

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): August 9, 2011**

---

**NuStar Energy L.P.**

(Exact name of registrant as specified in its charter)

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

**001-16417**  
(Commission  
File Number)

**74-2956831**  
(I.R.S. Employer  
Identification No.)

**2330 North Loop 1604 West  
San Antonio, Texas 78248**  
(Address of principal executive offices)

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

**Not applicable**  
(Former name or former address, if changed since last report.)

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

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

**Item 1.01 Entry into a Material Definitive Agreement.**

On August 29, 2011, the Parish of St. James, State of Louisiana (the "Parish") completed the issuance of \$75 million of tax exempt revenue bonds due August 1, 2041 (the "Bonds") under the Gulf Opportunity Zone Act of 2005, which were underwritten by SunTrust Robinson Humphrey, Inc.

In connection with the issuance of the Bonds and as a form of security thereto, NuStar Logistics, L.P. ("Logistics"), a wholly owned subsidiary of NuStar Energy L.P. (the "Partnership"), entered into a Lease Agreement, dated as of August 1, 2011, by and between the Parish and Logistics (the "Lease Agreement"), pursuant to which the Parish agreed to make available to Logistics the proceeds from the sale of the Bonds in exchange for Logistics agreeing to lease from the Parish certain of the assets to be constructed with the Bond proceeds until the Bonds are redeemed in accordance with the terms of the Indenture of Trust dated as of August 1, 2011, by and between the Parish and U.S. Bank National Association (the "Trustee"). Payments under the Lease Agreement are tied to a variable interest rate of the Bonds, which initially is 0.19%. In addition, the Lease Agreement contains customary covenants and provisions, including limitations on dispositions or material property, mergers and asset transfers. The Lease Agreement also contains customary events of default which could result in an amount equal to all amounts due and payable on the Bonds by acceleration of the maturity thereof becoming immediately due and payable as liquidated damages under the Lease Agreement. The Lease Agreement also contains a purchase option that gives Logistics the right, simultaneously with or after the payment in full of all interest and principal on the Bonds, and the satisfaction of certain other conditions, to purchase the assets subject to the Lease Agreement for a purchase price of \$1,000, plus related costs and expenses.

As a form of additional security for the Bonds, Logistics entered into an Application for Letter of Credit and Reimbursement Agreement dated as of August 9, 2011, by and between Wells Fargo Bank, N.A. (the "Bank") and Logistics (the "Reimbursement Agreement"), pursuant to which the Bank agreed to cause an Irrevocable Transferrable Letter of Credit (the "Letter of Credit") to be issued to the Trustee in the amount of \$76,084,932, which amount includes (i) the principal amount of the Bonds outstanding on August 9, 2011, plus (ii) interest thereon as set forth in the Letter of Credit for a period of forty-four days. The Letter of Credit was issued pursuant to that certain 5-Year Revolving Credit Agreement dated as of December 10, 2007 among Logistics, the Partnership, the Bank, and the agents and lenders party thereto, as amended by the First Amendment to 5-Year Revolving Credit Agreement dated as of August 18, 2010 and the Second Amendment to 5-Year Credit Agreement dated as of March 7, 2011, and as further amended, supplemented, or otherwise modified from time to time (the "Credit Agreement"). Pursuant to the terms of the Reimbursement Agreement, Logistics granted a security interest in the proceeds of the Bonds to the Bank in order to secure all amounts owed with respect to any future drawings under the Letter of Credit that are honored by the Bank. In addition, certain terms of the Credit Agreement are incorporated into the Reimbursement Agreement with respect to Logistics' covenants, events of default and remedies thereto.

The Partnership intends to use the proceeds to expand its facilities located at St. James, Louisiana, including acquiring, constructing and installing additional storage capacity and related projects. Copies of the Lease Agreement and Reimbursement Agreement are filed as Exhibits 10.01 and 10.02 to this Current Report on Form 8-K, respectively, and are incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

10.01 Lease Agreement between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of August 1, 2011.



**SIGNATURES**

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

NUSTAR ENERGY L.P.

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

By: NuStar GP, LLC  
its general partner

Date: August 10, 2011

By: /s/ Amy L. Perry

Name: Amy L. Perry

Title: Vice President and Corporate Secretary

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>EXHIBIT</u>
Exhibit 10.01	Lease Agreement Between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of August 1, 2011.
Exhibit 10.02	Application for Letter of Credit and Reimbursement Agreement between JPMorgan Chase Bank, N.A. and NuStar Logistics, L.P. dated as of August 9, 2011.

---

**LEASE AGREEMENT**

**BETWEEN**

**PARISH OF ST. JAMES,  
STATE OF LOUISIANA**

**AND**

**NUSTAR LOGISTICS, L.P.**

**DATED AS OF AUGUST 1, 2011**

---

**\$75,000,000**

**PARISH OF ST. JAMES, STATE OF LOUISIANA  
REVENUE BONDS  
(NUSTAR LOGISTICS, L.P. PROJECT)  
SERIES 2011**

---

The interest of the PARISH OF ST. JAMES, STATE OF LOUISIANA (the "Issuer") in this Lease Agreement has been assigned (except for "Reserved Rights" defined in this Lease Agreement) pursuant to the Indenture of Trust dated as of the date hereof from the Issuer to U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

## TABLE OF CONTENTS

### ARTICLE I

#### DEFINITIONS

SECTION 1.01.	Definition of Terms	-2-
SECTION 1.02.	Uses of Phrases	-3-

### ARTICLE II

#### REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.01.	Representations, Covenants and Warranties of the Issuer	-4-
SECTION 2.02.	Representations, Covenants and Warranties of the Company	-4-
SECTION 2.03.	Tax-Exempt Status of the Bonds	-5-
SECTION 2.04.	Notice of Determination of Taxability	-5-

### ARTICLE III

#### ACQUISITION AND CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

SECTION 3.01.	Agreement to Acquire, Construct and Install the Project	-6-
SECTION 3.02.	Agreement to Issue the Bonds; Application of Bond Proceeds	-6-
SECTION 3.03.	Disbursements from the Project Fund	-6-
SECTION 3.04.	Furnishing Documents to the Trustee	-6-
SECTION 3.05.	Establishment of Completion Date	-6-
SECTION 3.06.	Company Required to Pay in Event Project Fund Insufficient	-7-
SECTION 3.07.	Special Arbitrage Certifications	-7-

### ARTICLE IV

#### LEASE PROVISIONS; SUBSTITUTE CREDIT FACILITY

SECTION 4.01.	Agreement to Lease the Project	-8-
SECTION 4.02.	Rental Payments	-8-
SECTION 4.03.	Obligations of the Company Unconditional	-8-
SECTION 4.04.	Substitute Credit Facility	-9-
SECTION 4.05.	Exemption from Ad Valorem Tax	-9-
SECTION 4.06.	Removal or Property	-9-
SECTION 4.07.	Additional Property Constituting a Part of the Project	-10-

### ARTICLE V

#### PREPAYMENT AND REDEMPTION

SECTION 5.01.	Prepayment and Redemption	-11-
---------------	---------------------------	------

### ARTICLE VI

#### SPECIAL COVENANTS

SECTION 6.01.	No Warranty of Condition or Suitability by the Issuer	-12-
SECTION 6.02.	Access to the Project	-12-
SECTION 6.03.	Further Assurances and Corrective Instruments	-12-
SECTION 6.04.	Issuer and Company Representatives	-12-
SECTION 6.05.	Financing Statements	-12-

SECTION 6.06.	Covenants to Provide Ongoing Disclosure	-12-
SECTION 6.07.	Notice of Control	-12-
SECTION 6.08.	Acknowledgement and Covenant Regarding Commercial Paper or Long Term Period	-12-
SECTION 6.09.	Environmental Matters	-13-

ARTICLE VII

ASSIGNMENT, SELLING, SUBLEASING,  
INDEMNIFICATION; REDEMPTION

SECTION 7.01.	Assignment, Selling and Leasing	-14-
SECTION 7.02.	Release and Indemnification Covenants	-14-
SECTION 7.03.	Issuer to Grant Security Interest to Trustee	-14-
SECTION 7.04.	Indemnification of Trustee	-14-

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.01.	Defaults Defined	-15-
SECTION 8.02.	Remedies on Default	-15-
SECTION 8.03.	No Remedy Exclusive	-16-
SECTION 8.04.	Agreement to Pay Attorneys' Fees and Expenses	-16-
SECTION 8.05.	No Additional Waiver Improved by One Waiver	-16-

ARTICLE IX

MISCELLANEOUS

SECTION 9.01.	Term of Agreement; Option to Purchase Project	-17-
SECTION 9.02.	Notices	-17-
SECTION 9.03.	Binding Effect	-18-
SECTION 9.04.	Severability	-18-
SECTION 9.05.	Amounts Remaining in Funds	-18-
SECTION 9.06.	Amendments, Changes and Modifications	-18-
SECTION 9.07.	Execution in Counterparts	-19-
SECTION 9.08.	Applicable Law	-19-
SECTION 9.09.	Captions	-19-
EXHIBIT A	Description of Project and Project Land	
EXHIBIT B	Form of Requisition	



**LEASE AGREEMENT**

This **LEASE AGREEMENT** made and entered into as of August 1, 2011 is made by and between the **PARISH OF ST. JAMES, STATE OF LOUISIANA**, a political subdivision under the Constitution and laws of the State of Louisiana (the "Issuer"), and **NUSTAR LOGISTICS, L.P.**, a Delaware limited partnership (the "Company").

**WITNESSETH:**

That the parties hereto, intending to be legally bound hereby, and for and in consideration of the premises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows: provided, that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the Issuer or any political subdivision or taxing district of the State of Louisiana (the "State") but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding:

## ARTICLE 1

### DEFINITIONS

SECTION 1.01. Definition of Terms. All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the hereinafter defined Indenture. In addition, the following words and phrases shall have the following meanings:

**“Completion Date”** means the date with respect to which with, except for amounts retained by the Trustee at the Company’s direction to pay any Cost of the Project not then due and payable, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed and installed and all costs and expenses incurred in connection therewith have been paid.

**“Cost”** with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act.

**“Default”** means any Default under this Agreement as specified in and defined by Section 8.01 hereof.

**“Environmental Laws”** means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

**“Governmental Authority”** means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**“Hazardous Materials”** means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**“Indenture”** means the Indenture of Trust dated as of this date between the Issuer and the Trustee, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

**“Issuance Costs”** means all costs that are treated as costs of issuing or carrying the Bonds under existing Treasury Department regulations and rulings, including, but not limited to, (a) underwriter’s spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public); (b) counsel fees (including bond counsel, underwriter’s counsel, Issuer’s counsel and Company counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds); (c) financial advisory fees incurred in connection with the issuance of the Bonds; (d) rating agency fees; (e) Trustee fees incurred in connection with the issuance of the Bonds; (f) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (g) accountant fees related to the issuance of the Bonds; (h) printing costs of the Bonds and of the preliminary and final offering materials; (i) publication costs associated with the financing proceedings; and (j) costs of engineering

and feasibility studies necessary to the issuance of the Bonds; provided, that bond insurance premiums and certain credit enhancement fees, to the extent treated as interest expense under applicable regulations, shall not be treated as "Issuance Costs".

**"Material Adverse Effect"** means a material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the Company taken as a whole, (b) the ability of the Company to perform any of its obligations under this Lease Agreement or (c) the rights of or benefits available to the Issuer under this Agreement.

**"Net Proceeds"** means the proceeds of the Bonds reduced by amounts in a reasonably required reserve or replacement fund.

**"Project"** means the facilities described in Exhibit A hereto that are financed from the proceeds of the Bonds as set forth in Section 3.03 hereof.

**"Qualified Project Costs"** means Costs and expenses of the Project which constitute land costs or costs for property of a character subject to the allowance for depreciation excluding specifically working capital and inventory costs, provided, however, that (i) costs or expenses paid more than sixty (60) days prior to the adoption by the Issuer of its resolution on January 19, 2011, declaring its intent to reimburse Project expenditures with Bond proceeds, shall not be deemed to be Qualified Project Costs; (ii) Issuance Costs shall not be deemed to be Qualified Project Costs; (iii) interest during the Construction Period shall be allocated between Qualified Project Costs and other Costs and expenses to be paid from the proceeds of the Bonds; (iv) interest following the Construction Period shall not constitute a Qualified Project Cost; (v) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Bonds; and (vi) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk shall not constitute Qualified Project Costs.

**"Requisition"** means a written request for a disbursement from the Project Fund, signed by a Company Representative, substantially in the form attached hereto as Exhibit B and satisfactorily completed as contemplated by said form.

**"Reserved Rights"** means amounts payable to the Issuer under Sections 4.02(b), 7.02 and 8.04 hereof.

**"State"** means the State of Louisiana.

**"Term of Agreement"** means the duration of the leasehold interest created hereby as specified in Section 9.01 hereof.

SECTION 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond", "Bondholder", "Owner", "registered owner" and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations and associations, including public bodies, as well as persons. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific Sections of the Code refer to such Sections of the Code and all successor or replacement provisions thereto.

## ARTICLE 2

### REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.01. Representations, Covenants and Warranties of the Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is a political subdivision of the State of Louisiana. Under the provisions of the Act, the Issuer is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. The Issuer has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) The Issuer covenants that it will not pledge the amounts derived from this Agreement other than as contemplated by the Indenture.

SECTION 2.02. Representations, Covenants and Warranties of the Company. The Company represents, covenants and warrants that:

(a) The Company is a limited partnership duly organized and validly existing under the laws of the State of Delaware. The Company is not in violation of any provision of its certificate of limited partnership, has the power to enter into this Agreement, and has duly authorized the execution and delivery of this Agreement, and is qualified to do business and is in good standing under the laws of the State.

(b) The Company (i) shall preserve, renew, and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, and franchises material to the conduct of its business (provided that the foregoing shall not prohibit any merger, consolidation, sale, lease, or transfer permitted under the following clause (ii)); and (ii) shall not without the prior written consent of the Credit Provider (during any Credit Facility Period) and the Trustee (during any Interest Period that is not a Credit Facility Period) consolidate with or merge into any other person or sell, lease, or transfer its properties and assets as, or substantially as, an entity to any person unless (1) (A) in the case of a merger, the Company is the surviving entity, or (B) the person formed by such consolidation or into which the Company is merged or the person that acquires by sale or transfer, or that leases the properties and assets of the Company as, or substantially as, an entity expressly assumes by an assumption agreement hereto, executed and delivered to the Issuer, all of the obligations of the Company under this Lease Agreement; (2) the surviving entity or successor person is a person organized and existing under the laws of the United States of America, any state thereof, or the District of Columbia; (3) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and (4) the Company has delivered to the Issuer an officers' certificate stating that such consolidation, merger, conveyance, sale, transfer, or lease complies with this Section 2.02(b).

(c) Neither the execution and delivery of this Agreement or the Remarketing Agreement, nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof conflicts with or results in a breach of the terms, conditions, or provisions of any agreement or instrument to which the Company is now a party or by which the Company is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company under the terms of any such instrument or agreement, except where such conflict, breach, default, creation or imposition individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Company or any of its officers, nor to the best knowledge of the Company is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Agreement or which would adversely affect, in any way, the validity or enforceability of the Bonds, this Agreement, the Remarketing Agreement, or any agreement or instrument to which the Company is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(e) The Project is of the type authorized and permitted by the Act, and its estimated Cost is not less than \$75,000,000.

(f) The proceeds from the sale of the Bonds will be used only for payment of Costs of the Project.

(g) The Company will use due diligence to cause the Project to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Company has obtained or caused to be obtained all requisite approvals of the State and of other federal, state, regional and local governmental bodies for the acquisition, construction, improving and equipping of the Project.

(h) The Company will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Company to perform and any duties and obligations which the Company is required in the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(i) The issuance of the Bonds by the Issuer to finance the acquisition, construction and installation of the Project has induced the Company to locate the Project in the Parish of St. James, State of Louisiana which will directly result in an increase in employment opportunities in such Parish.

(j) The Company does not "control" the Credit Provider, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940.

SECTION 2.03. Tax-Exempt Status of the Bonds. The Company hereby represents, warrants and agrees that the Tax Regulatory Agreement executed and delivered by the Company concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered.

SECTION 2.04. Notice of Determination of Taxability. Promptly after the Company first becomes aware of any Determination of Taxability, the Company shall give written notice thereof to the Issuer and the Trustee.

ARTICLE 3

ACQUISITION AND CONSTRUCTION OF THE PROJECT;  
ISSUANCE OF THE BONDS

SECTION 3.01. Agreement to Acquire, Construct and Install the Project. The Company agrees to make all contracts and do all things necessary for the acquisition, construction and installation of the Project. The Company further agrees that it will acquire, construct, and install the Project with all reasonable dispatch and use its commercially reasonable efforts to cause acquisition, construction, installation and occupancy of the Project. The Company expects the Project to be completed by September of 2012, or as soon thereafter as may be practicable, delays caused by force majeure as defined in Section 8.01 hereof only excepted; but if for any reason such acquisition, construction and installation is not completed by said date there shall be no resulting liability on the part of the Company and no diminution in or postponement of the payments required in Section 4.02 hereof to be paid by the Company.

SECTION 3.02. Agreement to Issue the Bonds; Application of Bond Proceeds. In order to provide funds for the payment of the Cost of the Project, the Issuer, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the net proceeds thereof with the Trustee in the Project Fund.

SECTION 3.03. Disbursements from the Project Fund. The Issuer has, in the Indenture, authorized and directed the Trustee to make disbursements from the Project Fund to pay the Costs of the Project, or to reimburse the Company for any Cost of the Project paid by the Company. Except with respect to payment of Issuance Costs on the date of issuance of the Bonds, the Trustee shall not make any disbursement from the Project Fund until the Company shall have provided the Trustee with a Requisition. It is recognized that the proceeds of the Bonds are not sufficient to pay in full the costs of all of the tanks and other facilities described in Exhibit A hereto. Upon expenditure of all of the proceeds of the Bonds in the Project Fund, the Company shall file with the Issuer and the Trustee a completion certificate establishing the Completion Date as provided in Section 3.05 hereof and describing the facilities that were financed from the proceeds of the Bonds deposited in the Project Fund, accompanied by a bill of sale conveying said facilities to the Issuer. Only those facilities described in said completion certificate shall constitute the Project for purposes of this Agreement, the Indenture and related documents.

SECTION 3.04. Furnishing Documents to the Trustee. The Company agrees to cause such Requisitions to be directed to the Trustee as may be necessary to effect payments out of the Project Fund in accordance with Section 3.03 hereof.

SECTION 3.05. Establishment of Completion Date. (a) The Completion Date shall be evidenced to the Issuer and the Trustee by a certificate signed by a Company Representative stating that, except for amounts retained by the Trustee at the Company's direction to pay any Cost of the Project not then due and payable, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed and installed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction and installation of the Project, the Company agrees to cause such certificate to be furnished to the Issuer and the Trustee. Upon receipt of such certificate, the Trustee shall retain in the Project Fund a sum equal to the amounts necessary for payment of the Costs of the Project not then due and payable according to such certificate. If any such amounts so retained are not subsequently used, prior to any transfer of said

amounts to the General Account of the Bond Fund as provided below, the Trustee shall give notice to the Company of the failure to apply said funds for payment of the Costs of the Project. Any amount not to be retained in the Project Fund for payment of the Costs of the Project, and all amounts so retained but not subsequently used, shall be transferred by the Trustee into the General Account of the Bond Fund.

(b) If, upon the Completion Date, at least ninety-five percent (95%) of the Net Proceeds of the Bonds have not been used to pay Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Costs of the Project not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the General Account of the Bond Fund and used by the Trustee (a) to redeem, or to cause the redemption of, Bonds on the earliest redemption date permitted by the Indenture without a premium, (b) to purchase Bonds on the open market prior to such redemption date at prices not in excess of one hundred percent (100%) of the principal amount of such Bonds, or (c) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not require that interest on the Bonds be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not require that interest on the Bonds be included in gross income for federal income tax purposes.

SECTION 3.06. Company Required to Pay in Event Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the Costs of the Project should not be sufficient to pay the Costs of the Project in full, the Company agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Company agrees that if after exhaustion of the moneys in the Project Fund, the Company should pay any portion of the Costs of the Project pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Owners of any of the Bonds, nor shall the Company be entitled to any diminution of the amounts payable under Section 4.02 hereof.

SECTION 3.07. Special Arbitrage Certifications. The Company and the Issuer covenant not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and the Company certifies and covenants to and for the benefit of the Issuer and the Owners of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

**ARTICLE 4**

**LEASE PROVISIONS;  
SUBSTITUTE CREDIT FACILITY**

SECTION 4.01. Agreement to Lease the Project. The Issuer hereby demises and leases to the Company, and the Company hereby leases from the Issuer, for and during the Term of Agreement, the Project, including the building and the Project Equipment, which are located on the Project Land, described in Exhibit A hereto.

SECTION 4.02. Rental Payments. (a) The Company hereby covenants and agrees to pay base rental for the use and occupancy of the Project, as follows: on or before any Interest Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal or Purchase Price is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as Purchase Price or principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture; provided, however, that the obligation of the Company to make any rental payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Credit Provider to the Trustee under the Credit Facility.

It is understood and agreed that all rental payments payable by the Company under subsection (a) of this Section 4.02 are assigned by the Issuer to the Trustee for the benefit of the Owners of the Bonds. The Company assents to such assignment. The Issuer hereby directs the Company and the Company hereby agrees to pay to the Trustee at the Principal Office of the Trustee all payments payable by the Company pursuant to this subsection.

(b) The Company will also pay, as additional rent, the reasonable fees and expenses of the Issuer related to the issuance of the Bonds, payable on the date of issuance of the Bonds.

(c) The Company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture and all other amounts which may be payable to the Trustee under Section 10.02 of the Indenture, such amounts to be paid directly to the Trustee for the Trustee's own account as and when such amounts become due and payable.

(d) The Company will also pay, as additional rent, any amounts due and payable under Section 4.05 hereof.

(e) In the event the Company should fail to make any of the rental payments required in this Section 4.02, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

SECTION 4.03. Obligations of the Company Unconditional. The obligations of the Company to make the payments required in Section 4.02 and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer or the Trustee, and, until such time as the principal of, premium, if any, and interest



on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Company (i) will not suspend or discontinue any rental payments provided for in Section 4.02 hereof, (ii) will perform and observe all other agreements contained in this Agreement and (iii) except as otherwise provided herein, will not terminate the Term of Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Company to complete the acquisition, construction and installation of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained, and in the event the Issuer or the Trustee should fail to perform any such agreement on its part, the Company may institute such action against the Issuer or the Trustee as the Company may deem necessary to compel performance so long as such action does not abrogate the obligations of the Company contained in the first sentence of this Section.

SECTION 4.04. Substitute Credit Facility. Subject to the conditions set forth in this Section 4.04, the Company may provide for the delivery to the Trustee of a Substitute Credit Facility. The Company shall furnish written notice to the Trustee, not less than twenty days prior to the Mandatory Purchase Date, (a) notifying the Trustee that the Company is exercising its option to provide for the delivery of a Substitute Credit Facility to the Trustee, (b) setting forth the Mandatory Purchase Date in connection with the delivery of such Substitute Credit Facility, which shall in any event be an Interest Payment Date that is not less than two Business Days prior to the expiration date of the Credit Facility then in effect with respect to the Bonds, and (c) instructing the Trustee to furnish notice to the Bondholders regarding the Mandatory Purchase Date at least fifteen days prior to the Mandatory Purchase Date, as more fully described in Section 4.01(b) of the Indenture and Exhibit B thereto. Any Substitute Credit Facility shall be delivered to the Trustee prior to such Mandatory Purchase Date and shall be effective on and after such Mandatory Purchase Date. On or before the date of such delivery of a Substitute Credit Facility to the Trustee, the Company shall furnish to the Trustee (a) a written opinion of Bond Counsel stating that the delivery of such Substitute Credit Facility will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (b) a written opinion of counsel to the Substitute Credit Provider to the effect that the Substitute Credit Facility is a legal, valid, binding and enforceable obligation of the Substitute Credit Provider in accordance with its terms.

SECTION 4.05. Exemption from Ad Valorem Tax. The Company and Issuer hereby acknowledge, understand and agree that, while the Project is owned by the Issuer, the Project will be exempt from all ad valorem taxes. Notwithstanding such exemption, the Company hereby agrees, commencing on the December 31 that is at least eleven full years after establishment of the Completion Date and on each December 31 thereafter, so long as the Issuer owns the Project, to make a payment in lieu of tax, in an amount equal to, but not exceeding, the amount that would be due and payable as ad valorem tax on the Project if the Company owned the Project. Such payment in lieu of tax shall be paid to the person or entity collecting tax in the Parish of St. James and shall be distributed to taxing bodies in the same manner as ad valorem tax collections are distributed.

SECTION 4.06. Removal or Property. The Issuer shall not be under any obligation to renew, repair or replace any item of inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary equipment, fixtures or furnishings comprising a part of the Project. In any instance where the Company in its sound discretion determines that any items of the Project have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such items of the Project, and (on behalf of the Issuer) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer or the Trustee therefor.

The removal of any portion of the Project pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the rents payable under Section 4.02 hereof.

SECTION 4.07. Additional Property Constituting a Part of the Project. Notwithstanding any provision of this Agreement to the contrary, after the Completion Date, the Company may elect to have any real or personal property, machinery, equipment, furniture or fixtures acquired at the sole cost of the Company included as part of the Project by delivering to the Trustee and the Issuer written notice of the Company's election to have such property included as part of the Project. Upon the filing of such written notice with the Trustee and the Issuer, such property specified in said notice shall become a part of the Project, up to a total cost of \$10,000,000. It is recognized and understood that the provisions of this Section 4.07 and the corresponding provisions of Section 4.07 relating to the prior issues of bonds of the Issuer on behalf of the Company are not cumulative and that the Company is entitled to make a single election in an amount not exceeding \$10,000,000.

**ARTICLE 5**

**PREPAYMENT AND REDEMPTION**

SECTION 5.01. Prepayment and Redemption. The Company shall have the option to prepay its obligations hereunder at the times and in the amounts as necessary to exercise its option to cause the Bonds to be redeemed as set forth in the Indenture and in the Bonds. The Company hereby agrees that it shall prepay its obligations hereunder at the times and in the amounts as necessary to accomplish the mandatory redemption of the Bonds as set forth in the Indenture and in the Bonds. The Issuer, at the request of the Company, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the Outstanding Bonds, as may be specified by the Company, on the date established for such redemption.

## ARTICLE 6

### SPECIAL COVENANTS

SECTION 6.01. No Warranty of Condition or Suitability by the Issuer. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE COMPANY. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE COMPANY WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE COMPANY'S PURPOSES.

SECTION 6.02. Access to the Project. The Company agrees that the Issuer, the Credit Provider, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project at all reasonable times and on reasonable notice. The Issuer, the Credit Provider, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of the Company with respect to the Project.

SECTION 6.03. Further Assurances and Corrective Instruments. The Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

SECTION 6.04. Issuer and Company Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Company is required or the Issuer or the Company is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by an Issuer Representative and for the Company by a Company Representative. The Trustee shall be authorized to act on any such approval or request.

SECTION 6.05. Financing Statements. The Company agrees to execute and file or cause to be executed and filed any and all financing statements or amendments thereof or continuation statements necessary to perfect and continue the perfection of the security interests granted in the Indenture. The Company shall pay all costs of filing such instruments.

SECTION 6.06. Covenants to Provide Ongoing Disclosure. The Company hereby covenants and agrees to enter into a written undertaking for the benefit of the holders of the Bonds, as required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12).

SECTION 6.07. Notice of Control. The Company shall provide written notice to the Trustee and the Remarketing Agent thirty days prior to the consummation of any transaction that would result in the Company controlling the Credit Provider or being controlled by the Credit Provider within the meaning of Section 2(a)(9) of the Investment Company Act of 1940. The Company acknowledges that pursuant to Section 5.10 of the Indenture, upon receipt of such notice, the Trustee will provide notice thereof to the Owners, and the Company hereby consents thereto.

SECTION 6.08. Acknowledgement and Covenant Regarding Commercial Paper or Long Term Period. The Company acknowledges that the Bonds shall initially be rated only while the Interest Period for the Bonds is a Daily Period or a Weekly Period. Further, the Company acknowledges that in the event that it shall select a Commercial Paper Period or Long Term Period as the Interest Period, it shall be required to provide a Substitute Credit Facility or an amendment to the Credit Facility in accordance with Section 2.07

of the Indenture. The Company covenants that, in the event that it shall select a Commercial Paper Period or Long Term Period, it shall amend or cause the amendment of, and supplement or cause the supplementation of, this Agreement and the Indenture, respectively, such that the Bonds shall continue to be rated as investment grade by Moody's, Fitch or S&P.

SECTION 6.09. Environmental Matters. The Company shall:

(a) comply with all applicable Environmental Laws and obtain and comply with and maintain any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect.

## ARTICLE 7

### ASSIGNMENT, SELLING, SUBLEASING, INDEMNIFICATION; REDEMPTION

SECTION 7.01. Assignment, Selling and Leasing. This Agreement may be assigned and the Project may be sold or subleased, as a whole or in part, with the prior written consent of the Credit Provider and the Trustee (provided, however, during the Credit Facility Period, the consent of the Trustee shall not be required); provided, further, that no such assignment, sale or sublease shall, in the opinion of Bond Counsel, result in interest on any of the Bonds becoming includable in gross income for federal income tax purposes, or shall otherwise violate any provisions of the Act; provided further, however, that no such assignment, sale or sublease shall relieve the Company of any of its obligations under this Agreement.

SECTION 7.02. Release and Indemnification Covenants. (a) The Company shall and hereby agrees to indemnify and save the Issuer and the Trustee harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project, or any reason whatsoever in connection with the Project and/or the Bonds, including without limitation, (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act or negligence of the Company or of any of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or lessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Company. The Company shall indemnify and save the Issuer and the Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Trustee, the Company shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture or by reason of the performance of any act requested of the Issuer by the Company, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Company shall indemnify and hold the Issuer harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any offering statement or lack of offering statement in connection with the sale or resale of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Issuer in any such action or proceeding. All references to the Issuer in this Section 7.02 shall be deemed to include its commissioners, directors, officers, employees, and agents.

Notwithstanding anything to the contrary contained in this Section 7.02, the Company shall have no liability to indemnify the Issuer against claims or damages resulting from the Issuer's own gross negligence or willful misconduct.

SECTION 7.03. Issuer to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement, except for Reserved Rights.

SECTION 7.04. Indemnification of Trustee. The Company shall and hereby agrees to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense (including the costs and expenses of defending against any claim of liability) incurred without negligence or willful misconduct by the Trustee and arising out of or in connection with its acting as Trustee under the Indenture.

## ARTICLE 8

### DEFAULTS AND REMEDIES

SECTION 8.01. Defaults Defined. The following shall be “Defaults” under this Agreement and the term “Default” shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay any amount required to be paid under Section 4.02(a) or (d) hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 8.01(a) hereof, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Company within the applicable period and diligently pursued until such failure is corrected.

(c) The dissolution or liquidation of the Company, except as authorized by Section 2.02 hereof, or the voluntary initiation by the Company of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Company of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Company to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Company to carry on its operations at the Project, or assignment by the Company for the benefit of creditors, or the entry by the Company into an agreement of composition with its creditors or the failure generally by the Company to pay its debts as they become due.

(d) The occurrence and continuance of a Default under the Indenture.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure the Company is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Company shall not be deemed in Default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or event not reasonably within the control of the Company. The Company agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Company from carrying out its agreement, provided that the settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Company and the Company shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company.

SECTION 8.02. Remedies on Default. Whenever any Default referred to in Section 8.01 hereof shall have happened and be continuing, the Trustee, or the Issuer with the written consent of the Trustee, may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.02 of the Indenture, by written notice to the Company, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable as liquidated damages under this Agreement and not as a penalty, whereupon the same shall become immediately due and payable;

(b) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company if reasonably necessary in the opinion of the Trustee; or

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

SECTION 8.03. No Remedy Exclusive. Subject to Section 9.02 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Owners of the Bonds, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

SECTION 8.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Agreement and the Issuer should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefor, pay to the Issuer the reasonable fee of such attorneys and such other expenses so incurred by the Issuer.

SECTION 8.05. No Additional Waiver Improved by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.



ARTICLE 9

MISCELLANEOUS

SECTION 9.01. Term of Agreement; Option to Purchase Project. This Agreement shall remain in full force and effect from the date hereof to and including August 1, 2041 or until such time as all of the Bonds and the fees and expenses of the Issuer and the Trustee and all amounts payable to the Credit Provider under or in respect of the Credit Facility shall have been fully paid or provision made for such payments, whichever is later; provided, however, that this Agreement may be terminated prior to such date pursuant to Article V of this Agreement, but in no event before all of the obligations and duties of the Company hereunder have been fully performed, including, without limitation, the payments of all costs and fees mandated hereunder.

If the Company pays the rentals herein required, or if provision is made for payment of the Bonds in accordance with the provisions of the Indenture, the Company shall have the right and option, herein granted by the Issuer, to purchase the Project from the Issuer at any time during the term of the Agreement after or simultaneously with payment (or provision for payment in accordance with the Indenture) in full of the principal of and the interest and premium (if any) on the Bonds and all fees, charges and disbursements of the Trustee, accrued and to accrue until the date of such full payment, at and for a purchase price of \$1000 plus the related costs and expenses (including reasonable attorneys' fees) incurred by the Issuer in connection with the Company's exercise of such option. To exercise any such purchase option, the Company shall notify the Issuer in writing not less than thirty (30) days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Issuer in cash, whereupon the Issuer will, by bills of sale and deed or other appropriate instruments, transfer and convey the Project (in its then condition, whatever that may be) to the Company, subject only to such liens, encumbrances and exceptions to which title thereto was subject when this Agreement was delivered, those to the creation or suffering of which the Company consented (except for this Agreement and the Indenture) and those resulting from the failure of the Company to perform or observe any of the agreements or covenants on its part herein contained. Nothing herein contained shall be construed to give the Company any right to any rebate to or refund of any rental paid by it hereunder prior to the exercise by it of the purchase option hereinabove granted, even though such rental may have been wholly or partially prepaid.

SECTION 9.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

Issuer:	Parish of St. James, State of Louisiana P. O. Box 176 Vacherie, Louisiana 70090 Attention: Parish President
Trustee:	U.S. Bank National Association 1349 West Peachtree, NW Two Midtown Plaza, Suite 1050 Atlanta, Georgia 30309 Attention: Corporate Trust Department
Company:	NuStar Logistics, L.P. 2330 North Loop 1604 West San Antonio, Texas 78248 Attention: Chief Financial Officer

Credit Provider: Wells Fargo Bank, National Association  
1000 Louisiana Street, 9<sup>th</sup> Floor  
Houston, TX 77022  
Attention: Christina Faith

Remarketing Agent: SunTrust Robinson Humphrey, Inc.  
3333 Peachtree Road, 11<sup>th</sup> Floor  
Atlanta, Georgia 30326  
Attention: Municipal Desk

Fitch: Fitch, Inc.  
One State Street Plaza  
New York, New York 10004  
Attention: Structured Finance

Moody's: Moody's Investors Service, Inc.  
99 Church Street  
New York, New York 10007  
Attention: Corporate Department, Structured Finance Group

S&P: Standard & Poor's Ratings Services,  
a Standard & Poor's Financial Services LLC business  
55 Water Street  
New York, New York 10041  
Attention: Corporate Finance Department

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Company shall also be given to the Trustee and the Credit Provider. The Issuer, the Company, the Trustee, and the Credit Provider may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 9.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company, the Credit Provider, the Trustee, the Owners of Bonds and their respective successors and assigns, subject, however, to the limitations contained in Section 2.02(b) hereof.

SECTION 9.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.05. Amounts Remaining in Funds. Subject to the provisions of Section 6.11 of the Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund, or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee in accordance with the Indenture, shall belong to and be paid to the Company by the Trustee.

SECTION 9.06. Amendments, Changes and Modifications. Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and, prior to the Credit Facility Termination Date and payment of all amounts payable to the Credit Provider

under or in connection with the Credit Facility, the consent of the Credit Provider, in accordance with the provisions of the Indenture.

SECTION 9.07. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.08. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 9.09. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the Parish of St. James, State of Louisiana, and NuStar Logistics, L.P., have caused this Agreement to be executed in their respective names and attested by their duly authorized officer or officers, and the Parish has caused its corporate seal to be affixed hereto, all as of the date first above written.

PARISH OF ST. JAMES,  
STATE OF LOUISIANA

By: /s/ Dale Hymel, Jr.  
Parish President

ATTEST:

By: /s/ Angele Rodrigue  
Secretary, Parish Council

[SEAL]

WITNESSES:

/s/ Sharon A. Penning

/s/ Susen A. Cassou

WITNESSES:

/s/ Matthew D. Willcox

/s/ Lucy Champion

NUSTAR LOGISTICS, L.P.  
By: NUSTAR GP, INC., its general partner

By: /s/ Steven A. Blank  
Senior Vice President, Chief Financial  
Officer and Treasurer

---

---

APPLICATION FOR LETTER OF CREDIT AND  
REIMBURSEMENT AGREEMENT

Between

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

NUSTAR LOGISTICS, L.P.

Dated as of August 9, 2011

---

---

**TABLE OF CONTENTS**

SECTION	HEADING	PAGE
ARTICLE ONE	DEFINITIONS	1
Section 1.1.	Definitions	1
ARTICLE TWO	LETTER OF CREDIT	4
Section 2.1.	Issuance of Letter of Credit	4
Section 2.2.	Letter of Credit Drawings	4
Section 2.3.	Reimbursement of Drawings Under the Letter of Credit	4
Section 2.4.	Fees	4
Section 2.5.	Method and Time of Payment; Etc.	5
Section 2.6.	Computation of Interest	5
Section 2.7.	Extension of Stated Expiration Date	5
Section 2.8.	Amendments upon Extension	5
Section 2.9.	Electronic Transmissions	5
Section 2.10.	Substitute Credit Facility	5
ARTICLE THREE	CONDITIONS PRECEDENT	6
ARTICLE FOUR	REPRESENTATIONS AND WARRANTIES	6
ARTICLE FIVE	COVENANTS	7
Section 5.1.	Credit Agreement Covenants	7
Section 5.2.	Amendments to Bond Documents	7
ARTICLE SIX	DEFAULTS	7
Section 6.1.	Events of Default and Remedies	7
Section 6.2.	Remedies	7
ARTICLE SEVEN	MISCELLANEOUS	8
Section 7.1.	No Deductions; Increased Costs	8
Section 7.2.	Right of Setoff; Other Collateral	8
Section 7.3.	Indemnity	8
Section 7.4.	Obligations Absolute	9
Section 7.5.	Liability of the Bank	10
Section 7.6.	Survival of this Agreement	11
Section 7.7.	Modification of this Agreement	11
Section 7.8.	Waiver of Rights by the Bank	12
Section 7.9.	Severability	12
Section 7.10.	Governing Law	12

Section 7.11.	Notices	12
Section 7.12.	Successors and Assigns	13
Section 7.13.	Expenses	13
Section 7.14.	Headings	13
Section 7.15.	Counterparts	13
Section 7.16.	Entire Agreement	14
Section 7.17.	Government Regulations	14
Section 7.18.	Submission to Jurisdiction; Waiver of Jury Trial	14
Section 7.19.	Credit Agreement	14
Section 7.20.	Grant of Security Interest in Pledged Bonds	14

**APPLICATION FOR LETTER OF CREDIT AND  
REIMBURSEMENT AGREEMENT**

APPLICATION FOR LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of August 9, 2011 (as may be amended, supplemented or otherwise modified from time to time, this "*Agreement*"), is by and between NUSTAR LOGISTICS, L.P., a Delaware limited partnership (including its successors and assigns, the "*Applicant*"), and WELLS FARGO BANK, NATIONAL ASSOCIATION a national banking association (including its successors and assigns, the "*Bank*").

**WITNESSETH:**

WHEREAS, the Applicant desires to secure a source of funds to be devoted exclusively to the payment by the Trustee (such term and each other capitalized term used herein having the meaning set forth in Article One hereof), when and as due, of the principal of and interest on the Bonds (or the portion of the Purchase Price (as defined in the Indenture) corresponding to the principal of and interest on the Bonds), and has applied to the Bank for issuance by the Bank of the Letter of Credit in an Original Stated Amount of \$76,084,932.

WHEREAS, the Bank has agreed to issue the Letter of Credit subject to the following terms and conditions.

Accordingly, the Applicant and the Bank hereby agree as follows:

**ARTICLE ONE**

**DEFINITIONS**

*Section 1.1. Definitions.* As used in this Agreement:

"*Agreement*" - shall have the meaning set forth in the preamble hereto.

"*Applicant*" - shall have the meaning set forth in the preamble hereto.

"*Available Amount*" - shall have the meaning set forth in the Letter of Credit.

"*Bank*" - shall have the meaning set forth in the preamble hereto.

"*Bond Documents*" - means the Indenture, the Lease Agreement, the Fee Letter, the Remarketing Agreement, each dated as of August 1, 2011, and the Official Statement, dated August 9, 2011 with respect to the Bonds, and the Bonds.

"*Bonds*" - means the \$75,000,000 aggregate principal amount of the Issuer's Revenue Bonds (NuStar Logistics, L.P. Project) Series 2011.

"*Business Day*" - shall have the meaning set forth in the Letter of Credit.



“*Cap Interest Rate*” - shall have the meaning set forth in the Letter of Credit.

“*Closing Date*” - means the date on which the Letter of Credit is issued.

“*Code*” - means the Internal Revenue Code of 1986, and any successor statute or statutes thereto.

“*Costs*” - is defined in Section 7.3 hereof.

“*Credit Agreement*” - means the 5-year Revolving Credit Agreement dated as of December 10, 2007 among the Applicant, the MLP, the Bank, and the agents and lenders party thereto, as amended by the First Amendment to 5-Year Revolving Credit Agreement dated as of August 18, 2010 and Second Amendment to 5-Year Revolving Credit Agreement dated as of March 7, 2011, and as may be further amended, supplemented or otherwise modified from time to time.

“*Drawing Document*” - is defined in Section 7.4 hereof.

“*Event of Default*” - is defined in Section 6.1 hereof.

“*Governmental Authority*” - means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“*Indemnified Person*” - is defined in Section 7.3 hereof.

“*Indenture*” - means the Indenture of Trust dated as of August 1, 2011 between the Issuer and the Trustee, relating to the Bonds, as amended, supplemented or otherwise modified from time to time in accordance with the terms and provisions hereof and thereof.

“*Instruction*” - is defined in Section 7.3 hereof.

“*ISP*” or “*ISP98*” means, International Standby Practices 1998 (International Chamber of Commerce Publication No. 590).

“*Issuer*” - means the Parish of St. James, State of Louisiana.

“*Lease Agreement*” - means the Lease Agreement dated as of August 1, 2011 between the Issuer and the Applicant, as amended, supplemented or otherwise modified from time to time in accordance with the terms and provisions hereof and thereof.

“*Letter of Credit*” - means the irrevocable transferable direct pay letter of credit issued by the Bank for the account of the Applicant in favor of the Trustee, in the form of Appendix I hereto with appropriate insertions, as amended, supplemented or otherwise modified from time to time.

“*MLP*” - NuStar Energy L.P., a Delaware limited partnership.

“*Notice of Extension*” - is defined in Section 2.7 hereof.

“*Obligations*” - means the fees relating to the Letter of Credit, any and all obligations of the Applicant to reimburse the Bank for any drawings under the Letter of Credit, and all other obligations of the Applicant to the Bank arising under or in relation to this Agreement.

“*Original Stated Amount*” - is defined in Section 2.1 hereof.

“*Outstanding*” or “*Bonds Outstanding*” - shall have the meaning set forth in the Indenture.

“*Person*” - means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“*Pledged Bonds*” - shall have the meaning set forth in the Indenture and shall include the Bonds described in Section 7.20 hereof.

“*Potential Default*” - means an event or condition which, but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

“*Related Documents*” - means this Agreement, the Letter of Credit, the Credit Agreement, the Bond Documents, and any other agreement or instrument relating thereto.

“*Remarketing Agent*” - means SunTrust Robinson Humphrey, Inc., a Tennessee corporation, as Remarketing Agent under the Indenture and the Remarketing Agreement, and its successors and assigns pursuant thereto.

“*Remarketing Agreement*” - means the Remarketing Agreement dated as of August 1, 2011, between the Remarketing Agent and the Applicant, as amended, supplemented or otherwise modified from time to time, and any successor agreement thereto entered into by the Applicant and a successor Remarketing Agent.

“*Standard Letter of Credit Practice*” means, for the Bank, any domestic or foreign law or letter of credit practices applicable in the city in which the Bank issued the Letter of Credit. Such practices shall be (i) of banks that regularly issue letters of credit in the particular city and (ii) required or permitted under the ISP.

“*Stated Expiration Date*” - shall have the meaning set forth in the Letter of Credit.

“*Trustee*” - means U.S. Bank National Association, as Trustee under the Indenture, and any successor trustee thereunder.

## ARTICLE TWO

### LETTER OF CREDIT

*Section 2.1. Issuance of Letter of Credit.* Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit. The Letter of Credit shall be in the original stated amount of U.S. \$76,084,932 (the “*Original Stated Amount*”), which is the sum of (i) the principal amount of Bonds outstanding on the Closing Date, plus (ii) interest thereon computed as set forth in the Letter of Credit at the Cap Interest Rate for a period of forty-four (44) days.

*Section 2.2. Letter of Credit Drawings.* The Trustee is authorized to make drawings under the Letter of Credit in accordance with the terms thereof. The Applicant hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Applicant hereby irrevocably approves reductions and reinstatements of the Available Amount as provided in the Letter of Credit.

*Section 2.3. Reimbursement of Drawings Under the Letter of Credit.* The Applicant agrees to reimburse the Bank for the full amount of all drawings made under the Letter of Credit in accordance with the provisions of the Credit Agreement.

*Section 2.4. Fees.* The Applicant hereby agrees to pay, or cause to be paid to the Bank:

- (a) on the Closing Date, an issuance fee of \$500;
- (b) on the date of each drawing made under the Letter of Credit, a drawing fee in the amount of \$250;
- (c) on the date of any extension or amendment of the Letter of Credit, an extension or amendment fee in the amount of \$250;
- (d) on the date of any transfer of the Letter of Credit, a transfer fee in the amount of \$1,000; and
- (e) all fees related to the Letter of Credit that are required by Section 2.12(b) of the Credit Agreement.

*Section 2.5. Method and Time of Payment; Etc.* All payments to be made by the Applicant under this Agreement shall be made in accordance with the provisions of the Credit Agreement.

*Section 2.6. Computation of Interest.* All computations of interest (including default interest) payable by the Applicant under this Agreement shall be made in accordance with the provisions of the Credit Agreement.

*Section 2.7. Extension of Stated Expiration Date.* At any time there shall remain no less than ninety (90) days to the then current Stated Expiration Date of the Letter of Credit, the Applicant may request the Bank to extend the then current Stated Expiration Date for a period of one year. If the Bank, in its sole discretion, elects to extend the Stated Expiration Date then in effect, the Bank shall give written notice of such election to extend to the Applicant and the Trustee within thirty (30) days of receipt of such extension request from the Applicant, it being understood and agreed that the failure of the Bank to notify the Applicant and the Trustee of any decision within such 30-day period shall be deemed to be a rejection of such request and the Bank shall not incur any liability or responsibility whatsoever by reason of the Bank's failure to notify such parties within such 30-day period. The Bank's consent to any such extension of the stated expiration date shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank and its counsel. Any date to which the Stated Expiration Date has been extended in accordance with this Section 2.7 may be extended in like manner.

*Section 2.8. Amendments upon Extension.* Upon any extension of the Stated Expiration Date pursuant to Section 2.7 of this Agreement, the Bank and the Applicant each reserves the right to renegotiate any provision hereof.

*Section 2.9. Electronic Transmissions.* The Bank is authorized to accept and process any amendments, transfers, assignments of proceeds, Instructions, consents, waivers and all documents relating to the Letter of Credit which are sent to Bank by electronic transmission, including SWIFT, electronic mail, telex, telecopy, telefax, courier, mail or other computer generated telecommunications and such electronic communication shall have the same legal effect as if written and shall be binding upon and enforceable against the Applicant. The Bank may, but shall not be obligated to, require authentication of such electronic transmission or that the Bank receives original documents prior to acting on such electronic transmission.

*Section 2.10. Substitute Credit Facility.* Any substitution for or replacement of the Letter of Credit by a Substitute Credit Facility (as defined in the Indenture) shall be effectuated by the Applicant in accordance with the applicable provisions of the Lease, the Indenture and the Letter of Credit, and, without limitation to the foregoing, the Applicant shall provide to the Bank all notices required or contemplated to be given by the Applicant to the Bank under the terms of the Lease, the Indenture or the Letter of Credit with respect to such a replacement or substitution.

**ARTICLE THREE**

**CONDITIONS PRECEDENT**

*Section 3.1. Conditions Precedent to Issuance of Letter of Credit.* The obligation of the Bank to issue the Letter of Credit is subject to the satisfaction of all of the following conditions precedent on or prior to the Closing Date:

- (a) the Bank (or its counsel) shall have received this Agreement, executed and delivered by a duly authorized officer of the Applicant and by the Bank;
- (b) the representations and warranties of the Applicant and MLP set forth in the Credit Agreement shall be true and correct on and as of the Closing Date (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date);
- (c) at the time of and immediately after giving effect to the issuance of the Letter of Credit, no Default (as defined in the Credit Agreement) shall have occurred and be continuing;
- (d) the Bank (or its counsel) shall have received a certificate of the secretary or an assistant secretary of the Applicant certifying the names and true signatures of the officers of the Applicant authorized to sign this Agreement;
- (e) the Bank (or its counsel) shall have received a certificate of an officer of the Applicant certifying that the conditions precedent set forth in clauses (b) and (c) above have been satisfied;
- (f) the Bank (or its counsel) shall have received evidence of filing or simultaneous filing of completed Uniform Commercial Code financing statements from the Applicant, in such forms and places as the Bank shall reasonably require; and
- (g) the form of the Letter of Credit attached as Appendix I to this Agreement shall be in form and substance satisfactory to the Bank.

**ARTICLE FOUR**

**REPRESENTATIONS AND WARRANTIES**

In order to induce the Bank to enter into this Agreement, the Applicant hereby makes to the Bank the same representations and warranties as are set forth by it in the Credit Agreement, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its

entirety and were made as of the date hereof (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date).

## **ARTICLE FIVE**

### **COVENANTS**

The Applicant will do the following so long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

*Section 5.1. Credit Agreement Covenants.* The Applicant will comply with the covenants set forth in the Credit Agreement in accordance with the terms thereof. Such covenants, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Bank with the same effect as if each and every such covenant and defined term were set forth herein in its entirety and were made as of the date hereof.

*Section 5.2. Amendments to Bond Documents.* The Applicant will not amend or consent to any amendment of any Bond Document without the prior written consent of the Bank.

*Section 5.3. Remarketing.* (a) The Applicant will cause the Remarketing Agent to use its best efforts to remarket all Bonds up to the Maximum Rate (as defined in the Indenture) that are tendered for purchase and will not direct the Remarketing Agent to cease its attempts to remarket Bonds tendered for purchase for any reason (including without limitation that any interest rate charged hereunder may be less than the interest rate that would be required to be paid to any potential purchaser of such Bonds in order that the Bonds may be sold at a purchase price equal to the par value thereof plus accrued interest thereon).

(b) If the Applicant has failed to reimburse the Bank for a liquidity drawing and if the Remarketing Agent has failed to remarket Bonds for thirty (30) consecutive days, the Applicant will replace the Remarketing Agent upon the written direction of the Bank, with a successor Remarketing Agent acceptable to the Bank.

## **ARTICLE SIX**

### **DEFAULTS**

*Section 6.1. Events of Default and Remedies.* If any Event of Default (as defined in the Credit Agreement) shall occur, each such event shall be an "Event of Default" under this Agreement.

*Section 6.2. Remedies.* Upon the occurrence of any Event of Default, the Bank may pursue any rights and remedies that it may have under the Credit Agreement and the other

**ARTICLE SEVEN**

**MISCELLANEOUS**

*Section 7.1. No Deductions; Increased Costs.* The provisions of Section 2.15 and Section 2.17 of the Credit Agreement, as well as the related defined terms contained therein, are hereby incorporated herein by reference with the same effect as if such provisions and defined terms were set forth herein in their entirety.

*Section 7.2. Right of Setoff; Other Collateral.* (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to the Applicant (any such notice being expressly waived by the Applicant), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of the Applicant (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of the Applicant, whether or not the Bank shall have made any demand for any amount owing to the Bank by the Applicant.

(b) The rights of the Bank under this Section 7.2 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.2, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have.

*Section 7.3. Indemnity.* The Applicant shall indemnify and hold harmless the Bank, its parent, and correspondents and each of their respective directors, officers, employees and agents (each, including the Bank, an "Indemnified Person") from and against any and all claims, suits, judgments, costs, losses, fines, penalties, damages, liabilities, and expenses, including expert witness fees and legal fees, charges and disbursements of any counsel (including in-house counsel fees and allocated costs) for any Indemnified Person ("Costs"), arising out of, in connection with, or as a result of: (i) the Letter of Credit or any pre-advice of its issuance; (ii) any transfer, sale, delivery, surrender, or endorsement of any Drawing Document at any time(s) held by any Indemnified Person in connection with the Letter of Credit; (iii) any action or proceeding arising out of or in connection with the Letter of Credit, this Agreement or any Related Document (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under the Letter of Credit, or for the wrongful dishonor of or honoring a presentation under the Letter of Credit; (iv) any independent undertakings issued by the beneficiary of the Letter of Credit; (v) any unauthorized communication or instruction (whether oral, telephonic, written, telegraphic,

facsimile or electronic) (each an "Instruction") regarding the Letter of Credit or error in computer transmission; (vi) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated; (vii) any third party seeking to enforce the rights of an applicant, beneficiary, nominated person, transferee, assignee of proceeds of the Letter of Credit; (viii) the fraud, forgery or illegal action of parties other than the Indemnified Person; (ix) the enforcement of this Agreement or any rights or remedies under or in connection with this Agreement, a Related Document or the Letter of Credit; (x) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of such Indemnified Person; in each case, including that resulting from Bank's own gross negligence or willful misconduct, *provided, however*, that such indemnity shall not be available to any Person claiming indemnification under (i) through (x) above to the extent that such Costs are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from the gross negligence or willful misconduct of the Indemnified Person claiming indemnity. If and to the extent that the obligations of Applicant under this paragraph are unenforceable for any reason, Applicant shall make the maximum contribution to the Costs permissible under applicable law.

*Section 7.4. Obligations Absolute.* The obligations of the Applicant under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation: (i) any lack of validity, enforceability or legal effect of this Agreement or any Related Document, or any term or provision herein or therein; (ii) payment against presentation of any draft, demand or claim for payment under the Letter of Credit or other document presented for purposes of drawing under the Letter of Credit (a "Drawing Document") that does not comply in whole or in part with the terms of the Letter of Credit or which proves to be fraudulent, forged or invalid in any respect or any statement therein being untrue or inaccurate in any respect, or which is signed, issued or presented by a Person (or a transferee of such Person) purporting to be a successor or transferee of the beneficiary of the Letter of Credit; (iii) the Bank or any of its branches or affiliates being the beneficiary of the Letter of Credit; (iv) the Bank or any correspondent honoring a drawing against a Drawing Document up to the amount available under the Letter of Credit even if such Drawing Document claims an amount in excess of the amount available under the Letter of Credit; (v) the existence of any claim, set-off, defense or other right that the Applicant or any other Person may have at any time against any beneficiary, any assignee of proceeds, the Bank or any other Person; (vi) the Bank or any correspondent having previously paid against fraudulently signed or presented Drawing Documents (whether or not the Applicant shall have reimbursed the Bank for such drawing); and (vii) any other event, circumstance or conduct whatsoever, whether or not similar to any of the foregoing, that might, but for this paragraph, constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, the Applicant's obligations hereunder (whether against the Bank, the beneficiary or any other Person); *provided, however*, that subject to Section 7.5 hereof, the foregoing shall not exculpate the Bank from such liability to the Applicant as may be finally judicially determined in an independent action or proceeding brought by the Applicant against the Bank following payment of the Applicant's obligations under this Agreement.



*Section 7.5. Liability of the Bank.* (a) The liability of the Bank (or any other Indemnified Person) under, in connection with and/or arising out of this Agreement, any Related Document or the Letter of Credit (or any pre-advice), regardless of the form or legal grounds of the action or proceeding, shall be limited to any direct damages suffered by the Applicant that are caused directly by Bank's gross negligence or willful misconduct in (i) honoring a presentation that does not at least substantially comply with the Letter of Credit, (ii) failing to honor a presentation that strictly complies with the Letter of Credit or (iii) retaining Drawing Documents presented under the Letter of Credit. In no event shall the Bank be deemed to have failed to act with due diligence or reasonable care if the Bank's conduct is in accordance with Standard Letter of Credit Practice or in accordance with this Agreement. The Applicant's aggregate remedies against the Bank and any Indemnified Person for wrongfully honoring a presentation under the Letter of Credit or wrongfully retaining honored Drawing Documents shall in no event exceed the aggregate amount paid by the Applicant to the Bank in respect of an honored presentation under the Letter of Credit, plus interest. Notwithstanding anything to the contrary herein, the Bank and the other Indemnified Persons shall not, under any circumstances whatsoever, be liable for any punitive, consequential, indirect or special damages or losses regardless of whether the Bank or any Indemnified Person shall have been advised of the possibility thereof or of the form of action in which such damages or losses may be claimed. The Applicant shall take action to avoid and mitigate the amount of any damages claimed against the Bank or any Indemnified Person, including by enforcing its rights in the underlying transaction. Any claim by the Applicant for damages under or in connection with this Agreement, any Related Document or the Letter of Credit shall be reduced by an amount equal to the sum of (i) the amount saved by the Applicant as a result of the breach or alleged wrongful conduct and (ii) the amount of the loss that would have been avoided had the Applicant mitigated damages.

(b) Without limiting any other provision of this Agreement, the Bank and each other Indemnified Person (if applicable), shall not be responsible to the Applicant for, and the Bank's rights and remedies against the Applicant and the Applicant's obligation to reimburse the Bank shall not be impaired by: (i) honor of a presentation under the Letter of Credit which on its face substantially complies with the terms of the Letter of Credit; (ii) honor of a presentation of any Drawing Documents which appear on their face to have been signed, presented or issued (X) by any purported successor or transferee of any beneficiary or other party required to sign, present or issue the Drawing Documents or (Y) under a new name of the beneficiary; (iii) acceptance as a draft of any written or electronic demand or request for payment under the Letter of Credit, even if nonnegotiable or not in the form of a draft, and may disregard any requirement that such draft, demand or request bear any or adequate reference to the Letter of Credit; (iv) the identity or authority of any presenter or signer of any Drawing Document or the form, accuracy, genuineness, or legal effect of any presentation under the Letter of Credit or of any Drawing Documents; (v) disregard of any non-documentary conditions stated in the Letter of Credit; (vi) acting upon any Instruction which it believes to have been given by a Person or entity authorized to give such Instruction; (vii) any errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document (regardless of how sent or transmitted) or for errors in interpretation of technical terms or in translation; (viii) any delay in

giving or failing to give any notice; (ix) any acts, omissions or fraud by, or the solvency of, any beneficiary, any nominated Person or any other Person; (x) any breach of contract between the beneficiary and the Applicant or any of the parties to the underlying transaction; (xi) assertion or waiver of any provision of the ISP which primarily benefits an issuer of a letter of credit, including, any requirement that any Drawing Document be presented to it at a particular hour or place; (xii) payment to any paying or negotiating bank (designated or permitted by the terms of the Letter of Credit) claiming that it rightfully honored or is entitled to reimbursement or indemnity under Standard Letter of Credit Practice; (xiii) dishonor of any presentation upon or during any Event of Default or for which the Applicant is unable or unwilling to reimburse or indemnify the Bank (*provided* that the Applicant acknowledges that if the Bank shall later be required to honor the presentation, the Applicant shall be liable therefore in accordance with Article 2 hereof); and (xiv) acting or failing to act as required or permitted under Standard Letter of Credit Practice. For purposes of this Section 7.5(b), "Good Faith" means honesty in fact in the conduct of the transaction concerned.

(c) The Applicant shall notify the Bank of (i) any noncompliance with any Instruction, any other irregularity with respect to the text of the Letter of Credit or any amendment thereto or any claim of an unauthorized, fraudulent or otherwise improper Instruction, within three (3) Business Days of the Applicant's receipt of a copy of the Letter of Credit or amendment and (ii) any objection the Applicant may have to the Bank's honor or dishonor of any presentation under the Letter of Credit or any other action or inaction taken or proposed to be taken by the Bank under or in connection with this Agreement or the Letter of Credit, within ten (10) Business Days after the Applicant receives notice of the objectionable action or inaction. The failure to so notify the Bank within said times shall discharge the Bank from any loss or liability that the Bank could have avoided or mitigated had it received such notice, to the extent that the Bank could be held liable for damages hereunder; *provided*, that, if the Applicant shall not provide such notice to the Bank within three (3) Business Days of the date of receipt in the case of clause (i) or ten (10) Business Days from the date of receipt in the case of clause (ii), Bank shall have no liability whatsoever for such noncompliance, irregularity, action or inaction and the Applicant shall be precluded from raising such noncompliance, irregularity or objection as a defense or claim against Bank.

*Section 7.6. Survival of this Agreement.* All covenants, agreements, representations and warranties made in this Agreement shall survive the issuance by the Bank of the Letter of Credit and shall continue in full force and effect so long as the Letter of Credit shall be unexpired or any Obligations shall be outstanding and unpaid. The obligation of the Applicant to reimburse the Bank pursuant to Sections 7.1, 7.3 and 7.13 hereof shall survive the payment of the Bonds and termination of this Agreement.

*Section 7.7. Modification of this Agreement.* No amendment, modification or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the Bank and the Applicant and no amendment, modification or waiver of any provision of the Letter of Credit, and no consent to any departure by the Applicant therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank. Any such waiver

or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Applicant in any case shall entitle the Applicant to any other or further notice or demand in the same, similar or other circumstances.

*Section 7.8. Waiver of Rights by the Bank.* No course of dealing or failure or delay on the part of the Bank in exercising any right, power or privilege hereunder or under the Letter of Credit or this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right or privilege. The rights of the Bank under the Letter of Credit and the rights of the Bank under this Agreement are cumulative and not exclusive of any rights or remedies that the Bank would otherwise have.

*Section 7.9. Severability.* In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

*Section 7.10. Governing Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to conflict of law principles.

*Section 7.11. Notices.* All notices hereunder shall be given by United States certified or registered mail or by telecommunication device capable of creating written record of such notice and its receipt. Notices hereunder shall be effective when received and shall be addressed:

If to the Bank, to:

Wells Fargo Bank, National Association  
1000 Louisiana Street, 9th Floor  
Houston, Texas 77022  
Facsimile: (713) 739-1087  
Telephone: (713) 319-1672  
Attention: Christina Faith

With a copy to the Bank, Standby Letter of Credit Unit:

Wells Fargo Bank, National Association  
401 Linden Street  
MAC: 04004-017  
Winston-Salem, North Carolina 27101  
Facsimile: (336) 735-0952  
Telephone: (336) 735-3208  
Attention: Standby Letter of Credit Department

If to the Applicant, to:

NuStar Logistics, L.P.  
2330 N. Loop 1604 West  
San Antonio, TX 78248  
Facsimile: (210) 918-5055  
Telephone: (210) 918-2966  
Attention: Senior Vice President, Chief Financial  
Officer and Treasurer

If to the Trustee, to:

U.S. Bank National Association, Trustee  
1349 West Peachtree, NW  
Two Midtown Plaza, Suite 1050  
Atlanta, GA 30309  
Facsimile: (404) 365-7946  
Telephone: (404) 898-8828  
Attention: U.S. Bank Corporate Trust Services  
Felicia H. Powell  
Assistant Vice President

*Section 7.12. Successors and Assigns.* Whenever in this Agreement the Bank is referred to, such reference shall be deemed to include the successors and assigns of the Bank and all covenants, promises and agreements by or on behalf of the Applicant which are contained in this Agreement shall inure to the benefit of such successors and assigns. The rights and duties of the Applicant hereunder, however, may not be assigned or transferred, except as specifically provided in this Agreement or with the prior written consent of the Bank, and all obligations of the Applicant hereunder shall continue in full force and effect notwithstanding any assignment by the Applicant of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Applicant to, any supplement or amendment to any of the Related Documents.

*Section 7.13. Expenses.* The Applicant shall reimburse the Bank for any and all out of pocket expenses and charges paid or incurred by the Bank in connection with the preparation, execution, delivery, administration and enforcement of this Agreement and any amendment to this Agreement or the Letter of Credit, including reasonable fees and disbursements of counsel to the Bank.

*Section 7.14. Headings.* The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

*Section 7.15. Counterparts.* This Agreement may be executed in counterparts, each of which shall constitute an original but all taken together to constitute one instrument. A facsimile

or .pdf copy of a counterpart signature page shall serve as the functional equivalent of a manually executed copy for all purposes.

*Section 7.16. Entire Agreement.* This Agreement constitutes the entire understanding of the parties with respect to the subject matter thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

*Section 7.17. Government Regulations.* The Applicant shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Applicant is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the Applicant or from otherwise conducting business with the Applicant and (b) ensure that the Bond proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the Applicant shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended. The Applicant agrees to provide documentary and other evidence of the Applicant’s identity as may be requested by the Bank at any time to enable the Bank to verify the Applicant’s identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

*Section 7.18. Submission to Jurisdiction; Waiver of Jury Trial.* The Applicant hereby submits to the nonexclusive jurisdiction of any state or federal court located in the Borough of Manhattan, City of New York, State of New York for purposes of all legal proceedings arising out of or relating to this Agreement, the other Related Documents or the transactions contemplated hereby or thereby. The Applicant irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. The Applicant and the Bank each hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to any Related Document or the transactions contemplated thereby.

*Section 7.19. Credit Agreement.* Notwithstanding anything to the contrary set forth herein, (a) in the event of a conflict between the provisions of this Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall control, and (b) the provisions of this Agreement shall not limit the obligations of the Applicant or the rights of the Bank, the Administrative Agent (as defined in the Credit Agreement) or the Lenders (as defined in the Credit Agreement) under the Credit Agreement. This Agreement constitutes a “Loan Document” under the Credit Agreement.

*Section 7.20. Grant of Security Interest in Pledged Bonds.* The Applicant hereby pledges to the Bank as Credit Provider (as defined in the Indenture) under the Credit Agreement for the benefit of the Lenders (as defined in the Credit Agreement), and grants to the Bank as Credit

Provider, a security interest in all of the Applicant's right, title and interest in and to each Bond from time to time purchased with moneys described in Section 4.03(b) of the Indenture (including any "security entitlement" (as defined in Article 8 of the Uniform Commercial Code as in effect in the State of New York) or beneficial interest in such Bond), and all proceeds of the foregoing, to secure all amounts now or in the future owing by the Applicant to the Bank in respect of drawings under the Letter of Credit now or hereafter honored by the Bank, and such Bonds shall constitute "Pledged Bonds" under the Indenture. Upon (a) the remarketing of any Pledged Bonds, (b) the receipt by the Trustee of the proceeds of such remarketing, and (c) the delivery by the Trustee to the Bank of a Reinstatement Certificate in the form of Annex L to the Letter of Credit with respect to such remarketing, Pledged Bonds in an aggregate principal amount equal to the lesser of the following shall automatically be released from the foregoing pledge and security interest: (i) the amount shown in paragraph 3 of such Reinstatement Certificate as representing principal being held in the Remarketing Account of the Bond Fund, and (ii) the amount shown in paragraph 2 of such Reinstatement Certificate as representing principal of the "Original Purchase Price" (as defined in such Reinstatement Certificate). At such time as the Applicant reimburses the Bank under the Reimbursement Agreement for the full amount of drawings under the Letter of Credit honored by the Bank to purchase Pledged Bonds, together with all accrued interest thereon payable in accordance with the Reimbursement Agreement, the Bank, at the cost and expense of the Applicant, shall provide such instructions to the Trustee and take such steps as may be reasonably requested by the Applicant to cause such Pledged Bonds to be transferred to the Applicant, whether through registration by the Trustee in the name of the Applicant or through the Book-Entry System; *provided, however*, notwithstanding any reimbursement by the Applicant to the Bank or any such transfer of such Bonds to the Applicant, such Bonds shall at all times remain Pledged Bonds until their release from the pledge and security interest hereunder in accordance with the preceding sentence.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have executed this Application for Letter of Credit and Reimbursement Agreement as of the date first set forth above.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/ Leanne S. Phillips

Signature Page to  
Application for Letter of Credit and Reimbursement Agreement

NUSTAR LOGISTICS, L.P.

By: NuStar GP, Inc., its general partner

By /s/ Steven A. Blank

Steven A. Blank

Senior Vice President, Chief Financial  
Officer and Treasurer

Signature Page to  
Application for Letter of Credit and Reimbursement Agreement



U.S. BANK NATIONAL ASSOCIATION, as Trustee, is executing this Application for Letter of Credit and Reimbursement Agreement below, for the purpose of acknowledging the provisions of Section 7.20 hereof:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By /s/ Felicia H. Powell

Name: Felicia H. Powell

Title: Assistant Vice President

Signature Page to  
Application for Letter of Credit and Reimbursement Agreement

---

**APPENDIX I**

**IRREVOCABLE TRANSFERABLE LETTER OF CREDIT**

[See attached.]