1996 Corun & Gatch, Inc.
 Vice President & General Manager
- 1971 - 1974 University of Maryland - College Park, MDB.S. in Civil Engineering



Pat Murphy, Manager – Scheduling & Logistics

NuStar -

- Manager of Scheduling and Logistics working with San Antonio and Paulsboro Offices to schedule raw and finished materials in and out of refinery by truck, rail and marine transport.
- Facility Security Officer, FSO, in charge of refinery security, oversight of contracted security personnel and compliance with government regulations.
- Local HR Representative with United Steel Workers Local handling the routine administration of the contract and participation in contract negotiations

CITGO - 15 years

- 4 years Supervision/training/process safety management/IT support
- 5 years SAP implementation/SAP PM & MM process change leader for CARCO's two refineries and terminal.
- 6 years Production and material scheduling/security plan development and regulatory compliance/union contract negotiation and contract administration and last 6 months, Asset Leader in the absence of a Refinery Manager, working with NuStar during transition of the Savannah Refinery Assets.

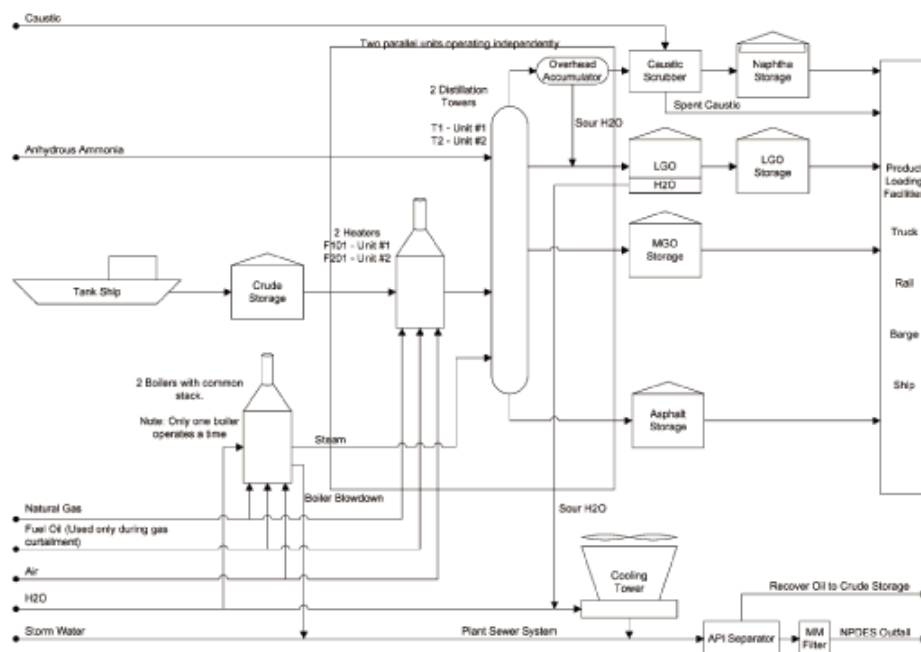
- All at the Savannah Refinery

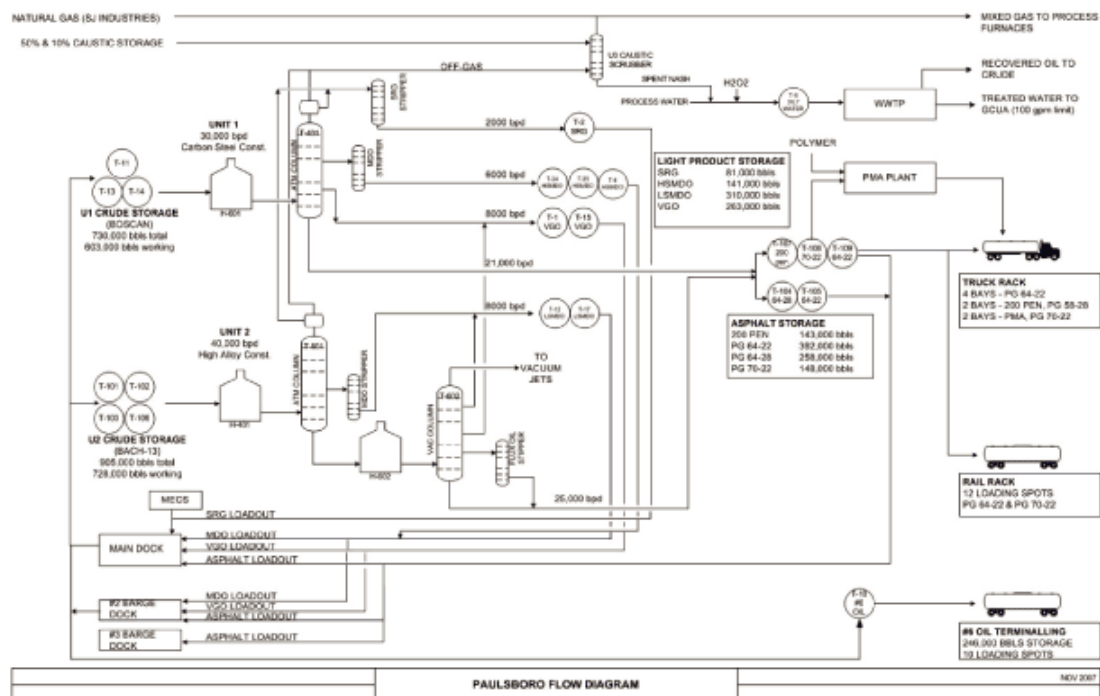
AMOCO - 15 Years

- 12 years Operations
- 3 years Shift Supervision
- All at the Savannah Refinery

Refinery Flowcharts

CARCO Savannah Refinery
Simplified Flow Diagram







Crude Oil Supply Agreement



Crude Oil Supply Agreement

- Commitment by PDVSA to supply NuStar Energy L.P. an annual average of 75,000 bpd of crude oil to run at Paulsboro and Savannah refineries, or around 27,375,000 barrels per year

<u>Month</u>	<u>Quantity of Boscan (bpd)</u>	<u>Quantity of BCF-13 (bpd)</u>	<u>Total</u>
January	40,000	20,000	60,000
February	40,000	20,000	60,000
March	50,000	25,000	75,000
April	50,000	25,000	75,000
May	60,000	30,000	90,000
June	60,000	30,000	90,000
July	60,000	30,000	90,000
August	60,000	30,000	90,000
September	50,000	25,000	75,000
October	50,000	25,000	75,000
November	40,000	20,000	60,000
December	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
Annual Average	50,000	25,000	75,000

- Pricing of crude oil is based on formulas, which can be found in the crude oil sales agreement publicly filed on Form 8-K on March 25, 2008

Glossary of Terms



Asphalt – Liquid asphalt is a dark brown to black cementitious material used for its adhesive and waterproofing properties and that today is primarily produced by petroleum distillation. In the U.S. approximately 10% of the asphalt is used for roofing products; approximately 90% is used for road paving; and other specialty applications account for only a very small fraction

Asphalt Binder – Asphalt cement that is classified according to the Standard Specification for Performance Graded Asphalt Binder, AASHTO Designation MP1. It can be either unmodified or modified asphalt cement, as long as it complies with the specifications.

Asphalt Cement Concrete (ACC)/Hot Mix Asphalt (HMA) – High quality, thoroughly controlled mixture of hot asphalt cement (~5% by weight) and heated, well-graded aggregate (~95% by weight), mixed at a central plant, trucked to a job site, placed on the pavement with a paver and thoroughly compacted into a uniform dense mass. 90% of the paving asphalt cement used in the U.S. is used for HMA.

Asphalt Pavements – Pavements consisting of a surface course of asphalt concrete over supporting courses such as asphalt concrete bases, crushed stone, slag, gravel, Portland Cement Concrete (PCC), brick, or block pavement.

Bachequero-13 – A Venezuelan crude oil of approximately 11.6 degrees API gravity and 3% sulfur. It is produced from an area on the eastern shore of Lake Maracaibo. Bachequero-13 is an extra-heavy crude and is typically used in the production of asphalt. It can also be blended with lighter crude oils and processed in a sophisticated refinery to produce gasoline and distillate products.

Bitumen – A class of black or dark-colored (solid, semisolid, or viscous) cementitious substances, natural or manufactured, composed principally of high molecular weight hydrocarbons, of which asphalts, tars, pitches, and asphaltites are typical.

Boscan – A Venezuelan crude oil of approximately 10.6 degrees API gravity and 5.3% sulfur. It is produced from the Boscan oil field on the western shore of Lake Maracaibo. Boscan is an extra-heavy crude and is primarily used in the production of asphalt.

Coking – Thermal non-catalytic cracking process that converts low value oils to higher value gasoline, gas oils and marketable coke. Residual fuel oil from vacuum distillation column is typical feedstock.

Emulsified Asphalt/Asphalt Emulsion (EM) – Asphalt cement milled into microscopic particles and dispersed in water with an emulsifying chemical. The water-based emulsions are easy to handle and use at ambient temperatures. When emulsions are used in the field, the water evaporates into the atmosphere leaving the asphalt binder for its intended use. Emulsions may be either the anionic (negative charge) or cationic (positive charge type, depending upon the emulsifying agent. Approximately 10% of the paving asphalt in the U.S. is emulsified. The emulsions are used for a variety of applications including chip seals and other maintenance surface treatments (such as micro-surfacing and slurry seals), dust control, cold mix asphalt, base stabilization, recycling aged asphalt pavements, and tar coats between existing surfaces and new HMA.

Hot Mix Asphalt (HMA) – High quality, thoroughly controlled hot mixture of asphalt binder (cement) and well-graded, high quality aggregate, which can be compacted into a uniform dense mass.

Marine Diesel Oil (MDO) – A distillate product that conforms to a given set of specifications for use in the marine fuels (bunkering) marketplace.

Naphtha – An intermediate or feedstock stream produced from the atmospheric distillation tower in a refinery. Naphtha is one of the lightest fractions distilled from crude oil and is typically purchased for use as a feedstock to a Reforming Unit which yields high-octane blendstocks for gasoline production.

PG/PGAB/Performance Graded Asphalt Binders/SHRP Binders – A way of specifying paving grade asphalts for performance at high and low temperatures. The specifications were developed by the Strategic Highway Research Program (SHRP), a \$150,000,000 research project sponsored by the Federal Highway Administration in the early 1990's. A PG 70-28 specification means that asphalt should withstand rutting at high pavement temperatures of 70 degrees C and thermal cracking at low pavement temperatures of -28 degrees C.

Performance Graded – Asphalt binder grade designation used in Superpave. It is based on the binder's mechanical performance at critical temperatures and aging conditions.

Polymer Modified Asphalt – Asphalt cement that has been modified with polymers to improve its physical properties, especially decreasing temperature susceptibility (resistance to rutting at high temperatures and resistance to cracking at low temperatures) and improving durability (elasticity). PMAs meet higher PG grades than non-modified asphalts. (PG 62-22 is usually not modified, PG 76-22 usually is polymer modified, and PG 70-22 may or may not be polymer-modified depending upon the physical characteristics of the base asphalt.)



Vacuum Gas Oil (VGO) – An intermediate or feedstock stream produced from the vacuum distillation tower in a refinery. Vacuum Gas Oil is one of the heavier fractions distilled from crude oil and is typically purchased for use as a feedstock to an FCCU (Fluid Catalytic Cracking Unit) which yields gasoline and diesel intermediate blendstocks. VGO may also be used as a blendstock in the production of heavier low and high sulfur fuel oil products.