

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

FORM S-3  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

NuStar Energy L.P.  
(and the subsidiaries identified in footnote (\*) below)  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

74-2956831  
(I.R.S. Employer Identification Number)

19003 IH-10 West  
San Antonio, Texas 78257  
(210) 918-2000  
(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

Amy L. Perry  
Executive Vice President  
NuStar GP, LLC  
19003 IH-10 West  
San Antonio, Texas 78257  
(210) 918-2000  
(Name, address, including zip code, and telephone number, including area code, of  
agent for service)

Copies To:  
George J. Vlahakos  
Sidley Austin LLP  
1000 Louisiana Street, Suite 6000  
Houston, Texas 77002  
713-495-4522

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee(1)
Common Units representing limited partner interests(2)				
Preferred Units representing limited partner interests(3)				
Senior Debt Securities(4)				
Subordinated Debt Securities(4)				
Guarantees of Debt Securities(5)				
Total				

- (1) An unspecified aggregate initial offering price or principal amount or number of the securities of each identified class is being registered as may from time to time be issued at indeterminate prices, or upon conversion, exchange or exercise of securities registered hereunder to the extent any such securities are, by their terms, convertible into, or exchangeable or exercisable for, such securities. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the registrants are deferring payment of all of the registration fee.
- (2) An unspecified amount of Common Units as may be sold from time to time by NuStar Energy L.P. is being registered hereunder.
- (3) An unspecified amount of Preferred Units as may be sold from time to time by NuStar Energy L.P. is being registered hereunder.
- (4) An unspecified amount of Senior Debt Securities and Subordinated Debt Securities as may be sold from time to time by NuStar Logistics, L.P. is being registered hereunder.
- (5) NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. have agreed to guarantee the obligations of NuStar Logistics, L.P. under any series of Senior Debt Securities or Subordinated Debt Securities issued under this Registration Statement. No separate consideration will be paid in respect of any such guarantees issued under this Registration Statement. Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no separate fee is payable with respect of any guarantees of the Debt Securities.

\* Each of the following is a co-registrant that may issue some or all of the securities:

NUSTAR LOGISTICS, L.P.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2958817**  
(I.R.S. Employer Identification Number)

**NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2287683**  
(I.R.S. Employer Identification Number)

---

---

PROSPECTUS



NUSTAR ENERGY L.P.

**Common Units Representing Limited Partner Interests  
Preferred Units Representing Limited Partner Interests**

NUSTAR LOGISTICS, L.P.

**Debt Securities**

---

NuStar Energy L.P. may, in one or more offerings, offer and sell common and preferred units representing limited partner interests in NuStar Energy L.P. NuStar Energy L.P. common units are listed for trading on the New York Stock Exchange under the symbol "NS." NuStar Logistics, L.P. may, in one or more offerings, offer and sell its debt securities, which will be fully and unconditionally guaranteed by NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. We will provide information in the related prospectus supplement for the trading market, if any, for any preferred units NuStar Energy L.P. may offer or debt securities NuStar Logistics, L.P. may offer.

We will offer the securities in amounts and at prices and on terms to be determined by market conditions and other factors at the time of our offerings. This prospectus describes only the general terms of these securities and the general manner in which we will offer the securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The prospectus supplement will describe the specific manner in which we will offer the securities, and also may add, update or change information contained in this prospectus.

You should read this prospectus and the applicable prospectus supplement and the documents incorporated by reference herein and therein carefully before you invest in our securities. This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

---

**Investing in our securities involves a high degree of risk. Limited partnerships are inherently different from corporations. For a discussion of the factors you should consider before deciding to purchase our securities, please see "Risk Factors," beginning on page 4 of this prospectus.**

---

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

---

**The date of this prospectus is July 2, 2019**

---



TABLE OF CONTENTS

**TABLE OF CONTENTS**

<u>ABOUT THIS PROSPECTUS</u>	<u>1</u>
<u>ABOUT NUSTAR ENERGY L.P.</u>	<u>2</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>3</u>
<u>INCORPORATION BY REFERENCE</u>	<u>3</u>
<u>RISK FACTORS</u>	<u>4</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>5</u>
<u>USE OF PROCEEDS</u>	<u>6</u>
<u>DESCRIPTION OF NUSTAR ENERGY COMMON UNITS</u>	<u>7</u>
<u>DESCRIPTION OF NUSTAR ENERGY PREFERRED UNITS</u>	<u>8</u>
<u>CASH DISTRIBUTIONS</u>	<u>9</u>
<u>THE PARTNERSHIP AGREEMENT</u>	<u>10</u>
<u>CONFLICTS OF INTEREST AND FIDUCIARY RESPONSIBILITIES</u>	<u>21</u>
<u>DESCRIPTION OF NUSTAR LOGISTICS DEBT SECURITIES</u>	<u>24</u>
<u>BOOK-ENTRY SECURITIES</u>	<u>33</u>
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	<u>35</u>
<u>INVESTMENT IN NUSTAR ENERGY BY EMPLOYEE BENEFIT PLANS</u>	<u>50</u>
<u>LEGAL MATTERS</u>	<u>52</u>
<u>EXPERTS</u>	<u>52</u>

---

[TABLE OF CONTENTS](#)

**ABOUT THIS PROSPECTUS**

The information contained in this prospectus is not complete and may be changed. We have not authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus, any prospectus supplement or documents to which we otherwise refer you. We do not take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or any prospectus supplement, as well as the information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date. Our business, financial condition, results of operations and prospects may have changed since these dates.

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration process. Under this shelf registration process, we may, over time, offer and sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities offered by us in that offering. The prospectus supplement may also add, update or change information in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the headings “Where You Can Find More Information” and “Incorporation by Reference.”

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of some of the documents referred to herein have been filed or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below in the section entitled “Where You Can Find More Information.”

In this prospectus, references to “NuStar Energy,” “we,” “us” and “our” mean NuStar Energy L.P., one or more of our consolidated subsidiaries or all of them taken as a whole, unless otherwise noted. References to “NuStar Logistics” mean NuStar Logistics, L.P. References to “NuPOP” mean NuStar Pipeline Operating Partnership L.P.

[TABLE OF CONTENTS](#)

**ABOUT NUSTAR ENERGY L.P.**

NuStar Energy is a publicly held Delaware limited partnership engaged in the transportation of petroleum products and anhydrous ammonia, and the terminalling, storage and marketing of petroleum products. We conduct our operations through our wholly owned subsidiaries, primarily NuStar Logistics and NuPOP.

Our operations are managed by NuStar GP, LLC, the general partner of Riverwalk Logistics, L.P., our general partner. NuStar GP, LLC is a wholly owned subsidiary of NuStar GP Holdings, LLC, a wholly owned subsidiary of NuStar Energy.

Our principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257, and our telephone number is (210) 918-2000.

## TABLE OF CONTENTS

### WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended (the “Securities Act”), regarding the securities offered hereby. This prospectus does not contain all of the information found in the registration statement. For further information regarding us and the securities offered by this prospectus, you may desire to review the full registration statement, including its exhibits and schedules, filed under the Securities Act. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC’s website.

NuStar Energy’s website is located at <http://www.nustarenergy.com> and NuStar Energy makes its periodic reports and other information filed with or furnished to the SEC available, free of charge, through its website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on NuStar Energy’s website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

### INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this document. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede the previously filed information. We incorporate by reference the documents filed by NuStar Energy that are listed below and any future filings made by NuStar Energy with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) excluding information deemed to be furnished and not filed with the SEC, after the date on which the registration statement was initially filed with the SEC, and until all the securities are sold, prior to the termination of the offerings under this prospectus:

- Annual Report on Form 10-K (File No. 001-16417) for the year ended December 31, 2018, filed on [February 28, 2019](#);
- The portions of our Definitive Proxy Statement on Schedule 14A (File No. 001-16417), filed on [March 7, 2019](#), that are specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2018;
- Quarterly Report on Form 10-Q (File No. 001-16417) for the quarter ended March 31, 2019, filed on [May 10, 2019](#);
- Current Reports on Form 8-K (File No. 001-16417) filed on [April 23, 2019](#), [April 29, 2019](#), [May 13, 2019](#) and [May 22, 2019](#); and
- The descriptions of NuStar Energy’s common units and preferred units set forth in our registration statements filed pursuant to Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating those descriptions.

Each of these documents is available from the SEC’s website described above. Through our website, <http://www.nustarenergy.com>, you can access electronic copies of documents we file with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any amendments to those reports. Information on our website is not incorporated by reference in this prospectus. Access to those electronic filings is available as soon as practical after filing with the SEC. You may also request a copy of those filings, excluding exhibits, at no cost by writing or telephoning Investor Relations, NuStar Energy L.P., at our principal executive office, which is: 19003 IH-10 West, San Antonio, Texas 78257; Telephone 210-918-INVR (4687).

**RISK FACTORS**

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Before you invest in our securities, you should carefully consider the risk factors included in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K that are incorporated herein by reference and those that may be included in the applicable prospectus supplement, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of the risks discussed in the foregoing documents were actually to occur, our business, financial condition, results of operations, or cash flow could be materially adversely affected. In that case, our ability to make distributions to our unitholders or pay interest on, or the principal of, any debt securities, may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

## FORWARD-LOOKING STATEMENTS

Some of the information contained in or incorporated by reference in this prospectus may contain forward-looking statements. These statements can be identified by the use of forward-looking terminology including “may,” “believe,” “will,” “could,” “should,” “expect,” “anticipate,” “estimate,” “continue,” “plan,” “intend,” “forecast,” “budget,” “project,” “potential” or other similar words. These statements discuss future expectations, contain projections of results of operations or of financial condition, or state other “forward-looking” information. These forward-looking statements involve risks and uncertainties. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus, any accompanying prospectus supplement or incorporated by reference herein, including those described in the “Risk Factors” section of our most recent Annual Report on Form 10-K and, to the extent applicable, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any prospectus supplement. The risk factors and other factors noted in this prospectus, any accompanying prospectus supplement or incorporated by reference herein or therein could cause our actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that certain statements contained in or incorporated by reference in this prospectus or any accompanying prospectus supplement as well as some statements in periodic press releases and some oral statements made by our officials and our subsidiaries during presentations about us are “forward-looking” statements. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those anticipated or projected. You are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements speak only as of the date of this prospectus or, in the case of forward-looking statements contained in any accompanying prospectus supplement or document incorporated by reference, the date of such accompanying prospectus supplement or document and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based unless we are required by securities laws to do so.

[TABLE OF CONTENTS](#)

**USE OF PROCEEDS**

Unless otherwise indicated in an accompanying prospectus supplement, NuStar Energy and NuStar Logistics expect to use the net proceeds from the sale of securities hereby for general partnership purposes, which may include, among other things:

- the repayment of outstanding indebtedness;
- working capital;
- capital expenditures; and
- acquisitions.

The actual application of proceeds we receive from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering.

## DESCRIPTION OF NUSTAR ENERGY COMMON UNITS

### **General**

The common units represent limited partner interests that entitle the holders to participate in NuStar Energy's cash distributions and to exercise the rights and privileges available to limited partners under the partnership agreement. For a description of the rights and privileges of common unitholders in and to NuStar Energy distributions, please read "Cash Distributions." For a description of the rights and privileges of limited partners under the partnership agreement, including voting rights, please read "The Partnership Agreement."

### **Voting Rights**

Each holder of common units is entitled to one vote for each unit on all matters submitted to a vote of the common unitholders, subject to any limitations contained in NuStar Energy's partnership agreement.

### **Exchange Listing**

Our outstanding common units are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "NS." Any additional common units we issue will also be listed on the NYSE.

### **Transfer of Common Units**

Any transfers of common units will not be recognized by NuStar Energy unless the transferee executes and delivers a transfer application. If this action is not taken, a purchaser will not be registered as a record holder of common units on the books of NuStar Energy's transfer agent or issued a common unit certificate or other evidence of the issuance of uncertificated common units. Purchasers may hold common units in nominee accounts.

### **Transfer Agent and Registrar**

Our transfer agent and registrar for the common units is Computershare Trust Company, N.A.

**DESCRIPTION OF NUSTAR ENERGY PREFERRED UNITS**

NuStar Energy's partnership agreement authorizes NuStar Energy, subject to any approvals required by the holders of Preferred Units (as defined below), to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions established by NuStar Energy's general partner in its sole discretion without the approval of any limited partners. In accordance with the Delaware Revised Uniform Limited Partnership Act (the "Delaware law") and the provisions of NuStar Energy's partnership agreement, NuStar Energy may issue additional partnership securities that have special voting rights to which common units are not entitled. As of March 31, 2019, NuStar Energy had 9,060,000 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units ("Series A Preferred Units"), 15,400,000 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units ("Series B Preferred Units"), 6,900,000 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units ("Series C Preferred Units") and 23,246,650 Series D Cumulative Convertible Preferred Units (the "Series D Preferred Units" and, together with the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, the "Preferred Units").

Should NuStar Energy offer preferred units under this prospectus, a prospectus supplement relating to the particular series of preferred units offered will include the specific terms of those preferred units, including, among other things, the following:

- the designation, stated value and liquidation preference of the preferred units and the number of preferred units offered;
- the initial public offering price at which the preferred units will be issued;
- any conversion or exchange provisions of the preferred units;
- any redemption or sinking fund provisions of the preferred units;
- the distribution rights of the preferred units, if any;
- a discussion of any additional material federal income tax considerations regarding the preferred units; and
- any additional rights, preferences, privileges, limitations and restrictions of the preferred units.

## CASH DISTRIBUTIONS

### General

Within 45 days after the end of each quarter, NuStar Energy will distribute all of its available cash to its common unitholders of record on the applicable record date.

Available cash is defined in NuStar Energy's partnership agreement and generally means, with respect to any fiscal quarter, the sum of all cash and cash equivalents at the end of such quarter, plus any cash resulting from working capital borrowings made subsequent to the end of such quarter, less the amount of any cash reserves that NuStar Energy's general partner determines in its reasonable discretion are necessary or appropriate to:

- provide for the proper conduct of NuStar Energy's business, including reserves for future capital expenditures and anticipated credit needs;
- comply with applicable law or any debt instrument or other agreement or obligation;
- provide funds for payments to holders of NuStar Energy's preferred units; or
- provide funds for distributions with respect to any one or more of the next four fiscal quarters.

NuStar Energy's policy is, to the extent it has sufficient available cash from operating surplus, as defined in the partnership agreement, to distribute to each common unitholder at least the minimum quarterly distribution of \$0.60 per quarter or \$2.40 per year. However, there is no guarantee that NuStar Energy will pay the minimum quarterly distribution on the common units in any quarter and NuStar Energy may be prohibited from making any distributions to unitholders if it would cause an event of default under the terms of NuStar Energy's indebtedness. In addition, NuStar Energy's preferred units rank senior to the common units with respect to distribution rights and rights upon liquidation. If NuStar Energy does not pay the required distributions (including any arrears) on its preferred units, it will be unable to pay distributions on the common units.

### Distributions of Cash Upon Liquidation

If NuStar Energy dissolves in accordance with the partnership agreement, it will sell or otherwise dispose of its assets in a process called a liquidation. NuStar Energy will first apply the proceeds of liquidation to the payment of, or provision of payment for, its creditors. NuStar Energy will then pay any accumulated and unpaid distributions and the applicable liquidation preference on the Preferred Units. NuStar Energy will distribute any remaining proceeds to common unitholders, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of its assets in liquidation.

### Distribution Stopper Pursuant to Fixed-to-Floating Rate Subordinated Notes

On January 22, 2013, NuStar Logistics issued \$402.5 million of fixed-to-floating rate subordinated notes due January 15, 2043 (the "Subordinated Notes"). Effective January 15, 2018, the interest rate on the Subordinated Notes switched from a fixed annual rate of 7.625%, payable quarterly in arrears, to an annual rate equal to the sum of the three-month LIBOR for the related quarterly interest period, plus 6.734% payable quarterly, commencing with the interest payment due April 15, 2018. As of March 31, 2019, the interest rate was 9.5%. The Subordinated Notes are fully and unconditionally guaranteed on an unsecured and subordinated basis by NuStar Energy and NuPOP.

In accordance with the terms of the notes, NuStar Logistics may elect to defer interest payments on the Subordinated Notes on one or more occasions for up to five consecutive years. Deferred interest will accumulate at a rate equal to the interest rate then applicable to the Subordinated Notes until paid. If NuStar Logistics elects to defer interest payments, NuStar Energy cannot declare or make cash distributions with respect to, or redeem, purchase or make a liquidation payment with respect to, its equity securities during the period interest is deferred.

## TABLE OF CONTENTS

### THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of NuStar Energy's partnership agreement and is qualified by reference to NuStar Energy's partnership agreement, which is included as an exhibit to the registration statement of which this prospectus constitutes a part.

#### **Organization and Duration**

NuStar Energy was organized in December 1999 and will continue in existence until dissolved in accordance with the partnership agreement.

#### **Purpose**

The purpose of NuStar Energy is: (1) to serve as a partner of NuStar Logistics, one of NuStar Energy's primary operating subsidiaries, and its other subsidiaries established for conducting the business of NuStar Energy (collectively, the "Operating Partnership"); (2) to engage in any business activities that may be engaged in by the Operating Partnership or that are approved by NuStar Energy's general partner, provided that NuStar Energy's general partner must reasonably determine that such activity generates or enhances the operations of any activity that generates "qualifying income," as this term is defined in Section 7704 of the Internal Revenue Code of 1986, as amended; (3) to serve as a member of NuStar GP Holdings, LLC and to exercise all the rights and powers held by NuStar Energy as a member of NuStar GP Holdings, LLC as the member of NuStar GP, LLC; and (4) to do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to NuStar Energy's subsidiaries. NuStar Energy's general partner has no obligation or duty to NuStar Energy, its limited partners or assignees of partnership interests to propose or approve, and in its discretion may decline to propose or approve, the conduct by NuStar Energy of any business.

#### **Power of Attorney**

Each limited partner, and each person who acquires a limited partner interest and executes and delivers a transfer application, grants to NuStar Energy's general partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for the qualification, continuance or dissolution of NuStar Energy. The power of attorney also grants NuStar Energy's general partner and the liquidator the authority to amend the partnership agreement, and to make consents and waivers under the partnership agreement.

#### **Capital Contributions**

NuStar Energy's unitholders are not obligated to make additional capital contributions, except as described below under "— Limited Liability."

#### **Limited Liability**

Assuming that a limited partner does not participate in the control of NuStar Energy's business within the meaning of Delaware law, and that it otherwise acts in conformity with the provisions of NuStar Energy's partnership agreement, the limited partner's liability under the Delaware law will be limited, subject to possible exceptions, to the amount of capital the limited partner is obligated to contribute to NuStar Energy for such partner's units plus the partner's share of any undistributed profits and assets and any funds wrongfully distributed to it, as described below. If it were determined, however, that the right or exercise of the right, by the limited partners as a group:

- to remove or replace NuStar Energy's general partner;
- to approve some amendments to the partnership agreement; or
- to take other action under the partnership agreement

constituted "participation in the control" of NuStar Energy's business for the purposes of the Delaware law, then the limited partners could be held personally liable for NuStar Energy's obligations under the laws of Delaware, to the same extent as its general partner. This liability would extend to persons who transact business with NuStar Energy who reasonably believe that a limited partner is a general partner based on the limited partner's conduct.

Neither NuStar Energy's partnership agreement nor the Delaware law specifically provides for legal recourse against NuStar Energy's general partner if a limited partner were to lose limited liability through any fault of NuStar Energy's general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

## TABLE OF CONTENTS

Under the Delaware law, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware law provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware law provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware law will be liable to the limited partnership for the amount of the distribution for three years from the date of distribution. Under the Delaware law, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of its assignor to make contributions to the limited partnership, excluding any obligations of the assignor with respect to wrongful distributions, as described above, except the assignee is not obligated for liabilities unknown to it at the time it became a limited partner and that could not be ascertained from the partnership agreement.

NuStar Energy's operating subsidiaries conduct business or own assets in the United States and internationally. Maintenance of NuStar Energy's limited liability as a limited partner or member, respectively, of its operating subsidiaries may require compliance with legal requirements in the jurisdictions in which the operating subsidiary conducts business. Limitations on the liability of limited partners or members for the obligations of a limited partnership or limited liability company have not been clearly established in many jurisdictions. If it were determined that NuStar Energy was, by virtue of NuStar Energy's ownership interest in its subsidiaries or otherwise, conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace NuStar Energy's general partner, to approve certain amendments to the partnership agreement, or to take other action under the partnership agreement constituted "participation in the control" of NuStar Energy's business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for NuStar Energy's obligations under the law of that jurisdiction to the same extent as its general partner under the circumstances. NuStar Energy will operate in a manner that its general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

### **Voting Rights**

The following matters require the unitholder vote specified below. Matters that require the approval of a "unit majority" require the approval of holders of a majority of the outstanding common units and the outstanding Series D Preferred Units (voting on an as-converted basis), voting together as a single class (subject to the limitations set forth in the definition of "Outstanding" in the partnership agreement).

Election of directors to the board

Plurality of the votes cast by the limited partners holding outstanding common units and Series D Preferred Units (voting on an as-converted basis), voting together as a single class, at a meeting of the limited partners. Please read "—Meetings; Voting."

Amendment of the partnership agreement

Certain amendments may be made by NuStar Energy's general partner without the approval of unitholders. Certain other amendments require the approval of a unit majority. Certain other amendments require the approval of the holders of a supermajority of outstanding common units and Series D Preferred Units (voting on an as-converted basis), voting together as a single class. Certain amendments that would have a material adverse effect on a class of NuStar Energy interests require the approval of a majority of NuStar Energy interests to be affected by such amendment. Please read "—Amendment of the Partnership Agreement."

Merger or the sale of all or substantially all of NuStar Energy's assets

The holders of a unit majority. Please read "—Merger, Sale or Other Disposition of Assets."

## TABLE OF CONTENTS

Dissolution of NuStar Energy	The holders of a unit majority. Please read “—Termination and Dissolution.”
Removal/Replacement of the general partner	The holders of a unit majority. Please read “—Withdrawal or Removal of the General Partner.”

### **Issuance of Additional Securities**

NuStar Energy’s partnership agreement authorizes NuStar Energy, subject to any approvals required by the holders of Preferred Units, to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions established by NuStar Energy’s general partner in its sole discretion without the approval of any limited partners.

Except for restrictions arising from the need for approval of the holders of Preferred Units, there are no restrictions under the partnership agreement on the ability of NuStar Energy’s general partner to issue partnership securities, including partnership securities junior or senior to the common units.

It is possible that NuStar Energy will fund acquisitions through the issuance of additional common units or other partnership securities. Holders of any additional common units NuStar Energy issues will be entitled to share equally with the then-existing common unitholders in NuStar Energy’s distributions of available cash and additional partnership securities may be senior to the common units with respect to distributions. In addition, the issuance of additional partnership securities may dilute the value of the interests of the then-existing common unitholders in NuStar Energy’s net assets.

In accordance with Delaware law and the provisions of the partnership agreement, NuStar Energy may also issue additional partnership securities that, in the sole discretion of NuStar Energy’s general partner, may have special voting rights to which common units are not entitled.

No person will have any preemptive, preferential or other similar right with respect to the issuance of any partnership securities.

### **Amendment of the Partnership Agreement**

#### ***General***

Amendments to the partnership agreement may be proposed only by or with the consent of NuStar Energy’s general partner, which consent may be given or withheld in its sole discretion. In order to adopt a proposed amendment, other than the amendments discussed below, NuStar Energy’s general partner is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

#### ***Prohibited Amendments***

No amendment may be made that would:

- amend, alter, change, repeal or rescind, in any respect, a provision of the partnership agreement that establishes a percentage of outstanding units required to take any action, that would have the effect of reducing such voting percentage, unless such amendment is approved by the written consent or the affirmative vote of holders of outstanding units whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced;
- enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected;
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by NuStar Energy to its general partner or any of its affiliates without the consent of NuStar Energy’s general partner, which may be given or withheld in its sole discretion;
- change the term of NuStar Energy;

## TABLE OF CONTENTS

- provide that NuStar Energy is not dissolved upon an election to dissolve NuStar Energy by its general partner that is approved by the holders of a unit majority;
- give any person the right to dissolve NuStar Energy, other than its general partner's right to dissolve NuStar Energy with the approval of the holders of a unit majority; or
- have a material adverse effect on the rights or preferences of any class of partnership securities in relation to other classes of partnership securities, unless approved by the holders of not less than a majority of the outstanding partnership securities of the class affected.

The provision of the partnership agreement prohibiting amendments to the partnership agreement having the effects described in the seven bullets above can be amended, subject to certain exceptions, only upon the approval of the holders of at least 90% of the outstanding common units and Series D Preferred Units (voting on an as-converted basis), voting together as a single class. In addition, no amendment may be made to the partnership agreement that would have a material adverse effect on the powers, preferences, duties or special rights of the Preferred Units without first obtaining the affirmative vote or consent of the holders of (a) 66-2/3% of the respective outstanding class of Series A Preferred Units, Series B Preferred Units and Series C Preferred Units or (b) a majority of the outstanding Series D Preferred Units.

### ***No Unitholder Approval***

NuStar Energy's general partner may generally make amendments to the partnership agreement without the approval of any partner or assignee to reflect:

- a change in the name of NuStar Energy, the location of the principal place of business of NuStar Energy, the registered agent or the registered office of NuStar Energy;
- the admission, substitution, withdrawal or removal of partners in accordance with the partnership agreement;
- a change that, in the sole discretion of NuStar Energy's general partner, is necessary or advisable to qualify or continue the qualification of NuStar Energy as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither NuStar Energy nor the Operating Partnership will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;
- an amendment that is necessary, in the opinion of counsel to NuStar Energy, to prevent NuStar Energy, its general partner, NuStar GP, LLC, or any of the directors, officers, agents or trustees of NuStar GP, LLC from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not substantially similar to plan asset regulations currently applied or proposed;
- subject to any restrictions imposed by the terms of the Preferred Units and the limitations on the issuance of additional partnership securities described above, an amendment that in the discretion of NuStar Energy's general partner is necessary or advisable for the authorization of additional partnership securities;
- any amendment expressly permitted in the partnership agreement to be made by NuStar Energy's general partner acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of the partnership agreement;
- any amendment that, in the discretion of NuStar Energy's general partner, is necessary or advisable for the formation by NuStar Energy of, or its investment in, any corporation, partnership or other entity, as otherwise permitted by the partnership agreement;
- a change in the fiscal year or taxable year of NuStar Energy and related changes; and
- any other amendments substantially similar to any of the matters described above.

## TABLE OF CONTENTS

In addition, subject to any restrictions imposed by the terms of the Preferred Units, NuStar Energy's general partner may make amendments to the partnership agreement without the approval of any partner or assignee if those amendments, in the discretion of NuStar Energy's general partner:

- do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;
- are necessary or advisable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- are necessary or advisable to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading, compliance with any of which NuStar Energy's general partner deems to be in the best interests of NuStar Energy and the limited partners;
- are necessary or advisable for any action taken by NuStar Energy's general partner relating to splits or combinations of partnership securities under the provisions of the partnership agreement; or
- are required to effect the intent of the provisions of the partnership agreement or are otherwise contemplated by the partnership agreement.

### ***Opinion of Counsel and Unitholder Approval***

Except for amendments described above under “—No Unitholder Approval” or in connection with a merger, no other amendments to the partnership agreement will become effective without the approval of holders of at least 90% of the outstanding common units and Series D Preferred Units (voting on an as-converted basis), voting together as a single class, unless NuStar Energy obtains an opinion of counsel to the effect that the amendment will not affect the limited liability of any limited partner of NuStar Energy under applicable law.

### **Merger, Sale or Other Disposition of Assets**

Subject to certain exceptions, a merger or consolidation of NuStar Energy requires the prior approval of NuStar Energy's general partner. NuStar Energy's general partner must also approve the merger agreement, which must include certain information as set forth in NuStar Energy's partnership agreement. Once approved by NuStar Energy's general partner, the merger agreement must be submitted to a vote of common unitholders and Series D Preferred Unitholders (voting on an as-converted basis), voting together as a single class, and the merger agreement will be approved upon receipt of the affirmative vote or consent of the holders of a unit majority (unless the affirmative vote of the holders of a greater percentage is required under the merger agreement or Delaware law).

Except in connection with a dissolution and liquidation of NuStar Energy or a duly approved merger, NuStar Energy's general partner may not (a) sell, exchange or otherwise dispose of all or substantially all of NuStar Energy's assets in a single transaction or a series of related transactions, or (b) approve on behalf of NuStar Energy the sale, exchange or other disposition of all or substantially all of the assets of the Operating Partnership without the approval of the holders of a unit majority. However, NuStar Energy's general partner may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of NuStar Energy or the Operating Partnership without the approval of the unitholders. In addition, NuStar Energy's general partner may sell any or all of the assets of NuStar Energy or the Operating Partnership in a forced sale pursuant to the foreclosure of, or other realization upon, any such encumbrance without the approval of the unitholders.

### **Termination and Dissolution**

NuStar Energy will continue in existence as a limited partnership until terminated in accordance with its partnership agreement. NuStar Energy will dissolve upon:

- the election of NuStar Energy's general partner to dissolve NuStar Energy, if approved by the holders of a unit majority;
- the entry of a decree of judicial dissolution of NuStar Energy pursuant to Delaware law;
- the sale of all or substantially all of the assets and properties of NuStar Energy, the Operating Partnership and their respective subsidiaries; or

## TABLE OF CONTENTS

- the withdrawal or removal of NuStar Energy’s general partner or any other event that results in its ceasing to be the general partner other than by reason of a transfer of its general partner interest in accordance with the partnership agreement or withdrawal or removal following approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to reconstitute NuStar Energy and continue its business on the same terms and conditions described in the partnership agreement by forming a new limited partnership on terms identical to those in the partnership agreement and having as general partner an entity approved by the holders of a unit majority, subject to receipt by NuStar Energy of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability of any limited partner; and
- neither NuStar Energy, the reconstituted limited partnership, nor any operating subsidiary would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of that right to continue.

### **Liquidation and Distribution of Proceeds**

Upon its dissolution, unless NuStar Energy is reconstituted and continued as a new limited partnership, the liquidator authorized to wind up NuStar Energy’s affairs will, acting with all of the powers of NuStar Energy’s general partner that the liquidator deems necessary or desirable in its judgment, liquidate NuStar Energy’s assets and apply the proceeds of the liquidation as provided in “Cash Distributions—Distributions of Cash Upon Liquidation.” The liquidator may defer liquidation or distribution of NuStar Energy’s assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to the partners.

### **Withdrawal or Removal of the General Partner**

NuStar Energy’s general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days’ written notice, and that withdrawal will not constitute a violation of the partnership agreement. In addition, the partnership agreement permits NuStar Energy’s general partner to sell or otherwise transfer all of its general partner interest in NuStar Energy without the approval of the unitholders. Please read “—Transfer of General Partner Interests.”

Upon the withdrawal of NuStar Energy’s general partner under any circumstances, other than as a result of a transfer of all or a part of its general partner interest in NuStar Energy, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, NuStar Energy will be dissolved, wound up and liquidated, unless within 180 days after that withdrawal, the holders of a unit majority agree in writing to continue the business of NuStar Energy and to appoint a successor general partner. Please read “—Termination and Dissolution.”

If NuStar Energy’s general partner withdraws under circumstances where such withdrawal does not violate the partnership agreement, and a successor general partner is elected under the terms of the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If NuStar Energy’s general partner withdraws under circumstances where such withdrawal does violate the partnership agreement, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests of the departing general partner. If such general partner interests are not purchased by the successor general partner, they will be converted into common units.

NuStar Energy’s general partner may not be removed unless that removal is approved by the vote of the holders of not less than a unit majority, and NuStar Energy receives an opinion of counsel regarding limited liability and tax matters. Any removal of NuStar Energy’s general partner is also subject to the approval of a successor general partner by the vote of a unit majority.

If NuStar Energy’s general partner is removed under circumstances where cause does not exist, and a successor general partner is elected under the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If NuStar Energy’s general partner is removed under circumstances where cause does exist, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests of the departing general partner. If NuStar Energy’s general partner interests are not purchased by the successor general partner, they will be converted into common units.

## TABLE OF CONTENTS

“Cause” is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence, or willful or wanton misconduct in its capacity as the general partner.

Withdrawal or removal of the general partner of NuStar Energy also constitutes withdrawal or removal of the general partner of the Operating Partnership.

In addition, NuStar Energy will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner for the benefit of NuStar Energy.

### **Transfer of General Partner Interests**

NuStar Energy’s general partner may transfer all or any part of its general partner interest in NuStar Energy without unitholder approval.

No transfer by NuStar Energy’s general partner of all or any part of its general partner interest is permitted unless (1) the transferee agrees to assume the rights and duties of the general partner and be bound by the partnership agreement, (2) NuStar Energy receives an opinion of counsel regarding limited liability and tax matters and (3) such transferee agrees to purchase all of the partnership interests of the general partner as the general partner of the Operating Partnership and any of NuStar Energy’s or the Operating Partnership’s subsidiaries.

### **Change of Management Provisions**

NuStar Energy’s partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove NuStar Energy’s general partner or otherwise change management, including the following:

- with certain limited exceptions, any partnership securities held by a person that owns 20% or more of any class of partnership securities then outstanding, other than NuStar Energy’s general partner and its affiliates, cannot be voted on any matter; provided, however that such restriction generally does not apply to any Series D Preferred Units held by a person who acquired such Series D Preferred Units pursuant to the Series D Cumulative Convertible Preferred Unit Purchase Agreement, dated as of June 26, 2018, among NuStar Energy L.P. and the purchasers party thereto;
- limiting the ability of unitholders to replace members of the board of directors of NuStar GP, LLC (the “board”) by having staggered elections where each director is elected for a three-year term and providing that directors may only be removed for cause; and
- limiting the ability of unitholders to call meetings or to acquire information about NuStar Energy’s operations, as well as other provisions limiting the unitholders’ ability to influence the manner or direction of management.

### **Meetings; Voting**

An annual meeting of the limited partners for the election of directors to the board, and other matters that NuStar Energy’s general partner submits to a vote of the limited partners, will be held in April of each year or on such other date as determined by NuStar Energy’s general partner. Special meetings of the limited partners may be called by NuStar Energy’s general partner or by limited partners owning 20% or more of the outstanding limited partner interests of the class or classes for which a meeting is proposed.

For the purpose of determining the limited partners entitled to notice of or to vote at any meeting or to give approvals without a meeting, NuStar Energy’s general partner may set a record date, which date for purposes of notice of a meeting shall not be less than 10 days nor more than 60 days before the date of the meeting.

Each record holder of limited partner interests has a vote according to his percentage interest in NuStar Energy. Limited partner interests held for a person’s account by another person (such as a broker, dealer or bank), in whose name such limited partner interests are registered, will be voted by such other person in favor of, and at the direction of, the beneficial owner unless the arrangement between such persons provides otherwise. Representation in person or by proxy of a majority of the outstanding limited partner interests of the class or classes for which a meeting has

## TABLE OF CONTENTS

been called will constitute a quorum at such meeting (unless a particular action by the limited partners requires approval by a greater percentage of limited partner interests, in which case the quorum shall be such greater percentage).

At any meeting at which a quorum is present, the act of the limited partners holding a majority of the outstanding limited partner interests entitled to vote at the meeting will be deemed to be the act of all the limited partners, unless a greater or different percentage is required under the partnership agreement, in which case the act of the limited partners holding such greater or different percentage of the outstanding limited partner interests will be required. At a meeting for the election of directors, directors are elected by a plurality of votes cast by the limited partners holding outstanding common units and Series D Preferred Units (voting on an as-converted basis), voting together as a single class.

If authorized by NuStar Energy's general partner, any action that is required or permitted to be taken at a meeting of the limited partners may be taken either at a meeting of the limited partners or without a meeting if consents in writing describing the action so taken are signed by the holders of the number of limited partner interests necessary to authorize or take that action at a meeting.

### **The Board of Directors**

The number of directors on the board will be nine unless otherwise determined from time to time by a majority of the directors then in office or automatically increased pursuant to the terms of the Series D Preferred Units. Any decrease in the number of directors by the board may not have the effect of shortening the term of any incumbent director.

The directors are grouped into three groups with respect to their terms. At each annual meeting of limited partners, successors to the directors whose terms expire at that annual meeting will be elected for a three-year term.

A director may only be removed for cause at a meeting of limited partners upon the affirmative vote of the limited partners holding a unit majority and only if, at the same meeting, the limited partners holding a unit majority nominate a replacement director and elect the replacement director to the board. Vacancies on the board (other than vacancies caused by the removal of a director by the limited partners) may be filled by a majority of the remaining directors then in office.

Nominations of persons for election as directors to the board may be made at an annual meeting of the limited partners only pursuant to NuStar Energy's general partner's notice of meeting (1) by or at the direction of a majority of the directors of the board or (2) by a limited partner, or a group of limited partners, that holds or beneficially owns, and has continuously held or beneficially owned without interruption for the prior two years, 5% of the outstanding common units and outstanding Series D Preferred Units (on an as-converted basis), considered together for this purpose as a single class, and such limited partner, or each limited partner in such group, (A) was a limited partner at the time the notice provided for in the partnership agreement is delivered to NuStar Energy's general partner and (B) complies with the notice procedures set forth in the partnership agreement.

For any nominations brought before an annual meeting by a limited partner, the limited partner must give timely notice thereof in writing to NuStar Energy's general partner. The notice must contain certain information as described in the partnership agreement. To be timely, a limited partner's notice must be delivered to NuStar Energy's general partner not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting. The public announcement of an adjournment or postponement of an annual meeting will not commence a new time period (or extend any time period) for the giving of a limited partner's notice as described above.

In the event that the number of directors is increased effective after the time period for which nominations would otherwise be due and there is no public announcement by NuStar Energy or its general partner naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a limited partner's notice will also be considered timely with respect to nominees for the additional directorships, if it is delivered to NuStar Energy's general partner not later than the close of business on the 10th day following the day on which such public announcement is first made by NuStar Energy or its general partner.

Nominations for directors may be made at a special meeting of limited partners at which directors are to be elected in accordance with the provisions of the partnership agreement.

## TABLE OF CONTENTS

Only persons who are nominated in accordance with the procedures set forth in the partnership agreement will be eligible to be elected at an annual or special meeting of limited partners to serve as directors. Unless otherwise required by law or the partnership agreement, if each nominating limited partner does not appear at the annual or special meeting of limited partners to present a nomination, the nomination will be disregarded.

In addition to the provisions described above and in the partnership agreement, a limited partner must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder. Any references in the partnership agreement to the Exchange Act or the rules promulgated thereunder are not intended to, and do not, limit any requirements applicable to nominations pursuant to the partnership agreement, and compliance with the partnership agreement is the exclusive means for a limited partner to make nominations.

### **Limited Call Right**

If at any time NuStar Energy's general partner and its affiliates own 80% or more of the issued and outstanding limited partner interests of any class, NuStar Energy's general partner will have the right (which right it may assign and transfer to NuStar Energy or any affiliate of its general partner) to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-affiliated persons. The record date for determining ownership of the limited partner interests to be purchased by NuStar Energy's general partner will be selected by NuStar Energy's general partner, and NuStar Energy's general partner must mail notice of its election to purchase the interests to the holders of such interests at least 10 but not more than 60 days prior to the purchase date. The purchase price in the event of a purchase under these provisions would be the greater of (1) the current market price (as defined in the partnership agreement) of the limited partner interests of the class as of the date three days prior to the date NuStar Energy's general partner mails notice of its election to purchase the limited partner interests and (2) the highest cash price paid by NuStar Energy's general partner or any of its affiliates for any limited partner interest of the class purchased within the 90 days preceding the date NuStar Energy's general partner mails notice of its election to purchase the limited partner interests.

### **Transfer of Limited Partner Interests and Status as a Limited Partner or Assignee**

No transfer of NuStar Energy limited partner interests represented by certificates will be recognized by NuStar Energy unless certificates representing those limited partner interests are surrendered and such certificates are accompanied by a duly executed transfer application. Each transferee of limited partner interests must execute a transfer application whereby the transferee, among other things, requests admission as a substituted limited partner, makes certain representations, executes and agrees to comply with and be bound by the partnership agreement, and gives the consents and approvals and makes the waivers contained in the partnership agreement. Transferees may hold limited partner interests in nominee accounts.

Once a transferee has executed and delivered a transfer application in accordance with the partnership agreement, the transferee becomes an assignee. An assignee becomes a limited partner upon the consent of NuStar Energy's general partner and the recordation of the name of the assignee on NuStar Energy's books and records. Such consent may be withheld in the sole discretion of NuStar Energy's general partner. An assignee, pending its admission as a substituted limited partner, is entitled to an interest in NuStar Energy equivalent to that of a limited partner with respect to the right to share in allocations and distributions, including liquidating distributions of NuStar Energy. NuStar Energy's general partner will vote and exercise, at the written direction of the assignee, other powers attributable to limited partner interests owned by an assignee who has not become a substituted limited partner.

Transferees who do not execute and deliver transfer applications will be treated neither as assignees nor as record holders of limited partner interests and will not receive distributions, federal income tax allocations or reports furnished to record holders of limited partner interests. The only right such transferees will have is the right to admission as a substituted limited partner upon execution of a transfer application, subject to the approval of NuStar Energy's general partner. A nominee or broker who has executed a transfer application with respect to limited partner interests held in street name or nominee accounts will receive distributions and reports pertaining to such limited partner interests.

### **Non-Citizen Assignees; Redemption**

If NuStar Energy, the Operating Partnership or any of their respective subsidiaries is or becomes subject to federal, state or local laws or regulations that, in the reasonable determination of NuStar Energy's general partner, create a substantial risk of cancellation or forfeiture of any property that NuStar Energy, the Operating Partnership or any of

## TABLE OF CONTENTS

their respective subsidiaries has an interest in because of the nationality, citizenship or other related status of any limited partner or assignee, NuStar Energy may redeem the limited partner interests held by the limited partner or assignee at their current market price. In order to avoid any cancellation or forfeiture, NuStar Energy's general partner may require each limited partner or assignee to furnish information about his nationality, citizenship or related status. If a limited partner or assignee fails to furnish information about this nationality, citizenship or other related status within 30 days after a request for the information or NuStar Energy's general partner determines after receipt of the information that the limited partner or assignee is not an eligible citizen, the limited partner or assignee may be treated as a non-citizen assignee. In addition to other limitations on the rights of an assignee who is not a substituted limited partner, a non-citizen assignee does not have the right to direct the voting of his limited partner interests and may not receive distributions in kind upon NuStar Energy's liquidation.

### **Indemnification**

Under the partnership agreement, in most circumstances, NuStar Energy will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events as long as such persons acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of NuStar Energy, and, with respect to any criminal proceeding, had no reasonable cause to believe their conduct was unlawful:

- NuStar Energy's general partner;
- any departing general partner;
- any person who is or was an affiliate of NuStar Energy's general partner or any departing general partner;
- any person who is or was a member, partner, officer, director, employee, agent or trustee of NuStar Energy, the Operating Partnership or any of their respective subsidiaries, NuStar Energy's general partner or any departing general partner or any affiliate of NuStar Energy, the Operating Partnership, their respective subsidiaries, NuStar Energy's general partner or any departing general partner; or
- any person who is or was serving at the request of NuStar Energy's general partner or departing general partner or any affiliate of NuStar Energy's general partner or departing general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person.

Any indemnification under these provisions will only be out of NuStar Energy's assets. NuStar Energy's general partner will not be personally liable for any of NuStar Energy's indemnification obligations, or have any obligation to contribute or loan funds or assets to NuStar Energy to enable it to effectuate indemnification. NuStar Energy is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for its activities, regardless of whether NuStar Energy would have the power to indemnify the person against liabilities under the partnership agreement.

### **Books and Reports**

NuStar Energy's general partner is required to keep appropriate books of NuStar Energy's business at NuStar Energy's principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, NuStar Energy's fiscal year is the calendar year.

NuStar Energy will furnish or make available to record holders of partnership securities, within 120 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by its registered public accounting firm. Except for its fourth quarter, NuStar Energy will also furnish or make available summary financial information within 90 days after the close of each quarter.

NuStar Energy will furnish each record holder of a partnership security with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year.

### **Right to Inspect NuStar Energy's Books and Records**

The partnership agreement provides that a limited partner can, for a purpose reasonably related to such limited partner's interest as a limited partner, upon reasonable demand and at its own expense, have furnished to it:

- information regarding the status of the business and financial condition of NuStar Energy;
- a copy of NuStar Energy's tax returns;

## TABLE OF CONTENTS

- a current list of the name and last known address of each partner;
- copies of the partnership agreement, the certificate of limited partnership of NuStar Energy, related amendments and powers of attorney under which they have been executed;
- information as to the amount of cash, and a description and statement of the agreed value of any other property or services, contributed or to be contributed by each partner and the date on which each became a partner;
- any other information regarding NuStar Energy's affairs as is just and reasonable.

NuStar Energy's general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which it believes in good faith is not in NuStar Energy's, the Operating Partnership's and their respective subsidiaries' best interests, could damage NuStar Energy, the Operating Partnership and their respective subsidiaries or which NuStar Energy, the Operating Partnership or their respective subsidiaries are required by law or by agreements with third parties to keep confidential.

### **Registration Rights**

Under the partnership agreement, NuStar Energy has agreed to register for resale under the Securities Act and applicable state securities laws any common units or other partnership securities proposed to be sold by the general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of Riverwalk Logistics, L.P. as the general partner of NuStar Energy. NuStar Energy is obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

## CONFLICTS OF INTEREST AND FIDUCIARY RESPONSIBILITIES

### Conflicts of Interest

Riverwalk Logistics, L.P., the general partner of NuStar Energy, has a legal duty to manage NuStar Energy in a manner beneficial to NuStar Energy's unitholders. This legal duty originates in statutes and judicial decisions and is commonly referred to as a "fiduciary" duty.

NuStar Energy's partnership agreement contains provisions that allow its general partner to take into account the interests of parties in addition to NuStar Energy in resolving conflicts of interest. In effect, these provisions limit NuStar Energy's general partner's fiduciary duties to the unitholders. The partnership agreement also restricts the remedies available to unitholders for actions taken that might, without those limitations, constitute breaches of fiduciary duty. Whenever a conflict arises between NuStar Energy's general partner or its affiliates, on the one hand, and NuStar Energy or any other partner, on the other hand, NuStar Energy's general partner will resolve that conflict.

### Resolution of Conflicts of Interest

NuStar Energy's general partner will not be in breach of its obligations under the partnership agreement or its duties to NuStar Energy or the unitholders if the resolution of the conflict is considered to be fair and reasonable to NuStar Energy. Any resolution is considered to be fair and reasonable to NuStar Energy if that resolution is:

- approved by a conflicts committee consisting of three or more independent directors of NuStar GP, LLC, although no party is obligated to seek approval and NuStar Energy's general partner may adopt a resolution or course of action that has not received approval;
- on terms no less favorable to NuStar Energy than those generally being provided to or available from unrelated third parties; or
- fair to NuStar Energy, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to NuStar Energy.

In resolving a conflict, NuStar Energy's general partner may, unless the resolution is specifically provided for in the partnership agreement, consider:

- the relative interests of the parties involved in the conflict or affected by the action;
- any customary or accepted industry practices or historical dealings with a particular person or entity; and
- generally accepted accounting principles and other factors it considers relevant, if applicable.

Conflicts of interest could arise in the situations described below, among others.

### ***Actions taken by NuStar Energy's general partner may affect the amount of cash available for distribution to unitholders.***

The amount of cash that is available for distribution to unitholders is affected by decisions of NuStar Energy's general partner regarding:

- amount and timing of asset purchases and sales;
- cash expenditures;
- borrowings;
- issuance of additional units; and
- the creation, decrease or increase of reserves in any quarter.

In addition, borrowings by NuStar Energy do not constitute a breach of any duty owed by NuStar Energy's general partner to the unitholders.

The partnership agreement provides that NuStar Energy may borrow funds from its general partner and its affiliates, and vice versa.

### ***Limited partner interests are subject to NuStar Energy's general partner's limited call right.***

NuStar Energy's general partner may exercise its right to call and purchase limited partner interests of any class as provided in NuStar Energy's partnership agreement or assign this right to one of its affiliates or to us. NuStar

## TABLE OF CONTENTS

Energy's general partner may use its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right. As a consequence, a holder of limited partner interests may have his limited partner interests purchased from him at an undesirable time or price.

***Fiduciary duties owed to unitholders by NuStar Energy's general partner are prescribed by law and NuStar Energy's partnership agreement.***

NuStar Energy's general partner is accountable to NuStar Energy and its unitholders as a fiduciary. These limited fiduciary duties are very different from the more familiar duties of a corporate board of directors, which must always act in the best interests of the corporation and its stockholders.

### **Fiduciary Duties**

Fiduciary duties are generally considered to include an obligation to act with due care and loyalty. The duty of care, in the absence of a provision in a partnership agreement providing otherwise, generally requires a general partner to act for the partnership in the same manner as a prudent person would act on his own behalf. The duty of loyalty, in the absence of a provision in a partnership agreement providing otherwise, generally prohibits a general partner from taking any action or engaging in any transaction where a conflict of interest is present. The Delaware law generally provides that a limited partner may institute legal action on a partnership's behalf to recover damages from a third party where a general partner has refused to institute the action or where an effort to cause a general partner to do so is not likely to succeed. In addition, the statutory or case law of some jurisdictions may permit a limited partner to institute legal action on behalf of himself and all other similarly situated limited partners to recover damages from a general partner for violations of its fiduciary duties to the limited partners.

The Delaware law provides that Delaware limited partnerships may, in their partnership agreements, restrict or expand the fiduciary duties owed by a general partner to limited partners and the partnership.

Fiduciary standards may be modified by NuStar Energy's partnership agreement. NuStar Energy's partnership agreement contains various provisions restricting the fiduciary duties that might otherwise be owed by NuStar Energy's general partner. The following is a summary of the material restrictions of the fiduciary duties owed by NuStar Energy's general partner to the limited partners:

The partnership agreement contains provisions that waive or consent to conduct by NuStar Energy's general partner and its affiliates that might otherwise raise issues as to compliance with fiduciary duties or applicable law. For example, the partnership agreement permits NuStar Energy's general partner to make a number of decisions in its "sole discretion," such as:

- the incurrence of indebtedness;
- the acquisition or disposition of assets, except for the disposition of all of the assets of NuStar Energy, which requires unitholder approval;
- the negotiation of any contracts; and
- the disposition of NuStar Energy's cash.

Sole discretion entitles NuStar Energy's general partner to consider only the interests and factors that it desires and it does not have a duty or obligation to give any consideration to any interest of, or factors affecting, NuStar Energy, its affiliates or any limited partner, including the public unitholders. Other provisions of NuStar Energy's partnership agreement provide that NuStar Energy's general partner's actions must be carried out in its reasonable discretion.

The partnership agreement generally provides that affiliated transactions and resolutions of conflicts of interest not involving a required vote of unitholders must be "fair and reasonable" to NuStar Energy under the factors previously set forth. In determining whether a transaction or resolution is "fair and reasonable" NuStar Energy's general partner may consider interests of all parties involved, including its own. Unless NuStar Energy's general partner has acted in bad faith, the action taken by NuStar Energy's general partner will not constitute a breach of its fiduciary duty.

In addition to the other more specific provisions limiting the obligations of NuStar Energy's general partner, the partnership agreement further provides that NuStar Energy's general partner and the officers and directors of NuStar GP, LLC will not be liable for monetary damages to NuStar Energy, the limited partners or assignees for errors of judgment or for any acts or omissions if NuStar Energy's general partner and those other persons acted in good faith.

TABLE OF CONTENTS

NuStar Energy is required to indemnify its general partner and NuStar GP, LLC and their officers, directors, employees, affiliates, partners, members, agents and trustees, to the fullest extent permitted by law, against liabilities, costs and expenses incurred by NuStar Energy's general partner and NuStar GP, LLC or these other persons. This indemnification is required if NuStar Energy's general partner or these persons acted in good faith and in a manner they reasonably believed to be in, or (in the case of a person other than NuStar Energy's general partner) not opposed to, the best interests of NuStar Energy. Indemnification is required for criminal proceedings if NuStar Energy's general partner and NuStar GP, LLC or these other persons had no reasonable cause to believe their conduct was unlawful. Thus, NuStar Energy's general partner and NuStar GP, LLC could be indemnified for their negligent acts if they met these requirements concerning good faith and the best interests of NuStar Energy.

[TABLE OF CONTENTS](#)

**DESCRIPTION OF NUSTAR LOGISTICS DEBT SECURITIES**

The following description sets forth the general terms and provisions that apply to the debt securities that may be offered by NuStar Logistics. Each prospectus supplement will state the particular terms that will apply to the debt securities included in the supplement.

The debt securities will be either senior debt securities or subordinated debt securities of NuStar Logistics. All debt securities will be unsecured. The NuStar Logistics senior debt securities will have the same rank as all of NuStar Logistics' other unsecured and unsubordinated debt. The subordinated debt securities will be subordinated to senior indebtedness as described under "Provisions Only in the NuStar Logistics Subordinated Indenture—Subordinated Debt Securities Subordinated to Senior Debt" below.

If NuStar Logistics offers senior debt securities, it will issue them under the senior indenture among NuStar Logistics, NuStar Energy, as guarantor, and Wells Fargo Bank, National Association (as successor-in-interest to The Bank of New York), as trustee (the "Trustee"), dated as of July 15, 2002, as supplemented by a supplemental indenture. If NuStar Logistics offers subordinated debt securities, it will issue them under the subordinated indenture among NuStar Logistics, NuStar Energy, as guarantor, and the Trustee, dated as of January 22, 2013, as supplemented by a supplemental indenture. The senior indenture and the subordinated indenture have been filed as exhibits to the registration statement of which this prospectus is a part.

Neither indenture limits the aggregate principal amount of debt securities that NuStar Logistics may issue under that indenture. The debt securities may be issued in one or more series as NuStar Logistics may authorize from time to time. You should read the indentures for provisions that may be important to you because the indentures, and not this description, govern your rights as a holder of debt securities.

**Guarantees**

NuStar Logistics' payment obligations under any series of debt securities will be fully and unconditionally guaranteed by NuStar Energy and NuPOP, jointly and severally. Each of NuStar Energy and NuPOP will execute a notation of guarantee as further evidence of its guarantee. The applicable prospectus supplement will describe the terms of any guarantees by NuStar Energy and NuPOP.

Pursuant to the guarantees, each of NuStar Energy and NuPOP will guarantee the due and punctual payment of the principal of, and interest and premium, if any, on, the debt securities of a particular series, when the same shall become due, whether by acceleration or otherwise. The guarantees will be enforceable against each of NuStar Energy and NuPOP without any need to first enforce any debt securities against NuStar Logistics.

The guarantees of the senior debt securities:

- will be the unsecured and unsubordinated general obligations of NuStar Energy and NuPOP; and
- will rank on a parity with all of the other unsecured and unsubordinated indebtedness of NuStar Energy and NuPOP.

If a series of subordinated debt securities is guaranteed by NuStar Energy and NuPOP, then the guarantees will be subordinated to the senior debt of NuStar Energy and NuPOP, respectively, to substantially the same extent as the series of subordinated debt securities is subordinated to the senior debt of NuStar Logistics.

**Specific Terms of Each Series of NuStar Logistics Debt Securities in the Prospectus Supplement**

NuStar Logistics will prepare a prospectus supplement and a supplemental indenture or authorizing resolutions relating to any series of debt securities being offered, which will include specific terms relating to such debt securities. These terms will include some or all of the following:

- the form and title of the debt securities;
- the total principal amount of the debt securities;
- the date or dates on which the debt securities may be issued;
- whether the debt securities are senior or subordinated debt securities;
- the currency or currencies in which principal and interest will be paid, if not U.S. dollars;

## TABLE OF CONTENTS

- the portion of the principal amount which will be payable if the maturity of the debt securities is accelerated;
- any right NuStar Logistics may have to defer payments of interest by extending the dates payments are due and whether interest on those deferred amounts will be payable as well;
- the dates on which the principal of the debt securities will be payable;
- the interest rate that the debt securities will bear and the interest payment dates for the debt securities;
- any conversion or exchange provisions;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate NuStar Logistics to repurchase or otherwise redeem the debt securities;
- any changes to or additional events of default or covenants;
- the subordination, if any, of the debt securities and any changes to the subordination provisions of the subordinated indenture; and
- any other terms of the debt securities.

### **Provisions Only in the NuStar Logistics Senior Indenture**

#### ***Summary***

The NuStar Logistics senior debt securities will rank equally in right of payment with all other senior and unsubordinated debt of NuStar Logistics and senior in right of payment to any subordinated debt (including the subordinated debt securities) of NuStar Logistics. The senior indenture contains restrictive covenants, including provisions that:

- limit the ability of NuStar Logistics to put liens on any of its property or assets; and
- limit the ability of NuStar Logistics to sell and lease back its principal assets.

Subordinated debt securities issued by NuStar Logistics under the subordinated indenture may or may not be subject to similar provisions, as will be specified in the applicable prospectus supplement. NuStar Logistics has described below these provisions and some of the defined terms used in them.

#### ***Limitation on Liens***

The senior indenture provides that NuStar Logistics will not, nor will it permit any subsidiary to, create, assume, incur or suffer to exist any lien upon any property or assets, whether owned or leased on the date of the senior indenture or thereafter acquired, to secure any of its debt or debt of any other person (other than the senior debt securities issued thereunder), without in any such case making effective provision whereby all of the senior debt securities outstanding thereunder shall be secured equally and ratably with, or prior to, such debt so long as such debt shall be so secured.

This restriction does not apply to:

- (1) Permitted Liens, as defined below;
- (2) any lien upon any property or assets of NuStar Logistics or any subsidiary in existence on the date the senior debt securities of such series are first issued or created pursuant to an “after-acquired property” clause or similar term or provided for pursuant to agreements existing on such date;
- (3) any lien upon any property or assets created at the time of acquisition of such property or assets by NuStar Logistics or any subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or assets or debt incurred to finance such purchase price, whether such debt was incurred prior to, at the time of or within one year after the date of such acquisition;
- (4) any lien upon any property or assets existing thereon at the time of the acquisition thereof by NuStar Logistics or any subsidiary; provided, however, that such lien only encumbers the property or assets so acquired;

TABLE OF CONTENTS

- (5) any lien upon any property or assets of a person existing thereon at the time such person becomes a subsidiary by acquisition, merger or otherwise; provided, however, that such lien only encumbers the property or assets of such person at the time such person becomes a subsidiary;
- (6) any lien upon any property or assets to secure all or part of the cost of construction, development, repair or improvements thereon or to secure debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof, whichever is later, to provide funds for any such purpose;
- (7) any lien imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and liens which secure a judgment or other court-ordered award or settlement as to which NuStar Logistics or the applicable subsidiary has not exhausted its appellate rights;
- (8) any lien upon any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument creating a lien upon such property or assets permitted by clauses (1) through (7) above;
- (9) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancings, refundings or replacements) of any lien, in whole or in part, referred to in clauses (1) through (8), inclusive, above; provided, however, that the principal amount of debt secured thereby shall not exceed the principal amount of debt so secured at the time of such extension, renewal, refinancing, refunding or replacement (plus in each case the aggregate amount of premiums, other payments, costs and expenses required to be paid or incurred in connection with such extension, renewal, refinancing, refunding or replacement); provided, further, however, that such extension, renewal, refinancing, refunding or replacement lien shall be limited to all or a part of the property (including improvements, alterations and repairs on such property) subject to the encumbrance so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property); or
- (10) any lien resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing debt of NuStar Logistics or any subsidiary.

Notwithstanding the foregoing, NuStar Logistics may, and may permit any subsidiary to, create, assume, incur or suffer to exist any lien upon any property or assets to secure its debt or debt of any person (other than the senior debt securities) that is not excepted by clauses (1) through (10), inclusive, above without securing the senior debt securities issued under the senior indenture, provided that the aggregate principal amount of all debt then outstanding secured by such lien and all similar liens, together with all Attributable Indebtedness, as defined below, from Sale-Leaseback Transactions, as defined below (excluding Sale-Leaseback Transactions permitted by clauses (1) through (4), inclusive, of the first paragraph of the restriction on sale-leasebacks covenant described below) does not exceed 10% of Consolidated Net Tangible Assets (as defined below).

“Permitted Liens” means:

- liens upon rights-of-way for pipeline purposes created by a person other than NuStar Logistics;
- any statutory or governmental lien or lien arising by operation of law, or any mechanic’s, repairmen’s, materialmen’s, supplier’s, carrier’s, landlord’s, warehousemen’s or similar lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined lien which is incidental to construction, development, improvement or repair;
- the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property;
- any lien of taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested in good faith at the time by NuStar Logistics or any subsidiary;
- any lien of, or to secure the performance of, leases, other than capital leases;
- any lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;

## TABLE OF CONTENTS

- any lien upon property or assets acquired or sold by NuStar Logistics or any subsidiary resulting from the exercise of any rights arising out of defaults on receivables;
- any lien incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;
- any lien in favor of NuStar Logistics or any subsidiary;
- any lien in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any debt incurred by NuStar Logistics or any subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to such lien;
- any lien securing industrial development, pollution control or similar revenue bonds;
- any lien securing debt of NuStar Logistics or any subsidiary, all or a portion of the net proceeds of which are used, substantially concurrent with the funding thereof (and for purposes of determining such "substantial concurrence," taking into consideration, among other things, required notices to be given to holders of outstanding senior debt securities under the senior indenture in connection with such refunding, refinancing or repurchase, and the required corresponding durations thereof), to refinance, refund or repurchase all outstanding senior debt securities under the senior indenture including the amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by NuStar Logistics or any subsidiary in connection therewith;
- any lien in favor of any person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute; or
- any lien upon or deposits of any assets to secure performance of bids, trade contracts or statutory obligations.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of assets after deducting therefrom:

- all current liabilities, excluding (A) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (B) current maturities of long-term debt; and
- the value, net of any applicable amortization, of all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets,

all as set forth on the consolidated balance sheet of NuStar Logistics for its most recently completed fiscal quarter, prepared in accordance with United States generally accepted accounting principles.

### ***Restrictions on Sale-Leasebacks***

The NuStar Logistics senior indenture provides that NuStar Logistics will not, and will not permit any subsidiary to, engage in the sale or transfer by NuStar Logistics or any subsidiary of any property or assets to a person (other than NuStar Logistics or a subsidiary) and the taking back by NuStar Logistics or any subsidiary, as the case may be, of a lease of such property or assets (a "Sale-Leaseback Transaction"), unless:

- (1) the Sale-Leaseback Transaction occurs within one year from the date of completion of the acquisition of the property or assets subject thereto or the date of the completion of construction, development or substantial repair or improvement or commencement of full operations on such property or assets, whichever is later;
- (2) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

## TABLE OF CONTENTS

- (3) NuStar Logistics or such subsidiary would be entitled to incur debt secured by a lien on the property or assets subject thereto in a principal amount equal to or exceeding the Attributable Indebtedness from such Sale-Leaseback Transaction without equally and ratably securing the senior debt securities issued under the senior indenture; or
- (4) NuStar Logistics or such subsidiary, within a one-year period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the Attributable Indebtedness from such Sale-Leaseback Transaction to (A) the prepayment, repayment, redemption, reduction or retirement of Pari Passu Debt (as defined below) of NuStar Logistics, or (B) the expenditure or expenditures for property or assets used or to be used in the ordinary course of business of NuStar Logistics or its subsidiaries.

Notwithstanding the foregoing, NuStar Logistics may, and may permit any of its subsidiaries to, effect any Sale-Leaseback Transaction that is not excepted by clauses (1) through (4), inclusive, above; provided that the Attributable Indebtedness from the Sale-Leaseback Transaction, together with the aggregate principal amount of then outstanding debt (other than the senior debt securities) secured by liens upon any property or assets of NuStar Logistics or its subsidiaries not excepted by clauses (1) through (10), inclusive, of the second paragraph of the limitation on liens covenant described above, do not exceed 10% of the Consolidated Net Tangible Assets.

“Attributable Indebtedness,” when used with respect to any Sale-Leaseback Transaction, means, as at the time of determination, the present value, discounted at the rate set forth or implicit in the terms of the lease included in the transaction, of the total obligations of the lessee for rental payments, other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that constitute payments for property rights, during the remaining term of the lease included in the Sale-Leaseback Transaction, including any period for which the lease has been extended. In the case of any lease that is terminable by the lessee upon the payment of a penalty or other termination payment, the amount shall be the lesser of the amount determined assuming termination upon the first date the lease may be terminated, in which case the amount shall also include the amount of the penalty or termination payment, but no rent shall be considered as required to be paid under the lease subsequent to the first date upon which it may be so terminated, or the amount determined assuming no termination.

“Pari Passu Debt” means any debt of NuStar Logistics, whether outstanding on the date any senior debt securities are issued under the senior indenture or thereafter created, incurred or assumed, unless in the case of any particular debt, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such debt shall be subordinated in right of payment to the senior debt securities.

### **Provisions Only in the NuStar Logistics Subordinated Indenture**

#### ***Subordinated Debt Securities Subordinated to Senior Debt***

The subordinated debt securities will rank junior in right of payment to all of the Senior Debt of NuStar Logistics. “Senior Debt” is generally defined to include all notes or other evidences of indebtedness for money borrowed by NuStar Logistics, including guarantees, unless such debt expressly provides that it is not superior in right of payment to the subordinated debt securities or other pari passu debt.

#### ***Payment Blockages***

The subordinated indenture provides that no payment of principal, interest and any premium on the subordinated debt securities may be made in the event that NuStar Logistics fails to pay when due any amounts on any Senior Debt and in other instances specified in the subordinated indenture.

#### ***No Limitation on Amount of Senior Debt***

The subordinated indenture does not limit the amount of Senior Debt that NuStar Logistics may incur.

### **Consolidation, Merger or Asset Sale**

Pursuant to each of the indentures, NuStar Logistics may not consolidate with or merge into any other entity or sell, lease or transfer its properties and assets as, or substantially as, an entirety to, any entity, unless:

- in the case of a merger, NuStar Logistics is the surviving entity or the entity formed by such consolidation or into which NuStar Logistics is merged or the entity which acquires by sale or transfer, or which leases,

## TABLE OF CONTENTS

NuStar Logistics' properties and assets as, or substantially as, an entirety expressly assumes the due and punctual payment of the principal of and any premium and interest on all the debt securities under the applicable indenture and the performance or observance of every covenant of the applicable indenture on the part of NuStar Logistics to be performed or observed and shall have expressly provided for conversion rights in respect of any series of outstanding securities with conversion rights;

- the surviving entity or successor entity is an entity organized and existing under the laws of the United States of America, any state thereof or the District of Columbia;
- immediately after giving effect to such transaction, no default or event of default shall have occurred and be continuing under the applicable indenture; and
- NuStar Logistics has delivered to the Trustee under the applicable indenture an officers' certificate and an opinion of counsel regarding compliance with the terms of the applicable indenture.

### **Modification of Indentures**

NuStar Logistics may modify or amend each indenture if the holders of a majority in principal amount of the outstanding debt securities of all series issued under the indenture affected by the modification or amendment consent to it. Without the consent of the holders of each outstanding debt security affected, however, generally no modification may:

- change the stated maturity of the principal of, or any installment of principal of, or interest on any debt security;
- reduce the principal amount of, the interest rate on or the premium payable upon redemption of any debt security;
- change the redemption date for any debt security;
- reduce the principal amount of an original issue discount debt security payable upon acceleration of maturity;
- change the place of payment where any debt security or any premium or interest on any debt security is payable;
- change the coin or currency in which any debt security or any premium or interest on any debt security is payable;
- impair the right to institute suit for the enforcement of any payment on any debt security;
- modify the provisions of the applicable indenture in a manner adversely affecting any right to convert or exchange any debt security into another security;
- reduce the percentage in principal amount of outstanding debt securities of any series necessary to modify the applicable indenture, to waive compliance with certain provisions of the applicable indenture or to waive certain defaults and their consequences; or
- modify any of the above provisions.

NuStar Logistics may modify or amend each indenture without the consent of any holders of the debt securities in certain circumstances, including:

- to provide for the assumption by a successor of obligations of NuStar Logistics under such indenture and the debt securities issued thereunder;
- to provide for the assumption by a successor of NuStar Energy's guarantee under such indenture;
- to add covenants and events of default or to surrender any rights NuStar Logistics has under such indenture;
- to secure the senior debt securities as described above under "Provisions Only in the NuStar Logistics Senior Indenture—Limitation on Liens;"
- to make any change that does not adversely affect any outstanding debt securities of a series in any material respect;
- to supplement such indenture in order to establish a new series of debt securities under such indenture;

## TABLE OF CONTENTS

- to provide for successor trustees;
- to provide for uncertificated securities in addition to certificated securities;
- to cure any ambiguity, correct or supplement any provision of such indenture which may be inconsistent with any other provision of such indenture, comply with any applicable mandatory provision of law or make any other provisions with respect to matters or questions arising under such indenture so long as such actions do not adversely affect the interests of the holders of any outstanding debt securities issued thereunder;
- to comply with the rules or regulations of any securities exchange or automated quotation system on which any of the debt securities issued thereunder may be listed or traded; and
- to qualify such indenture under the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act of 1939”).

The holders of a majority in principal amount of the outstanding debt securities of any series issued under either of the indentures may waive past defaults, with respect to such series, under such indenture. The holders of a majority in principal amount of the outstanding debt securities of all affected series issued under either of the indentures (voting as one class) may waive compliance by NuStar Logistics with certain covenants with respect to the debt securities of those series. Those holders may not, however, waive any default in any payment on any debt security of that series or compliance with a provision that cannot be modified or amended without the consent of each holder affected.

### **Events of Default and Remedies**

“Event of Default” when used in each indenture, means any of the following with respect to debt securities of any series issued under the applicable indenture:

- failure to pay interest when due on any debt security of that series for 30 days;
- failure to pay the principal of, or any premium on, any debt security of that series when due;
- failure to perform any other covenant or warranty in such indenture (other than a term, covenant or warranty a default in whose performance or whose breach is specifically dealt with elsewhere in the Event of Default section or which has expressly been included in the applicable indenture solely for the benefit of a series of debt securities other than that series) that continues for 60 days after written notice is given to NuStar Logistics by the Trustee or to NuStar Logistics and the Trustee by the holders of at least 25% in principal amount of the outstanding debt securities of the series, specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default” under the applicable indenture;
- failure to pay any indebtedness of NuStar Logistics for borrowed money or guarantee in excess of \$25 million, whether at final maturity (after the expiration of any applicable grace periods) or upon acceleration of the maturity thereof, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 days after written notice is given to NuStar Logistics by the Trustee or to NuStar Logistics and the Trustee by the holders of at least 25% in principal amount of the outstanding debt securities of the series, specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default” under the applicable indenture;
- certain events of bankruptcy, insolvency or reorganization of NuStar Logistics; or
- any other Event of Default with respect to debt securities of that series included in such indenture or supplemental indenture.

The subordination provisions of the subordinated indenture do not affect the obligation of NuStar Logistics, which is absolute and unconditional, to pay, when due, the principal of and any premium and interest on the subordinated debt securities. In addition, such subordination provisions do not prevent the occurrence of any default under the subordinated indenture.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under either indenture. The Trustee may withhold notice to the holders of debt securities of any default, except in the payment of principal or interest, if it considers such withholding of notice to be in the best interests of the holders.

## TABLE OF CONTENTS

If an Event of Default for any series of debt securities occurs and continues, the Trustee or the holders of at least 25% in aggregate principal amount of the debt securities of the series may declare the entire principal of (or, if any of the debt securities of that series are original issue discount debt securities, the portion of the principal specified in the terms of those securities), and accrued but unpaid interest, if any, on all the debt securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the debt securities of that series can rescind the declaration. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization occurs, the entire principal of all the outstanding notes shall be due and payable immediately without further action or notice.

Other than its duties in case of a default, a trustee is not obligated to exercise any of its rights or powers under either indenture at the request, order or direction of any holders, unless the holders offer the Trustee reasonable indemnity. If they provide this reasonable indemnification, the holders of a majority in principal amount of any series of debt securities may, subject to certain limitations, direct the time, method and place of conducting any proceeding or any remedy available to the Trustee, or exercising any power conferred upon the Trustee, for any series of debt securities.

### **Registration of Debt Securities**

NuStar Logistics may issue debt securities of a series in registered, bearer, coupon or global form.

### **Minimum Denominations**

Unless the prospectus supplement for each issuance of debt securities states otherwise, the debt securities will be issued in registered form in amounts of \$1,000 each or multiples of \$1,000.

### **No Personal Liability of General Partner**

Unless otherwise stated in a prospectus supplement and supplemental indenture relating to a series of debt securities being offered, the general partner of NuStar Logistics and its directors, officers, employees and stockholders (in their capacity as such) will not have any liability for NuStar Logistics' obligations under the indentures or the debt securities. In addition, NuStar GP, LLC, the general partner of NuStar Energy's general partner, and the directors, officers, employees and members of NuStar GP, LLC will not have any liability for NuStar Energy's obligations as a guarantor under the indentures or the debt securities. Each holder of debt securities waives and releases all such liability by accepting a debt security. The waiver and release are part of the consideration for the issuance of the debt securities. This waiver may not be effective, however, to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Payment and Transfer**

Principal, interest and any premium on fully registered securities will be paid at designated places. Payment will be made by check mailed to the persons in whose names the debt securities are registered on days specified in the indentures or any prospectus supplement. Debt securities payments in other forms will be paid at a place designated by NuStar Logistics and specified in a prospectus supplement.

Fully registered securities may be transferred or exchanged at the corporate trust office of the Trustee or at any other office or agency maintained by NuStar Logistics for such purposes, without the payment of any service charge except for any tax or governmental charge.

### **Form, Exchange, Registration and Transfer**

Debt securities of any series will be exchangeable for other debt securities of the same series, the same total principal amount and the same terms but in different authorized denominations in accordance with the applicable indenture. Holders may present debt securities for registration of transfer at the office of the security registrar or any transfer agent NuStar Logistics designates. The security registrar or transfer agent will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request. NuStar Logistics will not charge a service charge for any registration of transfer or exchange of the debt securities. NuStar Logistics may, however, require the payment of any tax or other governmental charge payable for that registration.

## TABLE OF CONTENTS

NuStar Logistics will appoint the Trustee under each indenture as security registrar for the debt securities issued under that indenture. NuStar Logistics is required to maintain an office or agency for transfers and exchanges in each place of payment. NuStar Logistics may at any time designate additional transfer agents for any series of debt securities. In the case of any redemption in part, NuStar Logistics will not be required:

- to issue, register the transfer of or exchange debt securities of a series either during a period beginning 15 business days prior to the selection of debt securities of that series for redemption and ending on the close of business on the day of mailing of the relevant notice of redemption; or
- to register the transfer of or exchange any debt security, or portion of any debt security, called for redemption, except the unredeemed portion of any debt security NuStar Logistics is redeeming in part.

### **Discharging NuStar Logistics' Obligations**

NuStar Logistics may choose to either discharge its obligations on the debt securities of any series in a legal defeasance, or to release itself from its covenant restrictions on the debt securities of any series in a covenant defeasance. NuStar Logistics may do so at any time on the 91st day after it deposits with the applicable trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due on the stated maturity date or a redemption date of the debt securities of the series. In addition, NuStar Logistics must deliver to the Trustee an opinion of its legal counsel to the effect that holders of the series of debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, this opinion must be based on either a ruling received from or published by the Internal Revenue Service (the "IRS") or change in federal income tax law. NuStar Logistics may not have a default on the debt securities discharged on the date of deposit. Any discharge may not violate any of NuStar Logistics' other agreements and may not result in the trust arising from the deposit becoming an investment company in violation of the Investment Company Act of 1940. If NuStar Logistics chooses the legal defeasance option, the holders of the debt securities of the series will not be entitled to the benefits of the applicable indenture except for registration of transfer and exchange of debt securities, replacement of lost, stolen or mutilated debt securities, conversion or exchange of debt securities, sinking fund payments and receipt of principal and interest on the original stated due dates or specified redemption dates.

### **The Trustee**

#### ***Resignation or Removal of Trustee***

Under provisions of the indentures and the Trust Indenture Act of 1939 governing trustee conflicts of interest, any uncured Event of Default with respect to any series of senior debt securities will force the Trustee to resign as trustee under either the subordinated indenture or the senior indenture. Also, any uncured Event of Default with respect to any series of subordinated debt securities will force the Trustee to resign as trustee under either the senior indenture or the subordinated indenture. Any resignation will require the appointment of a successor trustee under the applicable indenture in accordance with the terms and conditions of such indenture. NuStar Logistics may appoint a separate trustee for any series of debt securities. The term "trustee" refers to the Trustee appointed with respect to any such series of debt securities. The holders of a majority in aggregate principal amount of the debt securities of any series may remove the Trustee with respect to the debt securities of such series.

#### ***Limitations on Trustee if it is a Creditor of NuStar Logistics***

There are limitations on the right of the Trustee, in the event that it becomes a creditor of NuStar Logistics, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise.

#### ***Annual Trustee Report to Holders of Debt Securities***

The Trustee is required to submit an annual report to the holders of the debt securities regarding, among other things, the Trustee's eligibility to serve as such, the priority of the Trustee's claims regarding certain advances made by it, and any action taken by the Trustee materially affecting the debt securities.

#### ***Certificates and Opinions to be Furnished to Trustee***

Every application by NuStar Logistics for action by the Trustee shall be accompanied by a certificate of certain of the officers of NuStar Logistics' general partner and an opinion of counsel (who may be counsel for NuStar Logistics) stating that, in the opinion of the signers, all conditions precedent to such action have been complied with by NuStar Logistics.

## BOOK-ENTRY SECURITIES

Unless otherwise specified in the applicable prospectus supplement, NuStar Energy or NuStar Logistics, as the case may be, will issue to investors securities, other than NuStar Energy common units, in the form of one or more book-entry certificates registered in the name of a depository or a nominee of a depository. Unless otherwise specified in the applicable prospectus supplement, the depository will be The Depository Trust Company (“DTC”). We have been informed by DTC that its nominee will be Cede & Co (“Cede”). Accordingly, Cede is expected to be the initial registered holder of all securities that are issued in book-entry form.

No person that acquires a beneficial interest in securities issued in book-entry form will be entitled to receive a certificate representing those securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of such securities.

DTC has informed us that it is:

- a limited-purpose trust company organized under New York banking laws;
- a “banking organization” within the meaning of the New York banking laws;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under the Securities Exchange Act.

DTC has also informed us that it was created to:

- hold securities for “participants;” and
- facilitate the computerized settlement of securities transactions among participants through computerized electronic book-entry changes in participants’ accounts, thereby eliminating the need for the physical movement of securities certificates.

Participants have accounts with DTC and include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to the DTC system also is available to indirect participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Persons that are not participants or indirect participants but desire to buy, sell or otherwise transfer ownership of or interests in securities may do so only through participants and indirect participants. Under the book-entry system, beneficial owners may experience some delay in receiving payments, as payments will be forwarded by our agent to Cede, as nominee for DTC. DTC will forward these payments to its participants, which thereafter will forward them to indirect participants or beneficial owners. Beneficial owners will not be recognized by the applicable registrar, transfer agent, trustee or depository as registered holders of the securities entitled to the benefits of the certificate, the indenture or any deposit agreement. Beneficial owners that are not participants will be permitted to exercise their rights as an owner only indirectly through participants and, if applicable, indirect participants.

Under the current rules and regulations affecting DTC, DTC will be required to make book-entry transfers of securities among participants and to receive and transmit payments to participants. Participants and indirect participants with which beneficial owners of securities have accounts are also required by these rules to make book-entry transfers and receive and transmit such payments on behalf of their respective account holders.

Because DTC can act only on behalf of participants, who in turn act only on behalf of other participants or indirect participants, and on behalf of banks, trust companies and other persons approved by it, the ability of a beneficial owner of securities issued in book-entry form to pledge those securities to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the securities.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any securities under the certificate, the indenture or any deposit agreement only at the direction of one or more participants to whose accounts with DTC the securities are credited.

## TABLE OF CONTENTS

According to DTC, the information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Unless otherwise specified in the applicable prospectus supplement, a book-entry security will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC notifies us that it is unwilling or unable to continue as depository for the book-entry security or DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered;
- we execute and deliver to the applicable registrar, transfer agent, trustee and/or depository an order complying with the requirements of the certificate, the indenture or any deposit agreement that the book-entry security will be so exchangeable; or
- in the case of debt securities, an Event of Default with respect to the applicable series of debt securities has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the securities and delivery of instructions for re-registration, the registrar, transfer agent, trustee or depository, as the case may be, will reissue the securities as definitive securities. After reissuance of the securities, such persons will recognize the beneficial owners of such definitive securities as registered holders of securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depository appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

None of us, the Trustee, any registrar and transfer agent or any depository, or any agent of any of them, will have any responsibility or liability for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in a book-entry security.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

This section is a summary of the material U.S. federal income tax consequences that may be relevant to prospective holders of NuStar Energy's common units and is based upon current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury regulations thereunder (the "Treasury Regulations") and current administrative rulings and court decisions, all of which are subject to change. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below, possibly on a retroactive basis. Unless otherwise noted herein, statements as to matters of U.S. federal income tax and legal conclusions with respect thereto, but not as to factual matters, contained in this section are the opinion of Sidley Austin LLP, counsel to our general partner and us, and are based on the accuracy of the representations made by our general partner and us. Unless the context otherwise requires, references in this section to "us," "we" or "NuStar Energy" are references to NuStar Energy L.P.

This section does not address all U.S. federal, state and local tax matters affecting us or our unitholders and does not describe the application of the alternative minimum tax that may be applicable to certain unitholders. To the extent that this section relates to taxation by a state, local or other jurisdiction within the United States, such discussion is intended to provide only general information. We have not sought the opinion of legal counsel regarding U.S. state, local or other taxation and, thus, any portion of the following discussion relating to such taxes does not represent the opinion of Sidley Austin LLP or any other legal counsel. Furthermore, this section is limited to beneficial owners of common units who are U.S. holders, whose functional currency is the U.S. dollar and who hold units as capital assets (generally, property that is held as an investment). This section has no application to corporations, estates, entities treated as partnerships for U.S. federal income tax purposes, trusts, nonresident aliens, U.S. expatriates and former citizens or long-term residents of the United States or other unitholders subject to specialized tax treatment, such as banks, insurance companies and other financial institutions, tax-exempt institutions, foreign persons (including, without limitation, controlled foreign corporations, passive foreign investment companies and non-U.S. persons eligible for the benefits of an applicable income tax treaty with the U.S.), Individual Retirement Accounts ("IRAs"), REITs, employee benefit plans, mutual funds, dealers in securities or currencies, traders in securities, persons holding their units as part of a "straddle," "hedge," "conversion transaction" or other risk reduction transaction, and persons deemed to sell their units under the constructive sale provisions of the Code. *Accordingly, we encourage each unitholder to consult, and depend on, such unitholder's own tax advisor in analyzing the U.S. federal, state, local and non-U.S. tax consequences particular to that unitholder of the ownership or disposition of common units and potential changes in applicable tax laws.*

We will rely on the opinions and advice of Sidley Austin LLP. An opinion of counsel represents only that counsel's best legal judgment and does not bind the Internal Revenue Service ("IRS") or the courts. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for the common units and the prices at which the common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will result in a reduction in the cash available to pay distributions to our unitholders and thus will be borne indirectly by our unitholders. Furthermore, the tax treatment of us, or of an investment in our common units, may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

For the reasons described below, Sidley Austin LLP has not rendered an opinion with respect to the following specific federal income tax issues: (1) the treatment of a unitholder whose common units are the subject of a securities loan (please read "—Tax Consequences of Common Unit Ownership—Treatment of Securities Loans"); (2) whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read "—Disposition of Common Units—Allocations Between Transferors and Transferees"); and (3) whether our method for taking into account Section 743 adjustments is sustainable in certain cases (please read "—Tax Consequences of Common Unit Ownership—Section 754 Election" and "—Uniformity of Common Units").

### Partnership Status

We are treated as a partnership for U.S. federal income tax purposes and, subject to the discussion below under "—Administrative Matters—Information Returns and Audit Procedures," generally will not be liable for entity-level U.S. federal income taxes. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his U.S. federal income tax liability, regardless

## TABLE OF CONTENTS

of whether cash distributions are made to him by the partnership. Distributions by a partnership to a partner are generally not taxable to the partner unless the amount of cash distributed to him is in excess of the partner's adjusted basis in his partnership interest. Please read "—Tax Consequences of Common Unit Ownership—Treatment of Distributions" and "—Disposition of Common Units."

Section 7704 of the Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation, storage and marketing of any mineral or natural resource. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. We estimate that less than 3% of our current gross income is not qualifying income; however, this estimate could change from time to time. Based upon and subject to this estimate, the factual representations made by us and our general partner and a review of the applicable legal authorities, Sidley Austin LLP is of the opinion that at least 90% of our current gross income constitutes qualifying income. The portion of our income that is qualifying income may change from time to time.

It is the opinion of Sidley Austin LLP that, based upon the Code, Treasury Regulations, published revenue rulings and court decisions and the representations described below, NuStar Energy will be classified as partnership for U.S. federal income tax purposes.

In rendering its opinion, Sidley Austin LLP has relied on factual representations made by us and our general partner, including, without limitation:

- (1) none of NuStar Energy, NuStar Logistics or NuPOP has elected, nor will elect, to be treated as a corporation; and
- (2) for each taxable year, more than 90% of NuStar Energy's gross income has been and will be income of the type that Sidley Austin LLP has opined or will opine is "qualifying income" within the meaning of Section 7704(d) of the Code.

We believe these representations are true and expect that these representations will continue to be true in the future.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require us to make adjustments with respect to our unitholders or pay other amounts), we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation, and then distributed that stock to our unitholders in liquidation of their interests in us. This deemed contribution and liquidation should be tax-free to unitholders and us except to the extent that our liabilities exceed the tax basis of our assets at that time. Thereafter, we would be treated as a corporation for U.S. federal income tax purposes.

If we were treated as an association taxable as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to the unitholders, and our net income would be taxed to us at corporate rates. In addition, any distribution made by us to a unitholder would be treated as taxable dividend income to the extent of our current or accumulated earnings and profits, or, in the absence of earnings and profits, a nontaxable return of capital to the extent of the unitholder's tax basis in his common units, or taxable capital gain after the unitholder's tax basis in his common units is reduced to zero. Accordingly, taxation of us as a corporation would result in a material reduction in a unitholder's cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the common units.

The discussion below is based on Sidley Austin LLP's opinion that we will be classified as a partnership for U.S. federal income tax purposes.

## TABLE OF CONTENTS

### **Limited Partner Status**

Unitholders who are admitted as limited partners of NuStar Energy, as well as unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units, will be treated as partners of NuStar Energy for U.S. federal income tax purposes.

A beneficial owner of common units whose units are the subject of a securities loan would appear to lose his status as a partner with respect to those units for U.S. federal income tax purposes. Please read “—Tax Consequences of Common Unit Ownership—Treatment of Securities Loans.”

Items of our income, gain, loss and deduction would not appear to be reportable by a unitholder who is not a partner for U.S. federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for U.S. federal income tax purposes would therefore appear to be fully taxable as ordinary income. These unitholders are urged to consult their own tax advisors with respect to their tax consequences of holding common units in NuStar Energy. The references to “unitholders” in the discussion that follows are to persons who are treated as partners in NuStar Energy for U.S. federal income tax purposes.

### **Tax Consequences of Common Unit Ownership**

#### ***Flow-through of Taxable Income***

Subject to the discussion below under “—Entity-Level Collections,” and “—Administrative Matters—Information Returns and Audit Procedures,” we will not pay any U.S. federal income tax. Instead, each unitholder is required to report on his income tax return his share of our income, gains, losses and deductions without regard to whether we make cash distributions to such unitholder. Consequently, we may allocate income to a unitholder even if he has not received a cash distribution. Each unitholder will be required to include in income his allocable share of our income, gains, losses and deductions for our taxable year or years ending with or within his taxable year. Our taxable year ends on December 31.

#### ***Treatment of Distributions***

Distributions by us to a unitholder generally will not be taxable to the unitholder for U.S. federal income tax purposes, except to the extent the amount of any such cash distribution exceeds his tax basis in his common units immediately before the distribution. Cash distributions in excess of a unitholder’s tax basis in his common units generally will be considered to be gain from the sale or exchange of the common units, taxable in accordance with the rules described under “—Disposition of Common Units” below. Any reduction in a unitholder’s share of our liabilities, including as a result of future issuances, will be treated as a distribution by us of cash to that unitholder. To the extent our distributions cause a unitholder’s “at risk” amount to be less than zero at the end of any taxable year, the unitholder must recapture any losses deducted in previous years. Please read “—Limitations on Deductibility of Losses” below.

A decrease in a unitholder’s percentage interest in us because of our issuance of additional common units will decrease his share of our nonrecourse liabilities, and thus will result in a corresponding deemed distribution of cash which may constitute a non-pro rata distribution. A non-pro rata distribution of money or property may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder’s share of our “unrealized receivables,” including depreciation recapture and substantially appreciated “inventory items,” both as defined in the Code (“Section 751 Assets”). To that extent, he will be treated as having been distributed his proportionate share of the Section 751 Assets and then having exchanged those assets with us in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder’s realization of ordinary income, which will equal the excess of the non-pro rata portion of that distribution over the unitholder’s tax basis (generally zero) for the share of Section 751 Assets deemed relinquished in the exchange.

#### ***Basis of Common Units***

A unitholder’s initial tax basis for his common units will be the amount he paid for the common units plus his share of our non-recourse liabilities. That basis will be (1) increased by his share of our income and gains and by any increases in his share of our nonrecourse liabilities and (2) decreased, but not below zero, by distributions to him from us, by his share of our losses and deductions, by any decreases in his share of our nonrecourse liabilities, and by the amount of excess business interest (generally, the excess of our business interest over the amount that is deductible)

## TABLE OF CONTENTS

allocated to him. Immediately prior to the disposition of common units, a unitholder's tax basis in such common units will be increased by the amount of any excess business interest that has not been deducted by him due to applicable limitations. Please read "—Limitations on Interest Deductions" below. A unitholder will have a share of our nonrecourse liabilities generally based on Book-Tax Disparity (as described in "—Allocation of Income, Gain, Loss and Deduction") attributable to such unitholder, to the extent of such amount, and thereafter, such unitholder's share of our profits. Please read "—Disposition of Common Units—Recognition of Gain or Loss."

### ***Limitations on Deductibility of Losses***

The deduction by a unitholder of his share of our losses will be limited to the lesser of (1) the unitholder's tax basis in his common units and (2) the amount for which the unitholder is considered to be "at risk" with respect to our activities. A unitholder subject to these limitations must recapture losses deducted in previous years to the extent that distributions cause the unitholder's at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction in a later year to the extent that the unitholder's at risk amount is subsequently increased, provided such losses do not otherwise exceed the unitholder's tax basis in his common units. Upon the taxable disposition of a common unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at risk limitation in excess of that gain is no longer utilizable.

In general, a unitholder will be at risk to the extent of the tax basis of his common units, excluding any portion of that basis attributable to his share of our nonrecourse liabilities, reduced by (1) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or other similar arrangement and (2) any amount of money the unitholder borrows to acquire or hold his common units, if the lender of those borrowed funds owns an interest in us, is related to another unitholder, or can look only to the common units for repayment. A unitholder's at risk amount will increase or decrease as the tax basis of his common units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of our nonrecourse liabilities.

In addition to the basis and at risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals are permitted to deduct losses from passive activities, which are generally trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from those passive activities. The passive loss limitations are applied separately with respect to each publicly traded partnership. Consequently, any passive losses we generate will only be available to offset our passive income generated in the future and will not be available to offset income from other passive activities or investments, including our investments or the unitholder's investments in other publicly traded partnerships, or a unitholder's salary or active business or other income. Passive losses that are not deductible because they exceed a unitholder's share of income we generate may be deducted in full when the unitholder disposes of his entire investment in us in a fully taxable transaction with an unrelated party. The passive activity loss limitations are applied after other applicable limitations on deductions, including the at risk rules and the basis limitation.

A unitholder's share of our net income may be offset by any of our suspended passive losses, but it may not be offset by any other current or carryover losses from other passive activities, including those attributable to other publicly traded partnerships.

For taxpayers other than corporations in taxable years beginning after December 31, 2017, and before January 1, 2026, an "excess business loss" limitation further limits the deductibility of losses by such taxpayers. An excess business loss is the excess (if any) of a taxpayer's aggregate deductions for the taxable year that are attributable to the trades or businesses of such taxpayer (determined without regard to the excess business loss limitation) over the aggregate gross income or gain of such taxpayer for the taxable year that is attributable to such trades or businesses plus a threshold amount. The threshold amount is equal to \$250,000, or \$500,000 for taxpayers filing a joint return. Disallowed excess business losses are treated as a net operating loss carryover to the following tax year. Any losses we generate that are allocated to a unitholder and not otherwise limited by the basis, at risk, or passive loss limitations will be included in the determination of such unitholder's aggregate trade or business deductions. Consequently, any losses we generate that are not otherwise limited will only be available to offset a unitholder's other trade or business income plus an amount of non-trade or business income equal to the applicable threshold amount. Thus, except to the extent of the threshold amount, our losses that are not otherwise limited may not offset a unitholder's non-trade or business income (such as salaries, fees, interest, dividends and capital gains). This excess business loss limitation will be applied after the passive activity loss limitation.

## TABLE OF CONTENTS

### ***Limitations on Interest Deductions***

In general, a partnership is entitled to a deduction for interest paid or accrued on indebtedness properly allocable to the partnership's trade or business during its taxable year. However, the partnership's deduction for this "business interest" is limited to the sum of its business interest income and 30% of its "adjusted taxable income." Proposed regulations adopt a broad definition of interest, treating certain amounts, including amounts paid as guaranteed payments for the use of capital with respect to our Preferred Units, as business interest subject to the limitation. For the purposes of this limitation, adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization or depletion is not capitalized into the cost of goods sold with respect to inventory. This limitation is first applied at the partnership level and any deduction for business interest is taken into account in determining the partnership's non-separately stated taxable income or loss. Currently, while we conduct our operations through two operating subsidiaries, NuStar Logistics and NuPOP, substantially all of the debt allocable to the Partnership's trade or business is incurred by NuStar Logistics. As a result, the business interest limitation with respect to interest paid or accrued on such debt will be determined solely based on the business interest income and adjusted taxable income of NuStar Logistics, and will not take into account any business interest income or adjusted taxable income of NuPOP. In applying this business interest limitation at the partner level, the adjusted taxable income of each of our unitholders is determined without regard to such unitholder's distributive share of any of our items of income, gain, deduction, or loss and is increased by such unitholder's distributive share of our excess taxable income, which is generally equal to the excess of 30% of our adjusted taxable income over the amount of our deduction for business interest for a taxable year.

To the extent the deduction for business interest is not limited, we will allocate the full amount of the deduction for business interest among our unitholders in accordance with their percentage interests in us. To the extent the deduction for business interest is limited, the amount of any disallowed deduction for business interest will also be allocated to each unitholder in accordance with his percentage interest in us, but such amount of "excess business interest" will not be currently deductible. Should our (or NuStar Logistics') ability to deduct business interest be limited, the amount of taxable income allocated to our unitholders in the taxable year in which the limitation is in effect may increase. However, subject to certain limitations and adjustments to a unitholder's basis in its common units, this excess business interest may be carried forward and deducted by a unitholder in a future taxable year. Prospective unitholders should consult their tax advisors regarding the impact of this business interest deduction limitation on an investment in common units.

In addition, the deductibility of a non-corporate taxpayer's "investment interest expense" is generally limited to the amount of that taxpayer's "net investment income." Investment interest expense includes:

- interest on indebtedness properly allocable to property held for investment;
- our interest expense attributed to portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income.

The computation of a unitholder's investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a common unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment or, if applicable, qualified dividend income. The IRS has indicated that net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders. In addition, the unitholder's share of our portfolio income will be treated as investment income for purposes of the investment interest expense limitation.

### ***Entity-Level Collections***

If we are required or elect under applicable law to pay any federal, state, local or foreign income tax on behalf of any unitholder or any former unitholder, we are authorized to pay those taxes from our funds. That payment, if made, will be treated as a distribution of cash to the unitholder on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, we are authorized to treat the payment as a distribution to all current unitholders. We are authorized to amend our partnership agreement in the manner necessary to maintain uniformity of intrinsic tax characteristics of common units and to adjust later distributions so that, after

## TABLE OF CONTENTS

giving effect to these distributions, the priority and characterization of distributions otherwise applicable under our partnership agreement is maintained as nearly as is practicable. Please read “—Administrative Matters—Information Returns and Audit Procedures.” Each unitholder is urged to consult its tax advisor to determine the consequences to him of any tax payment we make on his behalf.

### ***Allocation of Income, Gain, Loss and Deduction***

In general, if we have a net profit, our items of income, gain, loss and deduction will be allocated among the common unitholders in accordance with their percentage interests in us. If we have a net loss, our items of income, gain, loss and deduction will be allocated among the common unitholders in accordance with their percentage interests in us to the extent of their positive capital accounts.

Specified items of our income, gain, loss and deduction will be allocated under Section 704(c) of the Code to account for (1) any difference between the tax basis and fair market value of our assets at the time of an offering or issuance and (2) any difference between the tax basis and fair market value of any property contributed to us that exists at the time of such contribution, together referred to in this discussion as “Contributed Property.”

In the event we issue additional units or engage in certain other transactions in the future, “Reverse Section 704(c) Allocations,” similar to the Section 704(c) allocations described above, will be made to all partners to account for the difference, at the time of the future transaction, between the “book” basis for purposes of maintaining capital accounts and the fair market value of all property held by us at the time of the future transaction. In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the treatment of that gain as recapture income in order to minimize the recognition of ordinary income by other unitholders. Finally, although we do not expect that our operations will result in the creation of negative capital accounts, if negative capital accounts nevertheless result, items of our income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

An allocation of items of our income, gain, loss or deduction (other than an allocation required by Section 704(c) to eliminate the difference between a partner’s “book” capital account, credited with the fair market value of Contributed Property, and the “tax” capital account, credited with the tax basis of Contributed Property, referred to as “Book-Tax Disparity”) will generally be given effect for U.S. federal income tax purposes in determining a unitholder’s share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a unitholder’s share of an item will be determined on the basis of his interest in us, which will be determined by taking into account all the facts and circumstances, including (1) his relative contributions to us; (2) the interests of all the partners in profits and losses; (3) the interests of all the partners in cash flows and other non-liquidating distributions; and (4) the rights of all the partners to distributions of capital upon liquidation. Sidley Austin LLP is of the opinion that, with the exception of the issues described in “—Section 754 Election,” “—Uniformity of Common Units” and “—Disposition of Common Units—Allocations Between Transferors and Transferees,” allocations of income, gain, loss and deduction under the partnership agreement will be given effect for U.S. federal income tax purposes.

### ***Treatment of Securities Loans***

A unitholder whose common units are the subject of a securities loan (for example, a loan to a “short seller” to cover a short sale of units) may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period (1) any of our items of income, gain, loss or deduction with respect to those units would not be reportable by the lending unitholder and (2) any cash distributions received by the lending unitholder as to those units may be treated as ordinary taxable income.

Because there is no direct or indirect controlling authority on this issue relating to partnership interests, Sidley Austin LLP has not rendered an opinion regarding the tax treatment of a unitholder that enters into a securities loan with respect to his common units. Unitholders desiring to assure their status as partners and avoid the risk of income recognition from a loan of their common units are urged to consult with their own tax advisors to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and lending their common units. The IRS has previously announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please also read “—Disposition of Common Units—Recognition of Gain or Loss.”

## TABLE OF CONTENTS

### *Tax Rates*

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of an individual is 37% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of an individual is 20%. Furthermore, for taxable years beginning after December 31, 2017, and ending on or before December 31, 2025, an individual common unitholder is entitled to a deduction equal to 20% of his allocable share of our “qualified business income.” For purposes of this deduction, our “qualified business income” is equal to the sum of:

- the net amount of our items of income, gain, deduction and loss to the extent such items are included or allowed in the determination of taxable income for the year and are attributable to our conduct of a trade or business within the United States, excluding certain specified types of passive investment income (such as capital gains and dividends, which are taxed at a rate of 20%) and certain payments made to the unitholder for services rendered to us; and
- any gain recognized upon a disposition of common units to the extent such gain is attributable to Section 751 Assets, such as depreciation recapture and our “inventory items,” and is thus treated as ordinary income under Section 751 of the Code.

These rates, and the deduction, are subject to change by new legislation at any time. Prospective unitholders should consult their tax advisors regarding the application of the deduction for qualified business income.

In addition, a 3.8% net investment income tax, or NIIT, applies to certain net investment income earned by individuals, estates and trusts. For these purposes, net investment income generally includes a unitholder’s allocable share of our income and gain realized by a unitholder from a sale of common units (without taking into account the 20% deduction discussed above). In the case of an individual, the tax is imposed on the lesser of (1) the unitholder’s net investment income and (2) the amount by which the unitholder’s modified adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly or a surviving spouse), \$125,000 (if the unitholder is married and filing separately) or \$200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

### *Section 754 Election*

We have made the election permitted by Section 754 of the Code. That election is irrevocable without the consent of the IRS. The election generally permits us to adjust a common unit purchaser’s tax basis in our assets (“inside basis”) under Section 743(b) of the Code to reflect his purchase price. This election applies to a person who purchases common units from a selling unitholder but does not apply to a person who purchases common units directly from us. The Section 743(b) adjustment belongs to the purchaser and not to other unitholders. For purposes of this discussion, a unitholder’s inside basis in our assets will be considered to have two components: (1) his share of our tax basis in our assets (“common basis”) and (2) his Section 743(b) adjustment to that basis.

Treasury Regulations under Section 743 of the Code require, if the remedial allocation method is adopted (which we have adopted), a portion of the Section 743(b) adjustment that is attributable to recovery property subject to depreciation under Section 168 of the Code to be depreciated over the remaining cost recovery period for the property’s unamortized Book-Tax Disparity. Under Treasury Regulation Section 1.167(c)-1(a)(6), a Section 743(b) adjustment attributable to property subject to depreciation under Section 167 of the Code, rather than cost recovery deductions under Section 168, is generally required to be depreciated using either the straight-line method or the 150% declining balance method. Under the partnership agreement, our general partner is authorized to take a position to preserve the uniformity of units even if that position is not consistent with these and any other Treasury Regulations. Please read “—Uniformity of Common Units.”

Although Sidley Austin LLP is unable to opine as to the validity of this approach because there is no controlling authority on this issue, we intend to depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the unamortized Book-Tax Disparity of the property, or treat that portion as non-amortizable to the extent attributable to property which is not amortizable. This method is consistent with methods employed by other publicly traded partnerships but is arguably inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6), which is not expected to directly apply to a material portion of our assets. To the extent this Section 743(b) adjustment is attributable to

## TABLE OF CONTENTS

appreciation in value in excess of the unamortized Book-Tax Disparity, we will apply the rules described in the Treasury Regulations and legislative history. If we determine that this position cannot reasonably be taken, we may take a depreciation or amortization position under which all purchasers acquiring common units in the same month would receive depreciation or amortization, whether attributable to common basis or a Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in our assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders. Please read “—Uniformity of Common Units.” A unitholder’s tax basis for his common units is reduced by his share of our deductions (whether or not such deductions were claimed on an individual’s income tax return) so that any position we take that understates deductions will overstate the common unitholder’s basis in his common units, which may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Common Units—Recognition of Gain or Loss.” The IRS may challenge our position with respect to depreciating or amortizing the Section 743(b) adjustment we take to preserve the uniformity of the common units. If such a challenge were sustained, gain from the sale of common units might be increased without the benefit of additional deductions.

A Section 754 election is advantageous if the transferee’s tax basis in his common units is higher than the common units’ share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, as a result of the election, the transferee would have, among other items, a greater amount of depreciation deductions and his share of any gain or loss on a sale of our assets would be less. Conversely, a Section 754 election is disadvantageous if the transferee’s tax basis in his common units is lower than those units’ share of the aggregate tax basis of our assets immediately prior to the transfer. Thus, the fair market value of the common units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in us if we have a substantial built-in loss immediately after the transfer, or if we distribute property and has a substantial basis reduction. Generally a basis reduction or a built-in loss is substantial if it exceeds \$250,000.

The calculations involved in the Section 754 election are complex and will be made on the basis of assumptions as to the value of our assets and other matters. For example, the allocation of the Section 743(b) adjustment among its assets must be made in accordance with the Code. The IRS could seek to reallocate some or all of any Section 743(b) adjustment we allocated to our tangible assets to goodwill instead. Goodwill, as an intangible asset, is generally either non-amortizable or amortizable over a longer period of time or under a less accelerated method than our tangible assets. We cannot assure you that the determinations we make will not be successfully challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in our opinion, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of common units may be allocated more income than he would have been allocated had the election not been revoked.

### **Tax Treatment of Operations**

#### ***Accounting Method and Taxable Year***

We use the year ending December 31 as our taxable year and the accrual method of accounting for U.S. federal income tax purposes. Each unitholder will be required to include in income his share of our income, gain, loss and deduction for our taxable year or years ending within or with his taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of his common units following the close of our taxable year but before the close of his taxable year must include his share of our income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than one year of our income, gain, loss and deduction. Please read “—Disposition of Common Units—Allocations Between Transferors and Transferees.”

#### ***Tax Basis, Depreciation and Amortization***

We use the tax basis of our assets for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of these assets. The U.S. federal income tax burden associated with the difference between the fair market value of our assets and their tax basis at the time of an offering will be borne by our unitholders as of that time. Please read “—Tax Consequences of Common Unit Ownership—Allocation of Income, Gain, Loss and Deduction.”

## TABLE OF CONTENTS

To the extent allowable, we may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service. Property we subsequently acquire or construct may be depreciated using accelerated methods permitted by the Code.

If we dispose of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property we own will likely be required to recapture some, or all, of those deductions as ordinary income upon a sale of his interest in us. Please read “—Tax Consequences of Common Unit Ownership—Allocation of Income, Gain, Loss and Deduction” and “—Disposition of Common Units—Recognition of Gain or Loss.”

The costs we incur in selling our units (called “syndication expenses”) must be capitalized and cannot be deducted currently, ratably or upon our termination. There are uncertainties regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized by us.

### ***Valuation and Tax Basis of the Partnership’s Properties***

The U.S. federal income tax consequences of the ownership and disposition of common units will depend in part on our estimates of the relative fair market values, and the tax bases, of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the fair market value estimates ourselves. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deduction previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

### **Disposition of Common Units**

#### ***Recognition of Gain or Loss***

Gain or loss will be recognized on a sale of common units equal to the difference between the unitholder’s amount realized and the unitholder’s tax basis for the common units sold. A unitholder’s amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of our nonrecourse liabilities attributable to the common units sold. Because the amount realized includes a unitholder’s share of our nonrecourse liabilities, the gain recognized on the sale of common units could result in a tax liability in excess of any cash received from the sale.

Except as noted below, gain or loss recognized by a unitholder, other than a “dealer” in common units, on the sale or exchange of a common unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of common units held more than twelve months will generally be taxed at the U.S. federal income tax rate applicable to long-term capital gains. However, a portion of this gain or loss, which will likely be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to Section 751 Assets, such as depreciation recapture and our “inventory items.” Ordinary income attributable to Section 751 Assets may exceed net taxable gain realized on the sale of a common unit and may be recognized even if there is a net taxable loss realized upon the sale of a common unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a sale of common units. Capital losses may offset capital gains and no more than \$3,000 of ordinary income each year in the case of individuals and may only be used to offset capital gains in the case of corporations. Both ordinary income and capital gain recognized on a sale of common units may be subject to the NIIT in certain circumstances. Please read “—Tax Consequences of Common Unit Ownership—Tax Rates.”

For purposes of calculating gain or loss on the sale or exchange of a common unit, the unitholder’s adjusted tax basis will be adjusted by his allocable share of our income or loss in respect of his common units for the year of sale. Additionally, the IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an “equitable apportionment” method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner’s tax basis in his entire interest in the partnership as the value of the interest

## TABLE OF CONTENTS

sold bears to the value of the partner's entire interest in the partnership. Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, he may designate specific common units sold for purposes of determining the holding period of common units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional common units or a sale of common units purchased in separate transactions is urged to consult his tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an "appreciated" partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract;

in each case, with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Department of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

### ***Allocations Between Transferors and Transferees***

In general, our taxable income or loss will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the common unitholders in proportion to the number of common units owned by each of them as of the opening of the applicable stock exchange on the first business day of the month, which we refer to in this prospectus as the "Allocation Date." However, gain or loss realized on a sale or other disposition of our assets other than in the ordinary course of business will be allocated among the unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring common units may be allocated income, gain, loss and deduction realized by us after the date of transfer.

Although simplifying conventions are contemplated by the Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations. Treasury Regulations permit a publicly traded partnership to use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, but do not specifically authorize all aspects of the proration method we have currently adopted. Accordingly, Sidley Austin LLP is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee unitholders. If the IRS determines that this method is not allowed under Treasury Regulations, our taxable income or losses might be reallocated among the unitholders. We are authorized to revise our method of allocation between transferor and transferee unitholders, as well as among unitholders whose interests vary during a taxable year, to conform to a method permitted under Treasury Regulations.

A unitholder who disposes of common units prior to the record date set for a cash distribution for that quarter will be allocated items of our income, gain, loss, and deduction attributable to the month of disposition but will not be entitled to receive a cash distribution for that period.

### ***Notification Requirements***

A unitholder who sells any of his common units, other than through a broker, generally is required to notify us in writing of that sale within 30 days after the sale (or, if earlier, January 15 of the year following the sale). A purchaser of common units who purchases units from another unitholder is also generally required to notify us in writing of that purchase within 30 days after the purchase. Upon receiving such notification, we are required to notify the IRS

## TABLE OF CONTENTS

of that transaction and to furnish specified information to the transferor and transferee. Failure to notify us of a transfer of common units may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the U.S. and who effects the sale or exchange through a broker who will satisfy such requirements.

### **Uniformity of Common Units**

Because we cannot match transferors and transferees of common units, we must maintain uniformity of the economic and tax characteristics of the common units to a purchaser of these units. In the absence of uniformity, we may be unable to completely comply with a number of U.S. federal income tax requirements, both statutory and regulatory. A lack of uniformity can result from a literal application of Treasury Regulation Section 1.167(c)-1(a)(6). Any non-uniformity could have a negative impact on the value of the common units. Please read “—Tax Consequences of Common Unit Ownership—Section 754 Election.”

The partnership agreement permits us to take positions in filing our tax returns that preserve the uniformity of our common units. These positions may include reducing the depreciation, amortization or loss deductions to which a unitholder would otherwise be entitled or reporting a slower amortization of Section 743(b) adjustments for some unitholders than that to which they would otherwise be entitled. Sidley Austin LLP is unable to opine as to the validity of such filing positions.

A common unitholder's basis in his common units is reduced by his share of our deductions (whether or not such deductions were claimed on the unitholder's income tax return) so that any position that we take that understates deductions will overstate the unitholder's basis in his common units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Common Units—Recognition of Gain or Loss” above and “—Tax Consequences of Common Unit Ownership—Section 754 Election” above. The IRS may challenge one or more of any positions we take to preserve the uniformity of common units. If such a challenge were sustained, the uniformity of common units might be affected, and, under some circumstances, the gain from the sale of common units might be increased without the benefit of additional deductions.

### **Tax-Exempt Organizations and Other Investors**

Common unit ownership by employee benefit plans and other tax-exempt organizations, as well as non-resident aliens, foreign corporations, and other foreign persons (collectively, “Non-U.S. Unitholders”) raises issues unique to those investors and, as described below to a limited extent, may have substantially adverse tax consequences to them. Prospective unitholders that are tax exempt entities or Non-U.S. Unitholders should consult their tax advisors before investing in common units.

Employee benefit plans and most other tax-exempt organizations, including IRAs and other retirement plans, are subject to U.S. federal income tax on unrelated business taxable income. Virtually all of our income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to it.

Non-U.S. Unitholders are taxed by the United States on income effectively connected with a U.S. trade or business (“effectively connected income”) and on certain types of U.S.-source non-effectively connected income (such as dividends), unless exempted or further limited by an income tax treaty, and will be treated as engaged in business in the United States because of their common unit ownership. Furthermore, it is probable that they will be deemed to conduct such activities through permanent establishments in the United States within the meaning of any applicable tax treaty. Consequently, they will be required to file U.S. federal tax returns to report their share of our income, gain, loss or deduction and pay U.S. federal income tax on their share of our net income or gain. Moreover, under rules applicable to publicly traded partnerships, distributions to Non-U.S. Unitholders are subject to withholding at the highest applicable effective tax rate. Each Non-U.S. Unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8 BEN or applicable substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require us to change these procedures.

In addition, because a Non-U.S. Unitholder classified as a corporation will be treated as engaged in a United States trade or business, that corporation may be subject to the U.S. branch profits tax at a rate of 30%, in addition to regular U.S. federal income tax, on its share of our income and gain, as adjusted for changes in the foreign corporation's “U.S. net equity,” that is effectively connected with the conduct of a United States trade or business. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign

## TABLE OF CONTENTS

corporate unitholder is a “qualified resident.” In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A Non-U.S. Unitholder who sells or otherwise disposes of a common unit will be subject to U.S. federal income tax on gain realized on the sale or disposition of that unit to the extent that this gain is effectively connected with a United States trade or business of the Non-U.S. Unitholder. Such gain or loss will be treated as effectively connected with a U.S. trade or business to the extent that the sale of our assets would have produced effectively connected gain or loss. It is expected that, under this rule, all or substantially all of a Non-U.S. Unitholder’s gain from the sale or other disposition of common units would be treated as effectively connected with a unitholder’s indirect U.S. trade or business constituted by its investment in us and would be subject to U.S. federal income tax. As a result of the effectively connected income rules described above, the exclusion from U.S. taxation under the Foreign Investment in Real Property Tax Act of gain from the sale of common units regularly traded on an established securities market will not prevent a Non-U.S. Unitholder from being subject to U.S. federal income tax on gain from the sale or disposition of its common units.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and we are required to deduct and withhold from the transferee amounts that should have been withheld by the transferee but were not withheld. Although the amount realized on the sale or disposition of a unit includes a unitholder’s share of our nonrecourse liabilities, the IRS has issued proposed regulations that would treat the total cash purchase price for a unit as the amount realized for purposes of this 10% withholding tax. Such withholding tax obligation is currently suspended in the case of a disposition of certain publicly traded partnership interests until 60 days after the proposed regulations are finalized.

### **Administrative Matters**

#### ***Information Returns and Audit Procedures***

We intend to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes each unitholder’s share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will not be reviewed by counsel, we will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder’s share of income, gain, loss and deduction. We cannot assure you that those positions will in all cases yield a result that conforms to the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS.

The IRS may audit our U.S. federal income tax returns. Neither we nor Sidley Austin LLP can assure prospective unitholders that the IRS will not successfully challenge the positions we adopt, and such a challenge could adversely affect the value of the common units. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year’s tax liability, and possibly may result in an audit of his own return. Any audit of a unitholder’s return could result in adjustments not related to our returns as well as those related to our returns.

Partnerships generally are treated as separate entities for purposes of U.S. federal income tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings with the partners. For taxable years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, unless we elect to have our unitholders and former unitholders take any audit adjustment into account in accordance with their interests in us during the taxable year under audit. Similarly, for such taxable years, if the IRS makes audit adjustments to income tax returns filed by an entity in which we are a member or partner, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity.

Generally, we expect to elect to have our unitholders and former unitholders take any material audit adjustment into account in accordance with their interests in us during the taxable year under audit, but there can be no assurance that such election, if made, will be effective in all circumstances. With respect to audit adjustments as to an entity in which we are a member or partner, we may not be able to have our unitholders take such audit adjustment into account. If we are unable or if it is not economical to have our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit, our then current unitholders may bear some or all of

## TABLE OF CONTENTS

the tax liability resulting from such audit adjustment, even if such unitholders did not own common units during the taxable year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties, or interest, our cash available for distribution to our unitholders might be substantially reduced.

In the event the IRS makes an audit adjustment to our income tax returns and we do not or cannot shift the liability to our unitholders in accordance with their interests in us during the taxable year under audit, we will generally have the ability to request that the IRS reduce the determined underpayment by reducing the suspended passive loss carryovers of our unitholders (without any compensation from us to such unitholders), to the extent such underpayment is attributable to a net decrease in passive activity losses allocable to certain partners. Such reduction, if approved by the IRS, will be binding on any affected unitholders.

Additionally, for taxable years beginning after December 31, 2017, we are no longer required to designate a tax matters partner and, instead, we are required to designate a partner, or other person, with a substantial presence in the United States as the partnership representative (“Partnership Representative”). The Partnership Representative has the sole authority to act on behalf of us for purposes of, among other things, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS.

We have designated our general partner as the Partnership Representative. Further, any actions taken by us or by the Partnership Representative on behalf of us with respect to, among other things, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on us and all of our unitholders.

### ***Additional Withholding Requirements***

Withholding taxes may apply to certain types of payments made to “foreign financial institutions” (as defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on “withholdable payments” (as defined in the Code), including payments of interest, dividends and other fixed or determinable annual or periodic gains, profits and income from sources within the United States (“FDAP Income”), or gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States (“Gross Proceeds”) paid to a foreign financial institution or to a “non-financial foreign entity” (as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these requirements may be subject to different rules.

Generally, these rules apply to current payments of FDAP Income and, while such rules would have applied to payments of Gross Proceeds on or after January 1, 2019, recently proposed U.S. Treasury regulations provide that such payments of Gross Proceeds (other than amounts treated as interest) do not constitute withholdable payments. Taxpayers may rely generally on these proposed U.S. Treasury regulations until they are revoked or final U.S. Treasury regulations are issued. To the extent we have FDAP Income that is not treated as effectively connected with a U.S. trade or business (please read “—Tax-Exempt Organizations and Other Investors”), a unitholder that is a foreign financial institution or certain other non-U.S. entity, or a person that holds its common units through such foreign entities, may be subject to withholding on distributions they receive from us, or its distributive share of our income, pursuant to the rules described above.

Each prospective unitholder should consult its own tax advisors regarding the potential application of these withholding provisions to its investment in common units.

### ***Nominee Reporting***

Persons who hold an interest in us as a nominee for another person are required to furnish the following information to us:

- (1) the name, address and taxpayer identification number of the beneficial owner and the nominee;

## TABLE OF CONTENTS

- (2) a statement regarding whether the beneficial owner is:
  - (a) a person that is not a United States person,
  - (b) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or
  - (c) a tax-exempt entity;
- (3) the amount and description of units held, acquired or transferred for the beneficial owner; and
- (4) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on units they acquire, hold or transfer for their own account. A penalty per failure, with a significant maximum penalty per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the common units with the information furnished to us.

### ***Accuracy-Related Penalties***

Certain penalties may be imposed as a result of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion. We do not anticipate that any accuracy related penalties will be assessed against us.

### ***Reportable Transactions***

If we were to engage in a “reportable transaction,” we (and possibly you and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a “listed transaction” or that it produces certain kinds of losses in excess of \$2 million in any single year, or \$4 million in any combination of six successive tax years. Our participation in a reportable transaction could increase the likelihood that our federal income tax information return (and possibly your tax return) would be audited by the IRS. Please read “—Information Returns and Audit Procedures” above.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to the following provisions of the American Jobs Creation Act of 2004:

- accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described above at “—Accuracy-Related Penalties,”
- for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability, and
- in the case of a listed transaction, an extended statute of limitations.

We do not expect to engage in any “reportable transactions.”

### ***Registration as a Tax Shelter***

We registered as a “tax shelter” under the law in effect at the time of our initial public offering. Issuance of a tax shelter registration number to us does not indicate that investment in us or the claimed tax benefits have been reviewed, examined or approved by the IRS. The American Jobs Creation Act of 2004 repealed the tax shelter registration rules and replaced them with a new reporting regime. However, IRS Form 8271, as revised after the American Jobs Creation Act, nevertheless requires a unitholder to continue to report our tax shelter registration number on the unitholder’s tax return for any year in which the unitholder claims any deduction, loss or other benefit, or reports any income, with respect to our common units. The IRS also appears to take the position that a unitholder who sells or transfers our common units after the American Jobs Creation Act must continue to provide our tax shelter registration number to the transferee. Unitholders are urged to consult their tax advisors regarding the application of the tax shelter registration rules.

## TABLE OF CONTENTS

### **Legislative Developments**

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in common units may be modified by administrative or legislative action or judicial interpretation at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of the Qualifying Income Exception upon which we rely for treatment as a partnership for U.S. federal income tax purposes. On December 22, 2017, the President signed into law comprehensive U.S. federal tax reform legislation that significantly reforms the Code. This legislation, among other things, contains significant changes to the taxation of our operations and an investment in common units, including a partial limitation on the deductibility of certain business interest expenses, a deduction for common unitholders relating to certain income from partnerships, immediate deductions for certain new investments instead of deductions for depreciation over time and the modification or repeal of many business deductions and credits. Prospective common unitholders are urged to consult their tax advisors regarding the impact of this tax reform legislation on an investment in common units.

Additional modifications to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes. Please read “—Partnership Status.” We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us, and any such changes could negatively impact the value of an investment in the common units.

### **State, Local and Other Tax Considerations**

In addition to U.S. federal income taxes, a unitholder likely will be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which we do business or own property or in which a unitholder is a resident. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in us. Although a unitholder may not be required to file a return and pay taxes in some jurisdictions because his income from that jurisdiction falls below the filing and payment requirement, a unitholder will be required to file income tax returns and to pay income taxes in some or all of the jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder’s income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to unitholders for purposes of determining the amounts distributed by us. Please read “—Tax Consequences of Common Unit Ownership—Entity-Level Collections.”

### **Tax Consequences of Ownership of Preferred Units**

A description of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of any series of Preferred Units offered pursuant to this prospectus will be set forth in the prospectus supplement relating to the offering of such Preferred Units.

### **Tax Consequences of Ownership of Debt Securities**

A description of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of any series of debt securities offered pursuant to this prospectus will be set forth in the prospectus supplement relating to the offering of such debt securities.

***It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of his investment in us. Accordingly, each prospective unitholder is urged to consult, and depend on, his own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and foreign as well as U.S. federal tax returns, that may be required of him. Sidley Austin LLP has not rendered an opinion on the state, local, alternative minimum tax or non-U.S. tax consequences of an investment in us.***

## INVESTMENT IN NUSTAR ENERGY BY EMPLOYEE BENEFIT PLANS

An investment in us by an employee benefit plan is subject to additional considerations to the extent that the investments by these plans are subject to the fiduciary responsibility and prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), restrictions imposed by Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”). For these purposes, the term “employee benefit plan” includes, but is not limited to, certain qualified pension, profit-sharing and stock bonus plans, Keogh plans, simplified employee pension plans and tax deferred annuities or IRAs or annuities and other accounts established or maintained by an employer or employee organization, and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements. Plans that are governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and non-U.S. plans are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar prohibitions under other applicable Similar Laws.

Incident to making an investment in us, among other things, consideration should be given by an employee benefit plan or other arrangement that is subject to Similar Laws (each of which we refer to as a “Plan”) to:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, that Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws; and
- whether the investment will result in recognition of unrelated business taxable income by the Plan and, if so, the potential after-tax investment return. Please read “Material U.S. Federal Income Tax Consequences—Tax-Exempt Organizations and Other Investors.”

In addition, the person who has discretionary authority or control over the management or disposition of the assets of a Plan, often called a fiduciary, should determine whether an investment in us is authorized by the appropriate governing instrument and is a proper investment for the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain employee benefit plans, and Section 4975 of the Code prohibits IRAs and certain other arrangements, from engaging in specified transactions involving “plan assets” with parties that are “parties in interest” under ERISA or “disqualified persons” under Section 4975 of the Code with respect to the Plan that is covered by ERISA or Section 4975 of the Code. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and Section 4975 of the Code. In addition, the fiduciary of the ERISA plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and Section 4975 of the Code. In the case of an IRA, the occurrence of a prohibited transaction could cause the IRA to lose its tax-exempt status.

The U.S. Department of Labor regulations, as amended by Section 3(42) of ERISA, provide guidance with respect to whether the assets of an entity in which employee benefit plans or other arrangements described above acquire equity interests would be deemed “plan assets” under some circumstances. Under these regulations, an entity’s assets would not be considered to be “plan assets” if, among other things:

- the equity interests acquired by employee benefit plans or other arrangements described above are “publicly offered securities,” as defined in the regulations (i.e., the equity interests are widely held by 100 or more investors independent of the issuer and each other, freely transferable and registered under some provisions of the federal securities laws); or
- the entity is an “operating company,” as defined in the regulations (i.e., it is primarily engaged in the production or sale of a product or service other than the investment of capital either directly or through a majority owned subsidiary or subsidiaries); or
- less than 25% of the value of each class of equity interest, disregarding any such interests held by our general partner, its affiliates, and some other persons, is held by the employee benefit plans referred to above, IRAs and other employee benefit plans or arrangements subject to ERISA or Section 4975 of the Code.

We expect that our assets should not be considered “plan assets” under these regulations because the investment in our common units will satisfy the requirements in the first bullet point above.

TABLE OF CONTENTS

The foregoing discussion is general in nature and not intended to be all-inclusive. Plan fiduciaries contemplating a purchase of common units should consult with their own counsel regarding the consequences of such purchase under ERISA, the Code and other Similar Laws in light of possible personal liability for any breach of fiduciary duties and the imposition of serious penalties on persons who engage in prohibited transactions under ERISA, the Code or other Similar Laws. The acquisition, holding and, to the extent relevant, disposition of common units by any Plan is in no respect by us or any of our affiliates or representatives a determination or representation that such an investment meets all relevant legal requirements with respect to investments by such Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

[TABLE OF CONTENTS](#)

**LEGAL MATTERS**

The validity of the securities, as to matters of United States law and other customary legal matters relating to the offering of the securities issued by us, will be passed upon for us by Sidley Austin LLP, Houston, Texas. If the securities are being distributed through underwriters or agents, the validity of the securities will be passed upon for the underwriters or agents by counsel identified in the related prospectus supplement.

**EXPERTS**

The consolidated financial statements of NuStar Energy L.P. as of December 31, 2018 and 2017, and for each of the years in the three-year period ended December 31, 2018, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2018 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

The following sets forth the expenses in connection with the issuance and distribution of the securities being registered hereby, other than underwriting discounts and commissions.

SEC Registration Fee	\$	*
Legal Fees and Expenses	\$	**
Accountants' Fees and Expenses	\$	**
Transfer Agent and Registrar's Fees and Expenses	\$	**
Printing and Engraving Expenses	\$	**
Miscellaneous	\$	**
<b>TOTAL</b>	<b>\$</b>	<b>**</b>

\* Deferred in accordance with Rule 456(b) under the Securities Act and calculated in accordance with the offering of securities under this registration statement pursuant to Rule 457(r) of the Securities Act.

\*\* Because an indeterminate amount of securities is covered by this registration statement, the expenses in connection with the issuance and distribution of the securities are therefore not currently determinable.

**Item 15. Indemnification of Directors and Officers.**

The section of the prospectus entitled "The Partnership Agreement—Indemnification" is incorporated herein by this reference. Subject to any terms, conditions or restrictions set forth in the partnership agreement, Section 17-108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other person from and against all claims and demands whatsoever.

Section 18-108 of the Delaware Limited Liability Company Act provides that, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement, a Delaware limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

The Second Amended and Restated Limited Liability Company Agreement of NuStar GP, LLC (the "Company") contains the following provisions relating to indemnification of, among others, its officers and directors:

"15. INDEMNIFICATION. (a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee, or agent of another company or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan ("Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent, shall be indemnified and held harmless by the Company to the fullest extent permitted or required by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except as provided in Section 15(c) with respect to proceedings to enforce rights to indemnification, that Company shall indemnify any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Company.

(b) Right to Advancement of Expenses. The right to indemnification conferred in this Section 15(b) shall include the right to be advanced by the Company the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such proceeding in advance of its final disposition

TABLE OF CONTENTS

(hereinafter an “advancement of expenses”); provided, however, that, if the Act so requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking (an “Undertaking”), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a “Final Adjudication”) that such Indemnitee is not entitled to be indemnified for such expenses under this Section 15(b) or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 15(a) and 15(b) shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the Indemnitee’s heirs, executors and administrators.

(c) Right of Indemnitee to Bring Suit. If a claim under Section 15(a) or 15(b) is not paid in full by the Company within 60 calendar days after a written claim has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 calendar days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the Act. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its Member) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Act, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its Member) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. If any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section 15 or otherwise, shall be on the Company.

(d) Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Section 15 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Agreement, vote of members, or disinterested directors or otherwise.”

The Second Amended and Restated Agreement of Limited Partnership of NuStar Logistics provides for indemnification of its general partner’s directors and officers to the fullest extent allowed by Delaware law, comparable to the indemnification described above with respect to NuStar Energy.

The Amended and Restated Agreement of Limited Partnership of NuPOP, as amended, provides for indemnification of its general partner’s directors and officers to the fullest extent allowed by Delaware law, comparable to the indemnification described above with respect to NuStar Energy.

We have obtained directors’ and officers’ insurance to protect NuStar Energy and its subsidiaries, as well as their respective the officers, directors and limited liability company managers against losses arising from certain claims, including claims under the Securities Act.

Any underwriting, agency or similar agreement entered into in connection with the sale of the securities offered pursuant to this registration statement will provide for the indemnification of officers, directors, members or managers of NuStar Energy, NuStar Logistics and NuPOP and any general partner, including liabilities under the Securities Act.

## TABLE OF CONTENTS

### **Item 16. Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to the Following Document</u>
**1.01	Form of Underwriting Agreement	
<a href="#">4.01</a>	Eighth Amended and Restated Agreement of Limited Partnership of NuStar Energy L.P., dated as of July 20, 2018	NuStar Energy L.P.'s Current Report on Form 8-K filed July 20, 2018 (File No. 001-16417), Exhibit 3.1
<a href="#">4.02</a>	Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., dated as of April 16, 2001	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.9
<a href="#">4.03</a>	First Amendment to Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., effective as of April 16, 2001	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2001 (File No. 001-16417), Exhibit 4.1
<a href="#">4.04</a>	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., dated as of January 7, 2002	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.10
<a href="#">4.05</a>	Amended and Restated Agreement of Limited Partnership of Kaneb Pipe Line Operating Partnership, L.P., dated September 27, 1989	Kanab Pipe Line Operating Partnership, L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 333-44634), Exhibit 3.1
<a href="#">4.06</a>	Amendment to Partnership Agreement, Kaneb Pipe Line Operating Partnership, L.P., dated October 27, 2003	Kanab Pipe Line Operating Partnership, L.P.'s Annual Report on Form 10-K for year ended December 31, 2003 (File No. 333-44634), Exhibit 3.2
<a href="#">4.07</a>	Indenture, dated as of July 15, 2002, among Valero Logistics Operations, L.P., as Issuer, Valero L.P., as Guarantor, and The Bank of New York, as Trustee, relating to Senior Debt Securities	NuStar Energy L.P.'s Current Report on Form 8-K filed July 15, 2002 (File No. 001-16417), Exhibit 4.1
<a href="#">4.08</a>	Third Supplemental Indenture, dated as of July 1, 2005, to Indenture dated as of July 15, 2002, as amended and supplemented, among Valero Logistics Operations, L.P., Valero L.P., Kanab Pipe Line Operating Partnership, L.P., and The Bank of New York Trust Company, N.A.	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.02
<a href="#">4.09</a>	Instrument of Resignation, Appointment and Acceptance, dated March 31, 2008, among NuStar Logistics, L.P., NuStar Energy L.P., Kanab Pipeline Operating Partnership, L.P., The Bank of New York Trust Company N.A., and Wells Fargo Bank, National Association	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-16417), Exhibit 4.05
<a href="#">4.10</a>	Fifth Supplemental Indenture, dated as of August 12, 2010, to Indenture dated as of July 15, 2002, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed August 16, 2010 (File No. 001-16417), Exhibit 4.3

## TABLE OF CONTENTS

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to the Following Document</u>
<a href="#">4.11</a>	Sixth Supplemental Indenture, dated as of February 2, 2012, to Indenture dated as of July 15, 2002, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed February 7, 2012 (File No. 001-16417), Exhibit 4.3
<a href="#">4.12</a>	Seventh Supplemental Indenture, dated as of August 19, 2013, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed August 23, 2013 (File No. 001-16417), Exhibit 4.3
<a href="#">4.13</a>	Eighth Supplemental Indenture, dated as of April 28, 2017, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed April 28, 2017 (File No. 001-16417), Exhibit 4.4
<a href="#">4.14</a>	Ninth Supplemental Indenture, dated as of May 22, 2019, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed May 22, 2019 (File No. 001-16417), Exhibit 4.3
<a href="#">4.15</a>	Indenture, dated as of January 22, 2013, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee, relating to Subordinated Debt Securities	NuStar Energy L.P.'s Current Report on Form 8-K filed January 22, 2013 (File No. 001-16417), Exhibit 4.1
<a href="#">4.16</a>	First Supplemental Indenture, dated as of January 22, 2013, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Parent Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed January 22, 2013 (File No. 001-16417), Exhibit 4.2
<a href="#">*5.01</a>	Opinion of Sidley Austin LLP as to the validity of the securities	
<a href="#">*8.01</a>	Opinion of Sidley Austin LLP relating to certain tax matters	
<a href="#">*23.01</a>	Consent of KPMG LLP	
<a href="#">*23.02</a>	Consent of Sidley Austin LLP (included in Exhibits <a href="#">5.01</a> and <a href="#">8.01</a> )	
<a href="#">*24.01</a>	Powers of Attorney (included on signature page to the registration statement)	

## TABLE OF CONTENTS

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to the Following Document</u>
<u>*25.01</u>	Statement of Eligibility of Wells Fargo Bank, National Association, as trustee, on Form T-1 (NuStar Logistics, L.P. Senior Debt Securities)	
<u>*25.02</u>	Statement of Eligibility of Wells Fargo Bank, National Association, as trustee, on Form T-1 (NuStar Logistics, L.P. Subordinated Debt Securities)	

\* Indicates exhibits filed herewith

\*\* Indicates exhibits to be filed by amendment or as an exhibit to a Current Report on Form 8-K in connection with a specific offering

### **Item 17. Undertakings.**

(a) The undersigned registrants hereby undertake:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by section 10(a)(3) of the Securities Act;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however*, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrants pursuant to section 13 or section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act to any purchaser:
  - (i) Each prospectus filed by the registrants pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
  - (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for

TABLE OF CONTENTS

liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

- (5) That, for the purpose of determining liability of the registrants under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrants undertake that in a primary offering of securities of the undersigned registrants pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrants will be sellers to the purchaser and will be considered to offer or sell such securities to such purchaser:
- (i) Any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;
  - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrants or used or referred to by the undersigned registrants;
  - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their respective securities provided by or on behalf of the undersigned registrants; and
  - (iv) Any other communication that is an offer in the offering made by the undersigned registrants to the purchaser.
- (b) The undersigned registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of a registrant's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

[TABLE OF CONTENTS](#)

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Antonio, State of Texas, on July 2, 2019.

**NUSTAR ENERGY L.P.**

By: RIVERWALK LOGISTICS, L.P.,  
its general partner

By: NUSTAR GP, LLC,  
its general partner

By: /s/ Bradley C. Barron  
Name: Bradley C. Barron  
Title: *President and Chief Executive Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints Thomas R. Shoaf and Amy L. Perry, or either of them, any of whom may act without joinder of the others, his or her lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including any and all post-effective amendments, and to file the same with all exhibits thereto and other documents necessary or advisable in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-3 has been signed by the following persons in the capacities indicated below for NuStar GP, LLC on July 2, 2019.

<u>Signature</u>	<u>Title</u>
<u>/s/ William E. Greehey</u> William E. Greehey	Chairman of the Board
<u>/s/ Bradley C. Barron</u> Bradley C. Barron	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Thomas R. Shoaf</u> Thomas R. Shoaf	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Jorge A. del Alamo</u> Jorge A. del Alamo	Senior Vice President and Controller (Principal Accounting Officer)
<u>/s/ J. Dan Bates</u> J. Dan Bates	Director
<u>/s/ William B. Burnett</u> William B. Burnett	Director
<u>/s/ James F. Clingman, Jr.</u> James F. Clingman, Jr.	Director

TABLE OF CONTENTS

<u>Signature</u>	<u>Title</u>
<u>/s/ Dan. J. Hill</u> Dan J. Hill	Director
<u>/s/ Jelynne LeBlanc-Burley</u> Jelynne LeBlanc-Burley	Director
<u>/s/ Robert J. Munch</u> Robert J. Munch	Director
<u>/s/ W. Grady Rosier</u> W. Grady Rosier	Director

[TABLE OF CONTENTS](#)

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Antonio, State of Texas, on July 2, 2019.

**NUSTAR LOGISTICS, L.P.**

By: NUSTAR GP, INC.,  
its general partner

By: /s/ Bradley C. Barron  
Name: Bradley C. Barron  
Title: *President and Chief Executive Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints Thomas R. Shoaf and Amy L. Perry, or either of them, any of whom may act without joinder of the others, his or her lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including any and all post-effective amendments, and to file the same with all exhibits thereto and other documents necessary or advisable in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-3 has been signed by the following persons in the capacities indicated below for NuStar GP, Inc. on July 2, 2019.

<u>Signature</u>	<u>Title</u>
<u>/s/ Bradley C. Barron</u> Bradley C. Barron	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Thomas R. Shoaf</u> Thomas R. Shoaf	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
<u>/s/ Jorge A. del Alamo</u> Jorge A. del Alamo	Senior Vice President and Controller (Principal Accounting Officer)

[TABLE OF CONTENTS](#)

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Antonio, State of Texas, on July 2, 2019.

**NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**

By: NUSTAR PIPELINE COMPANY, LLC,  
its general partner

By: /s/ Bradley C. Barron  
Name: Bradley C. Barron  
Title: *President and Chief Executive Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints Thomas R. Shoaf and Amy L. Perry, or either of them, any of whom may act without joinder of the others, his or her lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including any and all post-effective amendments, and to file the same with all exhibits thereto and other documents necessary or advisable in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-3 has been signed by the following persons in the capacities indicated below for NuStar Pipeline Company, LLC on July 2, 2019.

<u>Signature</u>	<u>Title</u>
<u>/s/ Bradley C. Barron</u> Bradley C. Barron	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Thomas R. Shoaf</u> Thomas R. Shoaf	Executive Vice President, Chief Financial Officer Director (Principal Financial Officer)
<u>/s/ Jorge A. del Alamo</u> Jorge A. del Alamo	Senior Vice President and Controller Director (Principal Accounting Officer)

**SIDLEY**

SIDLEY AUSTIN LLP  
1000 LOUISIANA STREET  
SUITE 5900  
HOUSTON, TX 77002  
+1 713 495 4500  
+1 713 495 7799 FAX

AMERICA • ASIA PACIFIC • EUROPE

July 2, 2019

NuStar Energy L.P.  
19003 IH-10 West  
San Antonio, Texas 78257

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the "Registration Statement") being filed by NuStar Energy L.P., a Delaware limited partnership (the "Partnership"), NuStar Logistics, L.P., a Delaware limited partnership ("NuStar Logistics"), and NuStar Pipeline Operating Partnership L.P., a Delaware limited partnership ("NuPOP"), with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of an unlimited amount of:

- (i) common units representing limited partner interests in the Partnership ("Common Units");
- (ii) preferred units representing limited partner interests in the Partnership ("Preferred Units");
- (iii) debt securities of NuStar Logistics (the "Debt Securities"), which may be unsecured senior debt securities (the "Senior Debt Securities") and/or unsecured subordinated debt securities (the "Subordinated Debt Securities"); and
- (iv) guarantees of the Partnership and NuPOP with respect to the Debt Securities (the "Guarantees").

The Common Units, the Preferred Units, the Debt Securities and the Guarantees are collectively referred to herein as the "Securities."

Unless otherwise specified in the applicable prospectus supplement, the Senior Debt Securities will be issued under the indenture, dated as of July 15, 2002 (as amended by the Third Supplemental Indenture thereto, dated as of July 1, 2005, the "Senior Indenture") among NuStar Logistics, the Partnership, NuPop and Wells Fargo Bank, National Association (as successor trustee, the "Trustee") and the Subordinated Debt Securities will be issued under the indenture, dated as of January 22, 2013 (the "Subordinated Indenture" and, together with the Senior Indenture, the "Indentures"), among NuStar Logistics, the Partnership, NuPOP and the Trustee.

Sidley Austin LLP is a limited liability partnership practicing in affiliation with other Sidley Austin partnerships.

# SIDLEY

NuStar Energy L.P.

July 2, 2019

Page 2

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

We have examined: (i) the Registration Statement and the exhibits thereto; (ii) the certificate of limited partnership of the Partnership, as amended to the date hereof (the "Certificate of Limited Partnership"); (iii) the Eighth Amended and Restated Agreement of Limited Partnership of the Partnership (together with the Certificate of Limited Partnership, the "Partnership Organizational Documents"); (iv) the Certificate of Limited Partnership of Riverwalk Logistics, L.P., a Delaware limited partnership and the general partner of the Partnership (the "General Partner"), as amended to the date hereof; (v) the First Amended and Restated Limited Partnership Agreement of the General Partner, as amended to the date hereof; (vi) the Certificate of Formation of NuStar GP, LLC, a Delaware limited liability company and the general partner of the General Partner ("NuStar GP"), as amended to the date hereof; (vii) the Second Amended and Restated Limited Liability Company Agreement of NuStar GP; (viii) the Certificate of Limited Partnership of NuStar Logistics, as amended to the date hereof (the "NuStar Logistics Certificate of Limited Partnership"); (ix) the Second Amended and Restated Agreement of Limited Partnership of NuStar Logistics, as amended to the date hereof (together with the NuStar Logistics Certificate of Limited Partnership, the "NuStar Logistics Organizational Documents"); (x) the Certificate of Incorporation of NuStar GP, Inc., a Delaware corporation and the general partner of NuStar Logistics ("GP Inc."), as amended to the date hereof; (xi) the Bylaws of GP Inc.; (xii) the Certificate of Limited Partnership of NuPOP, as amended to the date hereof (the "NuPOP Certificate of Limited Partnership"); (xiii) the Amended and Restated Agreement of Limited Partnership of NuPOP, as amended to the date hereof (together with the NuPOP Certificate of Limited Partnership, the "NuPOP Organizational Documents"); (xiv) the Certificate of Formation of NuStar Pipeline Company, LLC, a Delaware limited liability company and the general partner of NuPOP ("NuStar Pipeline" and, together with the Partnership, NuStar Logistics, NuPOP, the General Partner, NuStar GP and GP Inc., the "NuStar Entities"), as amended to the date hereof; (xv) the Limited Liability Company Agreement of NuStar Pipeline, as amended to the date hereof; and (xvi) the resolutions (the "Resolutions") adopted by each of the board of directors of NuStar GP (the "Partnership Board") and the board of directors of GP Inc. (the "NuStar Logistics Board") relating to the Registration Statement. We have also examined originals, or copies of originals certified to our satisfaction, of such agreements, documents, certificates and statements of the NuStar Entities and others, and have examined such questions of law, as we have considered relevant and necessary as a basis for this opinion letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination. As to facts relevant to the opinions expressed herein, we have relied without independent investigation or verification upon, and assumed the accuracy and completeness of, certificates, letters and oral and written statements and representations of public officials and officers and other representatives of the NuStar Entities.

---

Based on and subject to the foregoing and the other limitations, qualifications and assumptions set forth herein, we are of the opinion that:

1. With respect to an offering of Common Units covered by the Registration Statement, such Common Units will be duly authorized, validly issued and purchasers of such Common Units will have no obligation, solely by reason of their ownership of such Common Units, to make any contributions to the Partnership or any further payments for their purchase of such Common Units and will have no personal liability, solely by reason of their ownership of such Common Units, to creditors of the Partnership for any of its debts, liabilities or other obligations when: (i) the Registration Statement, as finally amended (including any necessary post-effective amendments), shall have become effective under the Securities Act; (ii) a prospectus supplement with respect to the sale of such Common Units shall have been filed with the SEC in compliance with the Securities Act and the rules and regulations thereunder; (iii) the Partnership Board or a duly authorized committee thereof shall have duly adopted final resolutions in conformity with the Partnership Organizational Documents and the Resolutions authorizing the issuance and sale of such Common Units; and (iv) certificates representing such Common Units shall have been duly executed, countersigned and registered and duly delivered in accordance with the applicable definitive purchase, underwriting or similar agreement upon payment of the agreed consideration therefor or, if any such Common Units are to be issued in uncertificated form, the Partnership's books shall reflect the issuance of such Common Units in accordance with the applicable definitive purchase, underwriting or similar agreement upon payment of the agreed consideration therefor.

2. With respect to an offering of Preferred Units covered by the Registration Statement, such Preferred Units will be duly authorized, validly issued and purchasers of such Preferred Units will have no obligation, solely by reason of their ownership of such Preferred Units, to make any contributions to the Partnership or any further payments for their purchase of such Preferred Units and will have no personal liability, solely by reason of their ownership of such Preferred Units, to creditors of the Partnership for any of its debts, liabilities or other obligations when: (i) the Registration Statement, as finally amended (including any necessary post-effective amendments), shall have become effective under the Securities Act; (ii) a prospectus supplement with respect to the sale of such Preferred Units shall have been filed with the SEC in compliance with the Securities Act and the rules and regulations thereunder; (iii) the Partnership Board or a duly authorized committee thereof shall have duly adopted final resolutions in conformity with the Partnership Organizational Documents establishing the designations, preferences, rights, qualifications, limitations or restrictions of such Preferred Units and the Resolutions authorizing the issuance and sale of such Preferred Units; and (iv) certificates representing such Preferred Units shall have been duly executed, countersigned and registered and duly delivered in accordance with the applicable definitive purchase, underwriting or similar agreement upon payment of the agreed consideration therefor or, if any such Preferred Units are to be issued in uncertificated form, the Partnership's books shall reflect the issuance of such Preferred Units in accordance with the applicable definitive purchase, underwriting or similar agreement upon payment of the agreed consideration therefor.

---

3. The Debt Securities of each series covered by the Registration Statement will constitute valid and binding obligations of NuStar Logistics when: (i) the Registration Statement, as finally amended (including any necessary post-effective amendments), shall have become effective under the Securities Act; (ii) a prospectus supplement with respect to such series of Debt Securities shall have been filed with the SEC in compliance with the Securities Act and the rules and regulations thereunder; (iii) all necessary limited partnership action shall have been taken by NuStar Logistics to authorize the form, terms, execution, delivery, performance, issuance and sale of such series of Debt Securities as contemplated by the Registration Statement, the prospectus supplement relating to such Debt Securities and the applicable Indenture and to authorize the execution, delivery and performance of a supplemental indenture or officers' certificate establishing the form and terms of such series of Debt Securities as contemplated by such Indenture; (iv) a supplemental indenture or officers' certificate establishing the form and terms of such series of Debt Securities shall have been duly executed and delivered by NuStar Logistics and the Trustee (in the case of such a supplemental indenture) or by duly authorized officers of GP Inc. (in the case of such an officers' certificate), in each case in accordance with the provisions of the NuStar Logistics Organizational Documents, final resolutions of the NuStar Logistics Board or a duly authorized committee thereof and the applicable Indenture; and (v) the certificates evidencing the Debt Securities of such series shall have been duly executed and delivered by GP Inc., authenticated by the Trustee and issued, all in accordance with the NuStar Logistics Organizational Documents, final resolutions of the NuStar Logistics Board or a duly authorized committee thereof, the applicable Indenture and the supplemental indenture or officers' certificate, as the case may be, establishing the form and terms of the Debt Securities of such series, and shall have been duly delivered in accordance with the applicable definitive purchase, underwriting or similar agreement to the purchasers thereof against payment of the agreed consideration therefor.

4. The Guarantees will constitute a validly issued and binding obligation of the Partnership and/or NuPOP when: (i) the Registration Statement, as finally amended (including any necessary post-effective amendments), shall have become effective under the Securities Act; (ii) a prospectus supplement with respect to the Guarantees shall have been filed with the SEC in compliance with the Securities Act and the rules and regulations thereunder; (iii) the Partnership Board or a duly authorized committee thereof shall have duly adopted final resolutions in conformity with the Partnership Organizational Documents, the NuPOP Organizational Documents and the Resolutions authorizing the issuance of the Guarantees and (iv) the Debt Securities to which the Guarantees relate have been duly issued as set forth in paragraph 3 above.

Our opinions are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally and to general equitable principles (regardless of whether considered in a proceeding in equity or at law), including concepts of commercial reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief. Our opinion is also subject to (i) provisions of law which may require that a judgment for money damages rendered by a court in the United States of America be expressed only in United States dollars, (ii) requirements that a claim with respect to any Debt Securities or other obligations that are denominated or payable other than in United States dollars (or a judgment denominated or payable other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law and (iii) governmental authority to limit, delay or prohibit the making of payments outside of the United States of America or in a foreign currency.

---

For the purposes of this letter, we have assumed that, at the time of the issuance, sale and delivery of any of the Securities:

(a) the Securities being offered will be issued and sold as contemplated in the Registration Statement and the prospectus supplement relating thereto;

(b) the execution, delivery and performance by NuStar Logistics of such Debt Securities, the applicable Indenture, and the issuance sale and delivery of the Debt Securities will not (i) contravene or violate the NuStar Logistics Organizational Documents, (ii) violate any law, rule or regulation applicable to NuStar Logistics, (iii) result in a default under or breach of any agreement or instrument binding upon NuStar Logistics or any order, judgment or decree of any court or governmental authority applicable to NuStar Logistics or (iv) require any authorization, approval or other action by, or notice to or filing with, any court or governmental authority (other than such authorizations, approvals, actions, notices or filings which shall have been obtained or made, as the case may be, and which shall be in full force and effect);

(c) the authorization thereof by the applicable NuStar Entity, as the case may be, will not have been modified or rescinded, and there will not have occurred any change in law affecting the validity, legally binding character or enforceability thereof; and

(d) the Partnership Organizational Documents, the NuStar Logistics Organizational Documents and the NuPOP Organizational Documents, each as currently in effect, will not have been modified or amended and will be in full force and effect.

We have further assumed that the Senior Indenture, each indenture supplement to the Senior Indenture, the Subordinated Indenture and each supplement to the Subordinated Indenture, will be governed by the laws of the State of New York.

With respect to each instrument or agreement referred to in or otherwise relevant to the opinions set forth herein (each, an "Instrument"), we have assumed, to the extent relevant to the opinions set forth herein, that (i) each party to such Instrument (if not a natural person) was duly organized or formed, as the case may be, and was at all relevant times and is validly existing and in good standing under the laws of its jurisdiction of organization or formation, as the case may be, and had at all relevant times and has full right, power and authority to execute, deliver and perform its obligations under such Instrument; (ii) such Instrument has been duly authorized, executed and delivered by each party thereto; and (iii) such Instrument was at all relevant times and is a valid, binding and enforceable agreement or obligation, as the case may be, of, each party thereto.

---

# SIDLEY

NuStar Energy L.P.

July 2, 2019

Page 6

We have also assumed that no event has occurred or will occur that would cause the release of the Guarantees by the Partnership or NuPOP under the terms of the applicable Indenture.

This opinion letter is limited to the Delaware Revised Uniform Limited Partnership Act, the Delaware Limited Liability Company Act, the General Corporation Law of the State of Delaware and the laws of the State of New York (excluding the securities laws of the State of New York). We express no opinion as to the laws, rules or regulations of any other jurisdiction, including, without limitation, the federal laws of the United States of America or any state securities or blue sky laws.

We hereby consent to the filing of this opinion letter as an Exhibit to the Registration Statement and to all references to our Firm included in or made a part of the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Sidley Austin LLP

---

**SIDLEY**

SIDLEY AUSTIN LLP  
1000 LOUISIANA STREET  
SUITE 6000  
HOUSTON, TX 77002  
+1 713 495 4500  
+1 713 495 7799 FAX

AMERICA • ASIA PACIFIC • EUROPE

July 2, 2019

NuStar Energy, L.P.  
19003 IH-10 West  
San Antonio, Texas 78257

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as special tax counsel to NuStar Energy, L.P., a Delaware limited partnership (the "Partnership"), in connection with the registration statement on Form S-3 (the "Registration Statement"), being filed by the Partnership with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of common and preferred units representing limited partner interests in the Partnership and debt securities of NuStar Logistics, L.P., a Delaware limited partnership, that may be offered and sold from time to time pursuant to Rule 415 under the Securities Act.

This opinion is based on various facts and assumptions, and is conditioned upon certain representations made to us by the Partnership as to factual matters through an officer's certificate (the "Officer's Certificate"). In addition, this opinion is based upon the factual representations of the Partnership concerning its business, properties and governing documents as set forth in the Registration Statement and the Partnership's responses to our examinations and inquiries.

In our capacity as special tax counsel to the Partnership, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments, as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation or audit of the facts set forth in the above-referenced documents or in the Officer's Certificate. In addition, in rendering this opinion we have assumed the truth and accuracy of all representations and statements made to us which are qualified as to knowledge or belief, without regard to such qualification.

We are opining herein as to the effect on the subject transactions only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, foreign laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state. No opinion is expressed as to any matter not discussed herein.

Based on such facts, assumptions and representations and subject to the limitations set forth herein and in the Registration Statement and the Officer's Certificate, the statements in the Registration Statement under the heading "Material Tax Consequences" insofar as such statements purport to constitute summaries of United States federal income tax law and regulations or legal conclusions with respect thereto, constitute the opinion of Sidley Austin LLP as to the material United States federal income tax consequences of the matters described therein.

Sidley Austin LLP is a limited liability partnership practicing in affiliation with other Sidley Austin partnerships.

---

# SIDLEY

This opinion is rendered to you as of the date hereof, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the representations described above, including in the Registration Statement and the Officer's Certificate, may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the Registration Statement. This opinion may not be relied upon by you for any other purpose or furnished to, assigned to, quoted to or relied upon by any other person, firm or other entity, for any purpose, without our prior written consent, except that this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the incorporation by reference of this opinion to the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules or regulations of the SEC promulgated thereunder.

Very truly yours,

/s/ Sidley Austin LLP

---

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
NuStar GP, LLC:

We consent to the use of our reports with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting incorporated by reference herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

San Antonio, Texas  
July 2, 2019

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

**WELLS FARGO BANK, NATIONAL ASSOCIATION**  
(Exact name of trustee as specified in its charter)

**A National Banking Association**  
(Jurisdiction of incorporation or  
organization if not a U.S. national  
bank)

**94-1347393**  
(I.R.S. Employer  
Identification No.)

**101 North Phillips Avenue**  
**Sioux Falls, South Dakota**  
(Address of principal executive offices)

**57104**  
(Zip code)

**Wells Fargo & Company**  
**Law Department, Trust Section**  
**MAC N9305-175**  
**Sixth Street and Marquette Avenue, 17<sup>th</sup> Floor**  
**Minneapolis, Minnesota 55479**  
**(612) 667-4608**  
(Name, address and telephone number of agent for service)

**NuStar Energy L.P.**

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2956831**  
(I.R.S. Employer Identification Number)

**19003 IH-10 West**  
**San Antonio, Texas 78257**  
**(210) 918-2000**  
(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

**Amy L. Perry**  
**Executive Vice President**  
**NuStar GP, LLC**  
**19003 IH-10 West**  
**San Antonio, Texas 78257**  
**(210) 918-2000**  
(Name, address, including zip code, and telephone number, including area  
code, of agent for service)

Senior Debt Securities

\* Each of the following is a co-registrant that may issue some or all of the securities:

**NUSTAR LOGISTICS, L.P.**  
(Exact name of registrant as specified in its charter)

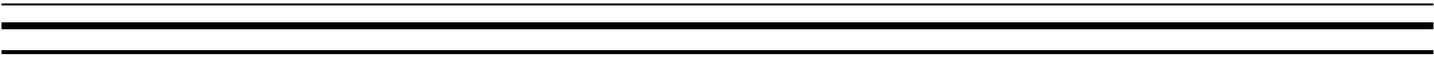
**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2958817**  
(I.R.S. Employer Identification Number)

**NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2287683**  
(I.R.S. Employer Identification Number)



Item 1. General Information. Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency  
Treasury Department  
Washington, D.C.

Federal Deposit Insurance Corporation  
Washington, D.C.

Federal Reserve Bank of San Francisco  
San Francisco, California 94120

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.

- Exhibit 1. A copy of the Articles of Association of the trustee now in effect.\*
- Exhibit 2. A copy of the Comptroller of the Currency Certificate of Corporate Existence for Wells Fargo Bank, National Association, dated January 14, 2015.\*
- Exhibit 3. A copy of the Comptroller of the Currency Certification of Fiduciary Powers for Wells Fargo Bank, National Association, dated January 6, 2014.\*
- Exhibit 4. Copy of By-laws of the trustee as now in effect.\*
- Exhibit 5. Not applicable.
- Exhibit 6. The consent of the trustee required by Section 321(b) of the Act.
- Exhibit 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.
- Exhibit 8. Not applicable.
- Exhibit 9. Not applicable.

\* Incorporated by reference to the exhibit of the same number to the trustee's Form T-1 filed as exhibit to the Filing 305B2 dated March 13, 2015 of file number 333-190926.

---

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston and State of Massachusetts on the 2nd day of July, 2019.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano

Patrick T. Giordano

Vice President

---

EXHIBIT 6

July 2, 2019

Securities and Exchange Commission  
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano

Patrick T. Giordano  
Vice President

---

## Exhibit 7

## Consolidated Report of Condition of

Wells Fargo Bank National Association  
of 101 North Phillips Avenue, Sioux Falls, SD 57104  
And Foreign and Domestic Subsidiaries,

at the close of business March 31, 2019, filed in accordance with 12 U.S.C. §161 for National Banks.

Dollar Amounts  
In Millions

## ASSETS

Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 20,037
Interest-bearing balances	127,598
Securities:	
Held-to-maturity securities	144,901
Available-for-sale securities	253,334
Equity Securities with readily determinable fair value not held for trading	102
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	79
Securities purchased under agreements to resell	49,775
Loans and lease financing receivables:	
Loans and leases held for sale	9,908
Loans and leases, net of unearned income	909,881
LESS: Allowance for loan and lease losses	9,610
Loans and leases, net of unearned income and allowance	900,271
Trading Assets	42,814
Premises and fixed assets (including capitalized leases)	12,085
Other real estate owned	417
Investments in unconsolidated subsidiaries and associated companies	12,801
Direct and indirect investments in real estate ventures	256
Intangible assets	37,963
Other assets	55,428
Total assets	<u>\$ 1,667,769</u>
LIABILITIES	
Deposits:	
In domestic offices	\$ 1,266,186
Noninterest-bearing	389,711
Interest-bearing	876,475
In foreign offices, Edge and Agreement subsidiaries, and IBFs	49,025
Noninterest-bearing	1,200
Interest-bearing	47,825
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	3,953
Securities sold under agreements to repurchase	5,380
Trading liabilities	9,093
Other borrowed money	
(Includes mortgage indebtedness and obligations under capitalized leases)	125,836
Subordinated notes and debentures	11,859
Other liabilities	28,828
Total liabilities	<u>\$ 1,500,160</u>
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	519
Surplus (exclude all surplus related to preferred stock)	114,606
Retained earnings	53,311
Accumulated other comprehensive income	-1,149
Other equity capital components	0
Total bank equity capital	<u>167,287</u>
Noncontrolling (minority) interests in consolidated subsidiaries	<u>322</u>
Total equity capital	167,609
Total liabilities, and equity capital	<u>\$ 1,667,769</u>

I, John R. Shrewsberry, Sr. EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

/s/ John R. Shrewsberry  
Sr. EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Directors

/s/ James H. Quigley  
/s/ Theodore F. Craver, Jr.  
/s/ Juan A. Pujadas

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE

\_\_\_ CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

**WELLS FARGO BANK, NATIONAL ASSOCIATION**  
(Exact name of trustee as specified in its charter)

**A National Banking Association**  
(Jurisdiction of incorporation or  
organization if not a U.S. national  
bank)

**94-1347393**  
(I.R.S. Employer  
Identification No.)

**101 North Phillips Avenue**  
**Sioux Falls, South Dakota**  
(Address of principal executive offices)

**57104**  
(Zip code)

**Wells Fargo & Company**  
**Law Department, Trust Section**  
**MAC N9305-175**  
**Sixth Street and Marquette Avenue, 17<sup>th</sup> Floor**  
**Minneapolis, Minnesota 55479**  
**(612) 667-4608**  
(Name, address and telephone number of agent for service)

**NuStar Energy L.P.**

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2956831**  
(I.R.S. Employer Identification Number)

**19003 IH-10 West**  
**San Antonio, Texas 78257**  
**(210) 918-2000**  
(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

**Amy L. Perry**  
**Executive Vice President**  
**NuStar GP, LLC**  
**19003 IH-10 West**  
**San Antonio, Texas 78257**  
**(210) 918-2000**  
(Name, address, including zip code, and telephone number, including area  
code, of agent for service)

Subordinated Debt Securities

\* Each of the following is a co-registrant that may issue some or all of the securities:

**NUSTAR LOGISTICS, L.P.**  
(Exact name of registrant as specified in its charter)

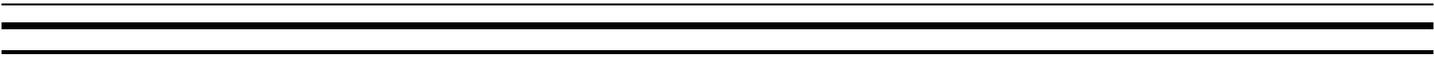
**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2958817**  
(I.R.S. Employer Identification Number)

**NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**74-2287683**  
(I.R.S. Employer Identification Number)



Item 1. General Information. Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency  
Treasury Department  
Washington, D.C.

Federal Deposit Insurance Corporation  
Washington, D.C.

Federal Reserve Bank of San Francisco  
San Francisco, California 94120

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.

- Exhibit 1. A copy of the Articles of Association of the trustee now in effect.\*
- Exhibit 2. A copy of the Comptroller of the Currency Certificate of Corporate Existence for Wells Fargo Bank, National Association, dated January 14, 2015.\*
- Exhibit 3. A copy of the Comptroller of the Currency Certification of Fiduciary Powers for Wells Fargo Bank, National Association, dated January 6, 2014.\*
- Exhibit 4. Copy of By-laws of the trustee as now in effect.\*
- Exhibit 5. Not applicable.
- Exhibit 6. The consent of the trustee required by Section 321(b) of the Act.
- Exhibit 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.
- Exhibit 8. Not applicable.
- Exhibit 9. Not applicable.

\* Incorporated by reference to the exhibit of the same number to the trustee's Form T-1 filed as exhibit to the Filing 305B2 dated March 13, 2015 of file number 333-190926.

---

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston and State of Massachusetts on the 2nd day of July, 2019.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano

Patrick T. Giordano  
Vice President

---

EXHIBIT 6

July 2, 2019

Securities and Exchange Commission  
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano

Patrick T. Giordano  
Vice President

---

## Exhibit 7

## Consolidated Report of Condition of

Wells Fargo Bank National Association  
of 101 North Phillips Avenue, Sioux Falls, SD 57104  
And Foreign and Domestic Subsidiaries,

at the close of business March 31, 2019, filed in accordance with 12 U.S.C. §161 for National Banks.

Dollar Amounts  
In Millions

## ASSETS

Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 20,037
Interest-bearing balances	127,598
Securities:	
Held-to-maturity securities	144,901
Available-for-sale securities	253,334
Equity Securities with readily determinable fair value not held for trading	102
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	79
Securities purchased under agreements to resell	49,775
Loans and lease financing receivables:	
Loans and leases held for sale	9,908
Loans and leases, net of unearned income	909,881
LESS: Allowance for loan and lease losses	9,610
Loans and leases, net of unearned income and allowance	900,271
Trading Assets	42,814
Premises and fixed assets (including capitalized leases)	12,085
Other real estate owned	417
Investments in unconsolidated subsidiaries and associated companies	12,801
Direct and indirect investments in real estate ventures	256
Intangible assets	37,963
Other assets	55,428
Total assets	<u>\$ 1,667,769</u>

## LIABILITIES

Deposits:	
In domestic offices	\$ 1,266,186
Noninterest-bearing	389,711
Interest-bearing	876,475
In foreign offices, Edge and Agreement subsidiaries, and IBFs	49,025
Noninterest-bearing	1,200
Interest-bearing	47,825
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	3,953
Securities sold under agreements to repurchase	5,380
Trading liabilities	9,093
Other borrowed money	
(Includes mortgage indebtedness and obligations under capitalized leases)	125,836
Subordinated notes and debentures	11,859
Other liabilities	28,828
Total liabilities	<u>\$ 1,500,160</u>

## EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	519
Surplus (exclude all surplus related to preferred stock)	114,606
Retained earnings	53,311
Accumulated other comprehensive income	-1,149
Other equity capital components	0
Total bank equity capital	<u>167,287</u>
Noncontrolling (minority) interests in consolidated subsidiaries	<u>322</u>
Total equity capital	<u>167,609</u>
Total liabilities, and equity capital	<u>\$ 1,667,769</u>

I, John R. Shrewsberry, Sr. EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

/s/ John R. Shrewsberry  
Sr. EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Directors

/s/ James H. Quigley  
/s/ Theodore F. Craver, Jr.  
/s/ Juan A. Pujadas

---