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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number 1-16417

NUSTAR ENERGY L.P.
(Exact name of registrant as specified in its charter)

Delaware	**74-2956831**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
19003 IH-10 West **San Antonio, Texas**	**78257**
(Address of principal executive offices)	**(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule12b-2 of the Exchange Act:

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of common units outstanding as of July 31, 2016 was 77,886,442.

NUSTAR ENERGY L.P.
FORM 10-Q

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars, Except Unit Data)

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 103,019	$ 118,862
Accounts receivable, net of allowance for doubtful accounts of $7,826 and $8,473 as of June 30, 2016 and December 31, 2015, respectively	145,340	145,064
Receivable from related party	186	—
Inventories	38,700	38,749
Other current assets	25,913	31,176
Total current assets	313,158	333,851
Property, plant and equipment, at cost	5,294,602	5,209,160
Accumulated depreciation and amortization	(1,620,230)	(1,525,589)
Property, plant and equipment, net	3,674,372	3,683,571
Intangible assets, net	105,091	112,011
Goodwill	696,637	696,637
Deferred income tax asset	2,193	2,858
Other long-term assets, net	263,768	296,597
Total assets	$ 5,055,219	$ 5,125,525
Liabilities and Partners' Equity		
Current liabilities:		
Accounts payable	$ 96,807	$ 125,147
Payable to related party	—	14,799
Short-term debt	—	84,000
Accrued interest payable	33,893	34,286
Accrued liabilities	47,777	55,194
Taxes other than income tax	12,613	12,810
Income tax payable	3,186	5,977
Total current liabilities	194,276	332,213
Long-term debt	3,205,693	3,055,612
Long-term payable to related party	—	32,080
Deferred income tax liability	26,485	24,810
Other long-term liabilities	138,870	70,966
Commitments and contingencies (Note 4)		
Partners' equity:		
Limited partners (77,886,316 and 77,886,078 common units outstanding as of June 30, 2016 and December 31, 2015, respectively)	1,582,224	1,661,900
General partner	34,582	36,738
Accumulated other comprehensive loss	(126,911)	(88,794)
Total partners' equity	1,489,895	1,609,844
Total liabilities and partners' equity	$ 5,055,219	$ 5,125,525

See Condensed Notes to Consolidated Financial Statements.

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Service revenues	$ 270,403	$ 274,581	$ 536,969	$ 544,554
Product sales	167,401	296,030	306,538	581,001
Total revenues	437,804	570,611	843,507	1,125,555
Costs and expenses:				
Cost of product sales	157,617	281,610	286,607	544,116
Operating expenses:				
Third parties	112,662	82,568	196,202	166,928
Related party	—	34,570	21,681	65,857
Total operating expenses	112,662	117,138	217,883	232,785
General and administrative expenses:				
Third parties	22,657	8,986	35,949	16,653
Related party	—	17,707	10,493	35,093
Total general and administrative expenses	22,657	26,693	46,442	51,746
Depreciation and amortization expense	53,651	52,765	106,793	105,222
Total costs and expenses	346,587	478,206	657,725	933,869
Operating income	91,217	92,405	185,782	191,686
Interest expense, net	(34,229)	(32,824)	(68,352)	(64,861)
Other (expense) income, net	(201)	(2,152)	(372)	60,116
Income from continuing operations before income tax expense	56,787	57,429	117,058	186,941
Income tax expense	4,270	3,104	7,140	5,491
Income from continuing operations	52,517	54,325	109,918	181,450
Income from discontinued operations, net of tax	—	—	—	774
Net income	$ 52,517	$ 54,325	$ 109,918	$ 182,224
Basic and diluted net income per unit applicable to limited partners:				
Continuing operations	$ 0.52	$ 0.54	$ 1.09	$ 2.00
Discontinued operations	—	—	—	0.01
Total (Note 11)	$ 0.52	$ 0.54	$ 1.09	$ 2.01
Basic weighted-average limited partner units outstanding	77,886,219	77,886,078	77,886,148	77,886,078
Diluted weighted-average limited partner units outstanding	77,939,279	77,886,078	77,943,702	77,886,078
Comprehensive income	$ 29,178	$ 85,167	$ 71,801	$ 192,965

See Condensed Notes to Consolidated Financial Statements.

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, Thousands of Dollars)

	Six Months Ended June 30,	
	2016	**2015**
Cash Flows from Operating Activities:		
Net income	$ 109,918	$ 182,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	106,793	105,222
Unit-based compensation expense	2,869	—
Amortization of debt related items	3,965	4,485
Gain from sale or disposition of assets	(2)	(165)
Gain associated with the Linden Acquisition	—	(56,277)
Deferred income tax expense	2,562	368
Distributions of equity in earnings of joint venture	—	2,500
Changes in current assets and current liabilities (Note 12)	(15,274)	(8,502)
Other, net	4,202	7,332
Net cash provided by operating activities	215,033	237,187
Cash Flows from Investing Activities:		
Capital expenditures	(95,361)	(153,621)
Change in accounts payable related to capital expenditures	(12,674)	(7,954)
Acquisitions	—	(142,500)
Investment in other long-term assets	—	(3,444)
Proceeds from sale or disposition of assets	—	1,307
Net cash used in investing activities	(108,035)	(306,212)
Cash Flows from Financing Activities:		
Proceeds from long-term debt borrowings	348,904	609,735
Proceeds from short-term debt borrowings	279,000	432,000
Long-term debt repayments	(184,192)	(270,292)
Short-term debt repayments	(363,000)	(463,000)
Distributions to unitholders and general partner	(196,102)	(196,102)
Decrease in cash book overdrafts	(11,166)	(13,695)
Other, net	(674)	(565)
Net cash (used in) provided by financing activities	(127,230)	98,081
Effect of foreign exchange rate changes on cash	4,389	(5,331)
Net (decrease) increase in cash and cash equivalents	(15,843)	23,725
Cash and cash equivalents as of the beginning of the period	118,862	87,912
Cash and cash equivalents as of the end of the period	$ 103,019	$ 111,637

See Condensed Notes to Consolidated Financial Statements.

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization and Operations
NuStar Energy L.P. (NYSE: NS) is a publicly held Delaware limited partnership engaged in the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. Unless otherwise indicated, the terms “NuStar Energy,” “NS,” “the Partnership,” “we,” “our” and “us” are used in this report to refer to NuStar Energy L.P., to one or more of our consolidated subsidiaries or to all of them taken as a whole. NuStar GP Holdings, LLC (NuStar GP Holdings or NSH) (NYSE: NSH) owns our general partner, Riverwalk Logistics, L.P., and owns an approximate 15% total interest in us as of June 30, 2016.

We conduct our operations through our subsidiaries, primarily NuStar Logistics, L.P. (NuStar Logistics) and NuStar Pipeline Operating Partnership L.P. (NuPOP). We have three business segments: pipeline, storage and fuels marketing.

Recent Developments
Employee Transfer from NuStar GP, LLC. On March 1, 2016, NuStar GP, LLC, the general partner of our general partner and a wholly owned subsidiary of NuStar GP Holdings, transferred and assigned to NuStar Services Company LLC (NuStar Services Co), a wholly owned subsidiary of NuStar Energy, all of NuStar GP, LLC’s employees and related benefit plans, programs, contracts and policies (the Employee Transfer). As a result of the Employee Transfer, we pay employee costs directly and sponsor the long-term incentive plan and other employee benefit plans. Please refer to Note 7 for a discussion of this transfer and our related party agreements, Note 8 for a discussion of our employee benefit plans and Note 9 for a discussion of our long-term incentive plan.

Linden Acquisition. On January 2, 2015, we acquired full ownership of ST Linden Terminal, LLC (Linden), which owns a refined products terminal in Linden, NJ with 4.3 million barrels of storage capacity (the Linden Acquisition). Prior to the Linden Acquisition, Linden operated as a joint venture between us and Linden Holding Corp., with each party owning 50%. On the acquisition date, we remeasured our existing 50% equity investment in Linden to its fair value of $128.0 million and we recognized a gain of $56.3 million in “Other (expense) income, net” in the condensed consolidated statements of comprehensive income for the six months ended June 30, 2015.

Basis of Presentation
These unaudited condensed consolidated financial statements include the accounts of the Partnership and subsidiaries in which the Partnership has a controlling interest. Inter-partnership balances and transactions have been eliminated in consolidation. We account for investment in joint ventures using the equity method of accounting.

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included, and all disclosures are adequate. All such adjustments are of a normal recurring nature unless disclosed otherwise. Financial information for the three and six months ended June 30, 2016 and 2015 included in these Condensed Notes to Consolidated Financial Statements is derived from our unaudited condensed consolidated financial statements. Operating results for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. The consolidated balance sheet as of December 31, 2015 has been derived from the audited consolidated financial statements as of that date. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Certain previously reported amounts in the 2015 consolidated financial statements and condensed notes have been reclassified to conform to 2016 presentation.

2. NEW ACCOUNTING PRONOUNCEMENTS

Credit Losses
In June 2016, the Financial Accounting Standards Board (FASB) issued amended guidance that requires the use of a “current expected loss” model for financial assets measured at amortized cost and certain off-balance sheet credit exposures. Under this model, entities will be required to estimate the lifetime expected credit losses on such instruments based on historical experience, current conditions, and reasonable and supportable forecasts. This amended guidance also expands the disclosure requirements to enable users of financial statements to understand an entity’s assumptions, models and methods for estimating expected credit losses. The changes are effective for annual and interim periods beginning after December 15, 2019, and amendments should be applied using a modified retrospective approach. We are currently assessing the impact of this amended guidance on our financial position, results of operations and disclosures.

Unit-Based Payments
In March 2016, the FASB issued amended guidance that simplifies certain aspects of accounting for unit-based payments to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The changes are effective for annual and interim periods beginning after December 15, 2016, and early adoption is permitted. Prior to the Employee Transfer discussed in Note 1 above, we did not sponsor a unit-based compensation plan. Upon completion of the Employee Transfer, we adopted this amended guidance effective January 1, 2016 on a prospective basis, which did not have a material impact on our financial position, results of operations or disclosures. Please refer to Note 9 for a discussion of our long-term incentive plan.

Leases
In February 2016, the FASB issued amended guidance that requires lessees to recognize the assets and liabilities that arise from most leases on the balance sheet. For lessors, this amended guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The changes are effective for annual and interim periods beginning after December 15, 2018, and amendments should be applied using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, with the option to use certain expedients. We are currently assessing the impact of this amended guidance on our financial position, results of operations and disclosures.

Financial Instruments
In January 2016, the FASB issued new guidance that addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The changes are effective for annual and interim periods beginning after December 15, 2017, and amendments should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We will adopt these provisions January 1, 2018, and we do not expect the guidance to have a material impact on our financial position, results of operations or disclosures.

Inventory
In July 2015, the FASB issued amended guidance that requires inventory to be measured at the lower of cost or net realizable value. The changes are effective for annual and interim periods beginning after December 15, 2016, and must be applied prospectively after the date of adoption. We will adopt these provisions January 1, 2017, and we do not expect the amended guidance to have a material impact on our financial position, results of operations or disclosures.

Debt Issuance Costs
In April 2015, the FASB issued amended guidance for the presentation of debt issuance costs. Under the amended guidance, debt issuance costs will be presented on the balance sheet as a deduction from the carrying value of the associated debt liability. In August 2015, the FASB issued amended guidance that would allow debt issuance costs related to line-of-credit agreements to continue to be presented as an asset on the balance sheet. The changes are effective for annual and interim periods beginning after December 15, 2015, and retrospective application is required. On January 1, 2016, we retrospectively adopted this guidance. As a result, we reclassified $23.7 million of deferred debt issuance costs from “Other long-term assets, net” to “Long-term debt” on the consolidated balance sheet as of December 31, 2015.

Revenue Recognition
In May 2014, the FASB and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard. In August 2015, the FASB deferred the effective date by one year. The standard is now effective for public entities for annual and interim periods beginning after December 15, 2017, using one of two retrospective transition methods. Early adoption is permitted, but not before the original effective date. The FASB has subsequently issued several updates that

amend and/or clarify the new revenue recognition standard. We are currently assessing the impact of this new guidance on our financial position, results of operations and disclosures, and we have not yet selected a transition method.

3. DEBT

Revolving Credit Agreement
During the six months ended June 30, 2016, the balance under our $1.5 billion five-year revolving credit agreement (the Revolving Credit Agreement) increased by $148.1 million, which we used for general partnership purposes and to fund our capital expenditures. The Revolving Credit Agreement matures on October 29, 2019 and bears interest, at our option, based on an alternative base rate, a LIBOR-based rate or a EURIBOR-based rate. The interest rate on the Revolving Credit Agreement is subject to adjustment if our debt rating is downgraded (or upgraded) by certain credit rating agencies. As of June 30, 2016, our weighted-average interest rate related to borrowings under the Revolving Credit Agreement was 2.2%, and we had $1,030.8 million outstanding.

As of June 30, 2016, our consolidated debt coverage ratio (as defined in the Revolving Credit Agreement) could not exceed 5.00-to-1.00. The requirement not to exceed a maximum consolidated debt coverage ratio may limit the amount we can borrow under the Revolving Credit Agreement to an amount less than the total amount available for borrowing. As of June 30, 2016, letters of credit issued under the Revolving Credit Agreement totaled $16.5 million, and we had $452.7 million available for borrowing. Our management believes that we are in compliance with the covenants in the Revolving Credit Agreement as of June 30, 2016.

Gulf Opportunity Zone Revenue Bonds
In 2008, 2010 and 2011, the Parish of St. James, Louisiana issued, pursuant to the Gulf Opportunity Zone Act of 2005, an aggregate $365.4 million of tax-exempt revenue bonds (the GoZone Bonds) associated with our St. James, Louisiana terminal expansions. The GoZone Bonds bear interest based on a weekly tax-exempt bond market interest rate, and interest is paid monthly. The weighted-average interest rate was 0.4% as of June 30, 2016. Following the issuances, the proceeds were deposited with a trustee and are disbursed to us upon our request for reimbursement of expenditures related to our St. James terminal expansions. We include the amount remaining in trust in “Other long-term assets, net,” and we include the amount of bonds issued in “Long-term debt” on the consolidated balance sheets. For the six months ended June 30, 2016 and 2015, the amount received from the trustee totaled $11.3 million and $7.7 million, respectively. As of June 30, 2016, the amount remaining in trust totaled $43.6 million.

Receivables Financing Agreement
NuStar Energy and NuStar Finance LLC (NuStar Finance), a special purpose entity and wholly owned subsidiary of NuStar Energy, are parties to a $125.0 million receivables financing agreement with third-party lenders (the Receivables Financing Agreement) and agreements with certain of NuStar Energy’s wholly owned subsidiaries (collectively with the Receivables Financing Agreement, the Securitization Program). NuStar Finance’s sole business consists of purchasing receivables from certain of NuStar Energy’s wholly owned subsidiaries and providing these receivables as collateral under the Securitization Program. NuStar Finance is a separate legal entity and the assets of NuStar Finance, including these accounts receivable, are not available to satisfy the claims of creditors of NuStar Energy, its subsidiaries selling receivables under the Securitization Program or their affiliates. The amount available for borrowing is based on the availability of eligible receivables and other customary factors and conditions.

Borrowings by NuStar Finance under the Receivables Financing Agreement bear interest at either the applicable commercial paper rate or the applicable bank rate, each as defined under the Receivables Financing Agreement. The Securitization Program has an initial termination date of June 15, 2018, with the option to renew for additional 364-day periods thereafter. As of June 30, 2016, $106.1 million of our accounts receivable are included in the Securitization Program. The amount of borrowings outstanding under the Receivables Financing Agreement totaled $56.7 million as of June 30, 2016, which is included in “Long-term debt” on the consolidated balance sheet.

4. COMMITMENTS AND CONTINGENCIES

Contingencies
We have contingent liabilities resulting from various litigation, claims and commitments. We record accruals for loss contingencies when losses are considered probable and can be reasonably estimated. Legal fees associated with defending the Partnership in legal matters are expensed as incurred. We have accrued $3.4 million and $4.8 million for contingent losses as of June 30, 2016 and December 31, 2015, respectively. The amount that will ultimately be paid may differ from the recorded

accruals, and the timing of such payments is uncertain. In addition, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

5. FAIR VALUE MEASUREMENTS

We segregate the inputs used in measuring fair value into three levels: Level 1, defined as observable inputs such as quoted prices for identical assets or liabilities in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets that are not active; and Level 3, defined as unobservable inputs for which little or no market data exists. We consider counterparty credit risk and our own credit risk in the determination of all estimated fair values.

Recurring Fair Value Measurements

The following assets and liabilities are measured at fair value on a recurring basis:

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Assets:				
Other current assets:				
Product imbalances	$ 142	$ —	$ —	$ 142
Commodity derivatives	—	224	—	224
Total	$ 142	$ 224	$ —	$ 366
Liabilities:				
Accrued liabilities:				
Product imbalances	$ (407)	$ —	$ —	$ (407)
Commodity derivatives	(4,860)	(238)	—	(5,098)
Other long-term liabilities:				
Guarantee liability	—	—	(1,805)	(1,805)
Interest rate swaps	—	(48,875)	—	(48,875)
Total	$ (5,267)	$ (49,113)	$ (1,805)	$ (56,185)

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Assets:				
Other current assets:				
Product imbalances	$ 179	$ —	$ —	$ 179
Commodity derivatives	11,325	77	—	11,402
Other long-term assets, net:				
Interest rate swaps	—	2,755	—	2,755
Total	$ 11,504	$ 2,832	$ —	$ 14,336
Liabilities:				
Accrued liabilities:				
Product imbalances	$ (419)	$ —	$ —	$ (419)
Commodity derivatives	—	(120)	—	(120)
Other long-term liabilities:				
Guarantee liability	—	—	(1,697)	(1,697)
Interest rate swaps	—	(1,452)	—	(1,452)
Total	$ (419)	$ (1,572)	$ (1,697)	$ (3,688)

Product Imbalances. Since we value our assets and liabilities related to product imbalances using quoted market prices in active markets as of the reporting date, we include these product imbalances in Level 1 of the fair value hierarchy.

Commodity Derivatives. We base the fair value of certain of our commodity derivative instruments on quoted prices on an exchange; accordingly, we include these items in Level 1 of the fair value hierarchy. We also have derivative instruments for which we determine fair value using industry pricing services and other observable inputs, such as quoted prices on an exchange for similar derivative instruments, and we include these derivative instruments in Level 2 of the fair value hierarchy. See Note 6 for a discussion of our derivative instruments.

Interest Rate Swaps. Because we estimate the fair value of our forward-starting interest rate swaps using discounted cash flows, which use observable inputs such as time to maturity and market interest rates, we include these interest rate swaps in Level 2 of the fair value hierarchy.

Guarantees. In 2014, we sold our remaining 50% ownership interest in NuStar Asphalt LLC, which then changed its name to Axeon Specialty Products LLC (Axeon). We provide credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million to Axeon. As of June 30, 2016, we have provided $25.5 million in letters of credit on behalf of Axeon. As of June 30, 2016 and December 31, 2015, we provided guarantees mainly for commodity purchases, lease obligations and certain utilities for Axeon with an aggregate maximum potential exposure of $76.5 million and $71.9 million, respectively, and one guarantee that does not specify a maximum amount as of June 30, 2016. As of December 31, 2015, we provided two guarantees that did not specify a maximum amount. A majority of these guarantees have no expiration date. We estimated the fair value considering the probability of default by Axeon and an estimate of the amount we would be obligated to pay under the guarantees at the time of default based on the guarantees outstanding as of June 30, 2016 and December 31, 2015. Our estimate of the fair value is based on significant inputs not observable in the market and thus falls within Level 3 of the fair value hierarchy.

The following table summarizes the activity in our Level 3 liabilities:

	Six Months Ended June 30, 2016
	(Thousands of Dollars)
Beginning balance	$ 1,697
Adjustments to guarantee liability	108
Ending balance	$ 1,805

Fair Value of Financial Instruments
We recognize cash equivalents, receivables, payables and debt in our consolidated balance sheets at their carrying amounts. The fair values of these financial instruments, except for a $190.0 million term loan to Axeon (the Axeon Term Loan) and long-term debt, approximate their carrying amounts.

The estimated fair values and carrying amounts of the long-term debt and the Axeon Term Loan were as follows:

	June 30, 2016		December 31, 2015	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	(Thousands of Dollars)			
Long-term debt	$ 3,204,542	$ 3,205,693	$ 2,929,438	$ 3,055,612
Axeon Term Loan	$ 174,397	$ 170,460	$ 172,123	$ 170,352

We estimated the fair value of our publicly traded senior notes based upon quoted prices in active markets; therefore, we determined that the fair value of our publicly traded senior notes falls in Level 1 of the fair value hierarchy. For our other debt, for which a quoted market price is not available, we estimated the fair value using a discounted cash flow analysis using current incremental borrowing rates for similar types of borrowing arrangements and determined that the fair value falls in Level 2 of the fair value hierarchy.

We estimated the fair value of the Axeon Term Loan using discounted cash flows, which use observable inputs such as time to maturity and market interest rates, and determined that the fair value falls in Level 2 of the fair value hierarchy. As of June 30, 2016, the carrying amount of the Axeon Term Loan is $170.5 million, consisting of the following: (i) the outstanding principal amount from the Axeon Term Loan of $190.0 million; (ii) plus the fair value of guarantees of $1.8 million as of June 30, 2016; (iii) less equity losses from our investment in Axeon of $21.3 million incurred prior to the 2014 sale of our remaining ownership interest in Axeon and after the carrying value of our equity investment in Axeon was reduced to zero. The carrying value of the Axeon Term Loan is included in “Other long-term assets, net” on the consolidated balance sheets. We review the financial information of Axeon monthly for possible credit loss indicators. In 2015 and 2014, Axeon failed to make two scheduled principal payments, which, under the provisions of the Axeon Term Loan, increases the interest rate payable by Axeon until Axeon makes those outstanding payments.

6. DERIVATIVES AND RISK MANAGEMENT ACTIVITIES

We utilize various derivative instruments to manage our exposure to interest rate risk and commodity price risk. Our risk management policies and procedures are designed to monitor interest rates, futures and swap positions and over-the-counter positions, as well as physical commodity volumes, grades, locations and delivery schedules, to help ensure that our hedging activities address our market risks.

Interest Rate Risk
We are a party to certain interest rate swap agreements to manage our exposure to changes in interest rates, which include forward-starting interest rate swap agreements related to forecasted debt issuances in 2018 and 2020. We entered into these swaps in order to hedge the risk of changes in the interest payments attributable to changes in the benchmark interest rate during the period from the effective date of the swap to the issuance of the forecasted debt. Under the terms of the swaps, we pay a fixed rate and receive a rate based on three-month USD LIBOR. These swaps qualified, and we designated them, as cash flow hedges. We record the effective portion of mark-to-market adjustments as a component of “Accumulated other comprehensive income (loss)” (AOCI), and the amount in AOCI will be recognized in “Interest expense, net” as the forecasted interest payments occur or if the interest payments are probable not to occur. As of June 30, 2016 and December 31, 2015, the aggregate notional amount of forward-starting interest rate swaps totaled $600.0 million.

Commodity Price Risk
We are exposed to market risks related to the volatility of crude oil and refined product prices. In order to reduce the risk of commodity price fluctuations with respect to our crude oil and finished product inventories and related firm commitments to purchase and/or sell such inventories, we utilize commodity futures and swap contracts, which qualify and we designate as fair value hedges. Derivatives that are intended to hedge our commodity price risk, but fail to qualify as fair value or cash flow hedges, are considered economic hedges, and we record associated gains and losses in net income. Our risk management committee oversees our trading controls and procedures and certain aspects of commodity and trading risk management. Our risk management committee also reviews all new commodity and trading risk management strategies in accordance with our risk management policy, as approved by our board of directors.

The volume of commodity contracts is based on open derivative positions and represents the combined volume of our long and short open positions on an absolute basis, which totaled 7.1 million barrels and 8.0 million barrels as of June 30, 2016 and December 31, 2015, respectively. As of June 30, 2016, we had $1.9 million of margin deposits; we had no margin deposits as of December 31, 2015. The fair values of our derivative instruments included in our consolidated balance sheets were as follows:

		Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
		(Thousands of Dollars)			
Derivatives Designated as Hedging Instruments:					
Commodity contracts	Other current assets	$ —	$ 1,937	$ —	$ (23)
Interest rate swaps	Other long-term assets, net	—	2,755	—	—
Commodity contracts	Accrued liabilities	333	—	(484)	—
Interest rate swaps	Other long-term liabilities	—	—	(48,875)	(1,452)
Total		333	4,692	(49,359)	(1,475)
Derivatives Not Designated as Hedging Instruments:					
Commodity contracts	Other current assets	224	34,016	—	(24,528)
Commodity contracts	Accrued liabilities	8,306	117	(13,253)	(237)
Total		8,530	34,133	(13,253)	(24,765)
Total Derivatives		$ 8,863	$ 38,825	$ (62,612)	$ (26,240)

Certain of our derivative instruments are eligible for offset in the consolidated balance sheets and subject to master netting arrangements. Under our master netting arrangements, there is a legally enforceable right to offset amounts, and we intend to settle such amounts on a net basis. The following are the net amounts presented on the consolidated balance sheets:

Commodity Contracts	June 30, 2016	December 31, 2015
	(Thousands of Dollars)	
Net amounts of assets presented in the consolidated balance sheets	$ 224	$ 11,402
Net amounts of liabilities presented in the consolidated balance sheets	$ (5,098)	$ (120)

We recognize the impact of our commodity contracts on earnings in “Cost of product sales” on the condensed consolidated statements of comprehensive income, and that impact was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars)			
Derivatives Designated as Fair Value Hedging Instruments:				
Loss recognized in income on derivative	$ (5,792)	$ (6,663)	$ (6,804)	$ (4,499)
Gain recognized in income on hedged item	6,938	8,407	9,804	6,731
Gain recognized in income for ineffective portion	1,146	1,744	3,000	2,232
Derivatives Not Designated as Hedging Instruments:				
Loss recognized in income on derivative	$ (724)	$ (339)	$ (4)	$ (9)

Our interest rate swaps had the following impact on earnings:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars)			
Derivatives Designated as Cash Flow Hedging Instruments:				
(Loss) gain recognized in other comprehensive income on derivative (effective portion)	$ (20,200)	$ 20,788	$ (50,178)	$ 18,753
Loss reclassified from AOCI into interest expense, net (effective portion)	$ (2,158)	$ (2,506)	$ (4,380)	$ (5,044)

As of June 30, 2016, we expect to reclassify a loss of $7.5 million to “Interest expense, net” within the next twelve months associated with unwound forward-starting interest rate swaps.

7. RELATED PARTY TRANSACTIONS

GP Services Agreement. Prior to the Employee Transfer, our operations were managed by NuStar GP, LLC under a services agreement effective January 1, 2008 pursuant to which employees of NuStar GP, LLC performed services for our U.S. operations. Employees of NuStar GP, LLC provided services to us and NuStar GP Holdings; therefore, we reimbursed NuStar GP, LLC for all employee costs incurred prior to the Employee Transfer, other than the expenses allocated to NuStar GP Holdings, as summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars)			
Operating expenses	$ —	$ 34,570	$ 21,681	$ 65,857
General and administrative expenses	$ —	$ 17,707	$ 10,493	$ 35,093

In conjunction with the Employee Transfer, we entered into an Amended and Restated Services Agreement with NuStar GP, LLC, effective March 1, 2016 (the Amended GP Services Agreement). The Amended GP Services Agreement provides that we will furnish administrative services necessary to conduct the business of NuStar GP Holdings. NuStar GP Holdings will compensate us for these services through an annual fee of $1.0 million, subject to adjustment based on the annual merit increase percentage applicable to our employees for the most recently completed fiscal year and for changes in level of service. The Amended GP Services Agreement will terminate on March 1, 2020 and will automatically renew for successive two-year terms, unless terminated by either party.

Assignment and Assumption Agreement. Also on March 1, 2016 and in connection with the Employee Transfer, we entered into an Assignment and Assumption Agreement with NuStar GP, LLC (the Assignment Agreement). Under the Assignment Agreement, NuStar GP, LLC assigned all of its employee benefit plans, programs, contracts, policies, and various of its other agreements and contracts with certain employees, affiliates and third-party service providers (collectively, the Assigned Programs) to NuStar Services Co. In addition, NuStar Services Co agreed to assume the sponsorship of and all obligations relating to the ongoing maintenance and administration of each of the plans and agreements in the Assigned Programs.

The following table summarizes the related party transactions and changes to amounts reported on our consolidated balance sheet as a result of the Employee Transfer on March 1, 2016 (thousands of dollars):

Decrease in related party payable:	
Current	$ 16,014
Long-term	32,656
Decrease in related party payable	$ 48,670
Changes to our consolidated balance sheet:	
Current and long-term assets	$ 2,154
Current liabilities	5,609
Other long-term liabilities	34,042
Limited partner’s equity	2,664
Accumulated other comprehensive loss	4,201
Changes to our consolidated balance sheet	$ 48,670

Balance Sheet Items. We had a receivable from related party of $0.2 million as of June 30, 2016, mainly comprised of service fees and expenses paid on behalf of NuStar GP Holdings. As of December 31, 2015, we had a payable to related party of $14.8 million, mainly comprised of payroll, employee benefit plan expenses and unit-based compensation prior to the Employee Transfer, and none as of June 30, 2016. We also had a long-term payable to related party as of December 31, 2015 of $32.1 million, representing long-term employee benefits prior to the Employee Transfer, and none as of June 30, 2016.

8. EMPLOYEE BENEFIT PLANS

Prior to the Employee Transfer, NuStar GP, LLC sponsored and maintained the defined benefit plans and defined contribution plans described below. Effective March 1, 2016, in connection with the Employee Transfer, we assumed sponsorship and responsibility for these defined benefit plans and defined contribution plans, which include both qualified and nonqualified plans. The Employee Transfer did not have an impact on the benefits received by our employees.

Defined Benefit Plans

NuStar Pension Plan. The NuStar Pension Plan (the Pension Plan) is a qualified non-contributory defined benefit pension plan that provides eligible U.S. employees with retirement income as calculated under a cash balance formula. Under the cash balance formula, benefits are based on age, service and interest credits, and employees become fully vested in their benefits upon attaining three years of vesting service.

NuStar Excess Pension Plan. The NuStar Excess Pension Plan (the Excess Pension Plan) is a nonqualified deferred compensation plan that provides benefits to a select group of management or other highly compensated employees. The Excess Pension Plan is not intended to constitute either a qualified plan under the provisions of Section 401 of the Internal Revenue Code of 1986, as amended (the Code), or a funded plan subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Pension Plan and Excess Pension Plan are collectively referred to as the Pension Plans.

Other Postretirement Benefits. We also sponsor a contributory medical benefits plan for U.S. employees that retired prior to April 1, 2014. For employees that retire on or after April 1, 2014, we provide partial reimbursement for eligible third-party health care premiums.

We estimate pension and other postretirement benefit obligations and costs from actuarial valuations. The actuarial valuations require the use of certain assumptions, including discount rates, expected long-term rates of return on plan assets and expected rates of compensation increase. The amortization of actuarial gains and losses reflects a corridor based on 10% of the greater of the projected benefit obligation or the market-related value of the pension plan assets.

The annual measurement date for our pension and other postretirement benefit plans is December 31, and we recognize the overfunded or underfunded status of our defined benefit pension or other postretirement benefit plans as an asset or a liability as of the balance sheet dates. We record changes in the funded status of our plans as a component of comprehensive income in the year the changes occur. The reconciliation of funded status for the Pension Plans and other postretirement benefit plans as of December 31, 2015 was as follows:

	Pension Plans	Other Postretirement Benefits
	(Thousands of Dollars)	
Fair value of plan assets	$ 87,706	$ —
Less: Benefit obligation	109,202	10,042
Funded status	$ (21,496)	$ (10,042)

On March 1, 2016, and in conjunction with the Employee Transfer, we assumed $22.5 million and $10.2 million in benefit obligations associated with the Pension Plans and other postretirement benefits, respectively. Prior to the Employee Transfer, we reimbursed all costs incurred by NuStar GP, LLC related to these employee benefit plans at cost. The following table summarizes the components of net periodic benefit costs for the Pension Plans and other postretirement benefits on a combined basis for periods prior to the Employee Transfer and after the Employee Transfer:

	Pension Plans		Other Postretirement Benefits	
	2016	2015	2016	2015
	(Thousands of Dollars)			
For the three months ended June 30:				
Service cost	$ 1,926	$ 1,919	$ 105	$ 118
Interest cost	1,006	1,097	100	111
Expected return on assets	(1,351)	(1,254)	—	—
Amortization of prior service credit	(516)	(515)	(286)	(286)
Amortization of net loss	273	461	45	67
Net periodic benefit cost (income)	$ 1,338	$ 1,708	$ (36)	$ 10
For the six months ended June 30:				
Service cost	$ 3,852	$ 3,838	$ 210	$ 236
Interest cost	2,012	2,194	200	223
Expected return on assets	(2,703)	(2,508)	—	—
Amortization of prior service credit	(1,033)	(1,031)	(572)	(572)
Amortization of net loss	546	922	90	134
Net periodic benefit cost (income)	$ 2,674	$ 3,415	$ (72)	$ 21

During 2016, we expect to contribute approximately $16.0 million to our pension and other postretirement benefit plans.

Defined Contribution Plans

NuStar Thrift Plan. The NuStar Thrift Plan (the Thrift Plan) is a qualified defined contribution plan and participation in the Thrift Plan is voluntary and open to substantially all our employees upon their date of hire. Thrift Plan participants can contribute from 1% up to 30% of their total annual compensation to the Thrift Plan in the form of pre-tax and/or after tax employee contributions. We make matching contributions in an amount equal to 100% of each participant's employee contributions up to a maximum of 6% of the participant's total annual compensation.

NuStar Excess Thrift Plan. The NuStar Excess Thrift Plan (the Excess Thrift Plan) is a nonqualified deferred compensation plan that provides benefits to those employees whose compensation and/or annual contributions under the Thrift Plan are subject to the limitations applicable to qualified retirement plans under the Code. The Excess Thrift Plan is not intended to constitute either a qualified plan under the provisions of Section 401 of the Code or a funded plan subject to ERISA.

We also sponsor several other defined contribution plans for certain international employees located in Canada, the Netherlands and the United Kingdom.

9. UNIT-BASED COMPENSATION

Overview

On January 28, 2016, our unitholders approved the Fifth Amended and Restated 2000 Long-Term Incentive Plan (the Amended 2000 LTIP) which, among other items, provides that we may use newly issued units from NuStar Energy to satisfy unit awards and extends the term of the Amended 2000 LTIP to January 28, 2026. Prior to the Employee Transfer, NuStar GP, LLC sponsored the Amended 2000 LTIP, and we reimbursed NuStar GP, LLC for awards under this plan. Upon the approval of the Amended 2000 LTIP, along with the Employee Transfer, most of our currently outstanding awards are now classified as equity-classified awards.

Effective March 1, 2016, we assumed sponsorship of the Amended 2000 LTIP, which provides the Compensation Committee of the Board of Directors of NuStar GP, LLC (the Compensation Committee) with the right to issue and award up to 3,250,000 of our common units to employees and non-employee directors. Awards available under the Amended 2000 LTIP include restricted units, performance units, unit options, unit awards and distribution equivalent rights (DER). The Compensation Committee may also include a tandem grant of a DER that will entitle the participant to receive cash equal to cash distributions made on any award prior to its vesting. As of March 1, 2016, common units that remained available to be awarded under the Amended 2000 LTIP totaled 1,200,261.

On March 1, 2016, we assumed all outstanding awards under the Amended 2000 LTIP, which represented 688,647 units. The transfer of the outstanding awards qualifies as a plan modification. Therefore, we measured the fair value of the outstanding awards based on the unit price on the transfer date.

Our significant unit-based compensation awards are discussed below.

Restricted Units

We account for restricted units expected to result in the issuance of our common units upon vesting as equity-classified awards. These restricted units are mainly granted to domestic employees and non-employee directors and represented 604,153 units on the Employee Transfer date. The outstanding restricted units granted to domestic employees generally vest over five years beginning one year after the grant date. The fair value of a restricted unit award for domestic employees is measured at the transfer date or grant date. Restricted units granted to non-employee directors generally vest over three years and the fair value of such award is measured at each reporting period. DERs paid with respect to outstanding, unvested restricted units reduce equity, similar to cash distributions to unitholders. We record compensation expense ratably over the vesting period based on the fair value of the units at the grant date (for domestic employees) or the fair value of the units measured at each reporting period (for non-employee directors).

The outstanding restricted units granted to international employees are cash-settled and accounted for as liability-classified awards. These restricted units represented 49,121 units on the Employee Transfer date and vest over three to five years. We record compensation expense over the requisite service or vesting period based on the fair value of the award measured at each reporting period. The liability for restricted units granted to international employees is included in “Accrued liabilities” on our consolidated balance sheets.

Performance Units

Performance units are issued to certain of our key employees and represent rights to receive our common units upon achieving an objective performance measure for the performance period. The objective performance measure is determined each year by the NuStar GP, LLC Compensation Committee for the following year. Our achievement of the performance measure determines the rate at which the performance units convert into our common units, which can range from zero to 200%.

The performance units represented 35,373 units on the Employee Transfer date. Performance units vest in three annual increments (tranches), based upon our achievement of the performance measure set by the Compensation Committee during the one-year performance periods that end on December 31 of each year following the date of grant. The performance units are not considered granted until the Compensation Committee has set the performance measure for each tranche of awards. Therefore, performance units are equity-classified awards measured at the grant date fair value. In addition, since the performance units granted do not receive DERs, the estimated fair value of these awards does not include the per unit distributions expected to be paid to unitholders during the vesting period. We record compensation expense ratably for each vesting tranche over its requisite service period (one year) if it is probable that the specified performance measure will be achieved. Additionally, changes in the actual or estimated outcomes that affect the quantity of performance units expected to be converted are recognized as a cumulative adjustment.

We include compensation expense for the outstanding restricted units and performance units in "General and administrative expenses" on the condensed consolidated statements of comprehensive income.

10. PARTNERS' EQUITY

The following table summarizes changes to our partners' equity (in thousands of dollars):

Balance as of January 1, 2016	$ 1,609,844
Net income	109,918
Unit-based compensation expense	4,352
Other comprehensive loss	(38,117)
Cash distributions to partners	(196,102)
Balance as of June 30, 2016	$ 1,489,895

Accumulated Other Comprehensive Income (Loss)
The balance of and changes in the components included in AOCI were as follows:

	Foreign Currency Translation	Cash Flow Hedges	Pension and Other Postretirement Benefits	Total
	(Thousands of Dollars)			
Balance as of January 1, 2016	$ (60,826)	$ (27,968)	$ —	$ (88,794)
Other comprehensive income (loss):				
Employee Transfer	—	—	4,201	4,201
Deferred income tax adjustments	—	—	2,414	2,414
Other comprehensive income (loss) before reclassification adjustments	1,711	(50,178)	—	(48,467)
Net gain on pension costs reclassified into operating expense	—	—	(479)	(479)
Net gain on pension costs reclassified into general and administrative expense	—	—	(166)	(166)
Net loss on cash flow hedges reclassified into interest expense, net	—	4,380	—	4,380
Other comprehensive income (loss)	1,711	(45,798)	5,970	(38,117)
Balance as of June 30, 2016	$ (59,115)	$ (73,766)	$ 5,970	$ (126,911)

Allocations of Net Income
General Partner. Our partnership agreement, as amended, sets forth the calculation to be used to determine the amount and priority of cash distributions that the limited partner unitholders and the general partner will receive. The partnership agreement also contains provisions for the allocation of net income and loss to the unitholders and the general partner. For purposes of maintaining partner capital accounts, the partnership agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interests. Normal allocations according to percentage interests are made after giving effect to priority income allocations, if any, in an amount equal to incentive cash distributions allocated 100% to the general partner.

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The following table details the calculation of net income applicable to the general partner:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars)			
Net income applicable to general partner and limited partners' interest	$ 52,517	$ 54,325	$ 109,918	$ 182,224
Less general partner incentive distribution	10,805	10,805	21,610	21,610
Net income after general partner incentive distribution	41,712	43,520	88,308	160,614
General partner interest	2%	2%	2%	2%
General partner allocation of net income after general partner incentive distribution	834	871	1,766	3,213
General partner incentive distribution	10,805	10,805	21,610	21,610
Net income applicable to general partner	$ 11,639	$ 11,676	$ 23,376	$ 24,823

Cash Distributions

The following table reflects the allocation of total cash distributions to the general and limited partners applicable to the period in which the distributions were earned:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars, Except Per Unit Data)			
General partner interest	$ 1,961	$ 1,961	$ 3,922	$ 3,922
General partner incentive distribution	10,805	10,805	21,610	21,610
Total general partner distribution	12,766	12,766	25,532	25,532
Limited partners' distribution	85,285	85,285	170,570	170,570
Total cash distributions	$ 98,051	$ 98,051	$ 196,102	$ 196,102
Cash distributions per unit applicable to limited partners	$ 1.095	$ 1.095	$ 2.190	$ 2.190

The following table summarizes information related to our quarterly cash distributions:

Quarter Ended	Cash Distributions Per Unit	Total Cash Distributions	Record Date	Payment Date
		(Thousands of Dollars)		
June 30, 2016 (a)	$ 1.095	$ 98,051	August 9, 2016	August 12, 2016
March 31, 2016	$ 1.095	$ 98,051	May 9, 2016	May 13, 2016
December 31, 2015	$ 1.095	$ 98,051	February 8, 2016	February 12, 2016

(a) The distribution was announced on July 29, 2016.

11. NET INCOME PER UNIT

Basic and diluted net income per unit is determined pursuant to the two-class method. Under this method, all earnings are allocated to our limited partner unitholders and participating securities based on their respective rights to receive distributions earned during the period. Participating securities include our general partner interest, including incentive distribution rights, and restricted units awarded under our Amended 2000 LTIP.

Basic net income per unit is computed by dividing net income attributable to our limited partner unitholders by the weighted-average number of limited partner units outstanding during the period.

Diluted net income per unit is computed by dividing net income attributable to our limited partner unitholders by the sum of (i) the weighted-average number of limited partner units outstanding during the period and (ii) the effect of dilutive potential limited partner units outstanding during the period. Dilutive potential limited partner units include contingently issuable performance units awarded under our Amended 2000 LTIP.

The following table details the calculation of earnings per unit:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars, Except Unit and Per Unit Data)			
Net income attributable to NuStar Energy L.P.	$ 52,517	$ 54,325	$ 109,918	$ 182,224
Less: Distributions to general partner (including incentive distribution rights)	12,766	12,766	25,532	25,532
Less: Distributions to limited partner	85,285	85,285	170,570	170,570
Less: DERs to restricted units	657	—	1,319	—
Distributions in excess of earnings	$ (46,191)	$ (43,726)	$ (87,503)	$ (13,878)
Net income attributable to limited partner units:				
Distributions to limited partner	$ 85,285	$ 85,285	$ 170,570	$ 170,570
Allocation of distributions in excess of earnings	(45,267)	(42,851)	(85,752)	(13,600)
Total	$ 40,018	$ 42,434	$ 84,818	$ 156,970
Basic weighted-average limited partner units outstanding	77,886,219	77,886,078	77,886,148	77,886,078
Diluted units outstanding:				
Basic weighted-average limited partner units outstanding	77,886,219	77,886,078	77,886,148	77,886,078
Effect of dilutive participating securities	53,060	—	57,554	—
Diluted weighted-average limited partner units outstanding	77,939,279	77,886,078	77,943,702	77,886,078
Basic and diluted net income per unit applicable to limited partners	$ 0.52	$ 0.54	$ 1.09	$ 2.01

12. STATEMENTS OF CASH FLOWS

Changes in current assets and current liabilities were as follows:

	Six Months Ended June 30,	
	2016	2015
	(Thousands of Dollars)	
Decrease (increase) in current assets:		
Accounts receivable	$ (572)	$ 45,431
Inventories	99	(9,653)
Other current assets	5,064	1,711
Increase (decrease) in current liabilities:		
Accounts payable	(4,717)	(34,851)
Payable to related party, net	697	5,175
Accrued interest payable	(393)	337
Accrued liabilities	(12,321)	(15,058)
Taxes other than income tax	(348)	(500)
Income tax payable	(2,783)	(1,094)
Changes in current assets and current liabilities	$ (15,274)	$ (8,502)

The above changes in current assets and current liabilities differ from changes between amounts reflected in the applicable consolidated balance sheets due to the change in the amount accrued for capital expenditures and the effect of foreign currency translation. In addition, see Note 7 for non-cash related party transactions associated with the Employee Transfer.

Cash flows related to interest and income taxes were as follows:

	Six Months Ended June 30,	
	2016	2015
	(Thousands of Dollars)	
Cash paid for interest, net of amount capitalized	$ 70,280	$ 65,378
Cash paid for income taxes, net of tax refunds received	$ 8,826	$ 6,335

13. SEGMENT INFORMATION

Our reportable business segments consist of pipeline, storage and fuels marketing. Our segments represent strategic business units that offer different services and products. We evaluate the performance of each segment based on its respective operating income, before general and administrative expenses and certain non-segmental depreciation and amortization expense. General and administrative expenses are not allocated to the operating segments since those expenses relate primarily to the overall management at the entity level. Our principal operations include the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. Intersegment revenues result from storage agreements with wholly owned subsidiaries of NuStar Energy at rates consistent with the rates charged to third parties for storage.

Results of operations for the reportable segments were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars)			
Revenues:				
Pipeline	$ 121,575	$ 122,210	$ 240,448	$ 246,635
Storage:				
Third parties	146,367	150,812	292,751	294,897
Intersegment	5,507	6,830	11,522	13,079
Total storage	151,874	157,642	304,273	307,976
Fuels Marketing	169,862	297,589	310,308	584,023
Consolidation and intersegment eliminations	(5,507)	(6,830)	(11,522)	(13,079)
Total revenues	$ 437,804	$ 570,611	$ 843,507	$ 1,125,555
Operating income:				
Pipeline	$ 63,552	$ 64,820	$ 127,817	$ 133,460
Storage	51,063	53,751	108,076	101,729
Fuels marketing	1,392	2,650	619	12,575
Consolidation and intersegment eliminations	1	(1)	1	42
Total segment operating income	116,008	121,220	236,513	247,806
General and administrative expenses	22,657	26,693	46,442	51,746
Other depreciation and amortization expense	2,134	2,122	4,289	4,374
Total operating income	$ 91,217	$ 92,405	$ 185,782	$ 191,686

Total assets by reportable segment were as follows:

	June 30, 2016	December 31, 2015
	(Thousands of Dollars)	
Pipeline	$ 2,004,850	$ 2,014,098
Storage	2,466,104	2,476,389
Fuels marketing	140,150	156,866
Total segment assets	4,611,104	4,647,353
Other partnership assets	444,115	478,172
Total consolidated assets	$ 5,055,219	$ 5,125,525

14. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

NuStar Energy has no operations and its assets consist mainly of its investments in NuStar Logistics and NuPOP, both wholly owned subsidiaries. The senior and subordinated notes issued by NuStar Logistics are fully and unconditionally guaranteed by NuStar Energy and NuPOP. As a result, the following condensed consolidating financial statements are presented as an alternative to providing separate financial statements for NuStar Logistics and NuPOP.

Condensed Consolidating Balance Sheets
June 30, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 663	$ 3	$ —	$ 102,353	$ —	$ 103,019
Receivables, net	—	252	—	145,274	—	145,526
Inventories	—	2,167	2,409	34,124	—	38,700
Other current assets	77	11,772	353	13,711	—	25,913
Intercompany receivable	—	1,547,576	—	—	(1,547,576)	—
Total current assets	740	1,561,770	2,762	295,462	(1,547,576)	313,158
Property, plant and equipment, net	—	1,912,598	574,879	1,186,895	—	3,674,372
Intangible assets, net	—	45,541	—	59,550	—	105,091
Goodwill	—	149,453	170,652	376,532	—	696,637
Investment in wholly owned subsidiaries	2,120,652	43,229	1,052,106	905,142	(4,121,129)	—
Deferred income tax asset	—	—	—	3,372	(1,179)	2,193
Other long-term assets, net	1,188	223,037	26,329	13,214	—	263,768
Total assets	$ 2,122,580	$ 3,935,628	$ 1,826,728	$ 2,840,167	$ (5,669,884)	$ 5,055,219
Liabilities and Partners’ Equity						
Payables	$ 31	$ 22,398	$ 10,485	$ 63,893	$ —	$ 96,807
Accrued interest payable	—	33,877	—	16	—	33,893
Accrued liabilities	644	7,393	8,136	31,604	—	47,777
Taxes other than income tax	—	5,450	3,153	4,010	—	12,613
Income tax payable	—	669	5	2,512	—	3,186
Intercompany payable	505,099	—	892,556	149,921	(1,547,576)	—
Total current liabilities	505,774	69,787	914,335	251,956	(1,547,576)	194,276
Long-term debt	—	3,149,496	—	56,197	—	3,205,693
Deferred income tax liability	—	1,143	36	26,485	(1,179)	26,485
Other long-term liabilities	—	73,483	7,248	58,139	—	138,870
Total partners’ equity	1,616,806	641,719	905,109	2,447,390	(4,121,129)	1,489,895
Total liabilities and partners’ equity	$ 2,122,580	$ 3,935,628	$ 1,826,728	$ 2,840,167	$ (5,669,884)	$ 5,055,219

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Condensed Consolidating Balance Sheets
December 31, 2015
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 885	$ 4	$ —	$ 117,973	$ —	$ 118,862
Receivables, net	—	419	—	144,645	—	145,064
Inventories	—	1,776	3,648	33,325	—	38,749
Other current assets	140	11,026	497	19,513	—	31,176
Intercompany receivable	—	1,610,370	—	—	(1,610,370)	—
Total current assets	1,025	1,623,595	4,145	315,456	(1,610,370)	333,851
Property, plant and equipment, net	—	1,915,370	570,415	1,197,786	—	3,683,571
Intangible assets, net	—	48,961	—	63,050	—	112,011
Goodwill	—	149,453	170,652	376,532	—	696,637
Investment in wholly owned subsidiaries	2,205,904	48,547	1,031,162	915,115	(4,200,728)	—
Deferred income tax asset	—	—	—	4,037	(1,179)	2,858
Other long-term assets, net	933	255,957	26,329	13,378	—	296,597
Total assets	$ 2,207,862	$ 4,041,883	$ 1,802,703	$ 2,885,354	$ (5,812,277)	$ 5,125,525
Liabilities and Partners' Equity						
Payables	$ 12	$ 52,650	$ 11,193	$ 76,091	$ —	$ 139,946
Short-term debt	—	84,000	—	—	—	84,000
Accrued interest payable	—	34,271	—	15	—	34,286
Accrued liabilities	723	32,816	5,753	15,902	—	55,194
Taxes other than income tax	126	6,452	3,325	2,907	—	12,810
Income tax payable	—	1,362	9	4,606	—	5,977
Intercompany payable	508,363	—	858,018	243,989	(1,610,370)	—
Total current liabilities	509,224	211,551	878,298	343,510	(1,610,370)	332,213
Long-term debt	—	3,002,743	—	52,869	—	3,055,612
Long-term payable to related party	—	26,638	—	5,442	—	32,080
Deferred income tax liability	—	1,143	36	24,810	(1,179)	24,810
Other long-term liabilities	—	37,209	9,294	24,463	—	70,966
Total partners' equity	1,698,638	762,599	915,075	2,434,260	(4,200,728)	1,609,844
Total liabilities and partners' equity	$ 2,207,862	$ 4,041,883	$ 1,802,703	$ 2,885,354	$ (5,812,277)	$ 5,125,525

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the Three Months Ended June 30, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 125,562	$ 58,129	$ 254,489	$ (376)	$ 437,804
Costs and expenses	434	73,505	35,986	237,038	(376)	346,587
Operating (loss) income	(434)	52,057	22,143	17,451	—	91,217
Equity in earnings (loss) of subsidiaries	52,929	(2,203)	20,171	44,346	(115,243)	—
Interest (expense) income, net	—	(41,155)	2,026	549	4,351	(34,229)
Other income (expense), net	22	21	7	(251)	—	(201)
Income before income tax expense	52,517	8,720	44,347	62,095	(110,892)	56,787
Income tax expense	—	347	3	3,920	—	4,270
Net income	$ 52,517	$ 8,373	$ 44,344	$ 58,175	$ (110,892)	$ 52,517
Comprehensive income (loss)	$ 52,517	$ (9,669)	$ 44,344	$ 52,878	$ (110,892)	$ 29,178

Condensed Consolidating Statements of Comprehensive Income
For the Three Months Ended June 30, 2015
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 137,170	$ 48,722	$ 385,331	$ (612)	$ 570,611
Costs and expenses	438	76,335	31,740	370,306	(613)	478,206
Operating (loss) income	(438)	60,835	16,982	15,025	1	92,405
Equity in earnings (loss) of subsidiaries	54,763	(1,224)	12,636	29,664	(95,839)	—
Interest (expense) income, net	—	(32,779)	55	(100)	—	(32,824)
Other (expense) income, net	—	(665)	7	(1,494)	—	(2,152)
Income before income tax expense	54,325	26,167	29,680	43,095	(95,838)	57,429
Income tax expense	—	1,082	18	2,004	—	3,104
Net income	$ 54,325	$ 25,085	$ 29,662	$ 41,091	$ (95,838)	$ 54,325
Comprehensive income	$ 54,325	$ 48,379	$ 29,662	$ 48,639	$ (95,838)	$ 85,167

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the Six Months Ended June 30, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 252,140	$ 106,114	$ 485,965	$ (712)	$ 843,507
Costs and expenses	952	142,396	67,001	448,088	(712)	657,725
Operating (loss) income	(952)	109,744	39,113	37,877	—	185,782
Equity in earnings (loss) of subsidiaries	110,851	(5,318)	45,454	88,089	(239,076)	—
Interest (expense) income, net	—	(80,787)	3,534	8,901	—	(68,352)
Other income (expense), net	22	22	(10)	(406)	—	(372)
Income before income tax expense	109,921	23,661	88,091	134,461	(239,076)	117,058
Income tax expense	3	693	5	6,439	—	7,140
Net income	$ 109,918	$ 22,968	$ 88,086	$ 128,022	$ (239,076)	$ 109,918
Comprehensive income (loss)	$ 109,918	$ (22,830)	$ 88,086	$ 135,703	$ (239,076)	$ 71,801

Condensed Consolidating Statements of Comprehensive Income
For the Six Months Ended June 30, 2015
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 271,206	$ 101,296	$ 753,992	$ (939)	$ 1,125,555
Costs and expenses	928	149,241	64,864	719,818	(982)	933,869
Operating (loss) income	(928)	121,965	36,432	34,174	43	191,686
Equity in earnings (loss) of subsidiaries	183,152	(5,388)	94,335	130,937	(403,036)	—
Interest (expense) income, net	—	(64,953)	174	(82)	—	(64,861)
Other income, net	—	675	9	59,432	—	60,116
Income from continuing operations before income tax expense	182,224	52,299	130,950	224,461	(402,993)	186,941
Income tax expense	—	56	18	5,417	—	5,491
Income from continuing operations	182,224	52,243	130,932	219,044	(402,993)	181,450
Income from discontinued operations, net of tax	—	—	—	774	—	774
Net income	$ 182,224	$ 52,243	$ 130,932	$ 219,818	$ (402,993)	$ 182,224
Comprehensive income	$ 182,224	$ 76,040	$ 130,932	$ 206,762	$ (402,993)	$ 192,965

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Condensed Consolidating Statements of Cash Flows
For the Six Months Ended June 30, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 194,793	$ 58,160	$ 79,728	$ 201,026	$ (318,674)	$ 215,033
Cash flows from investing activities:						
Capital expenditures	—	(47,672)	(19,474)	(28,215)	—	(95,361)
Change in accounts payable related to capital expenditures	—	(12,230)	3,357	(3,801)	—	(12,674)
Net cash used in investing activities	—	(59,902)	(16,117)	(32,016)	—	(108,035)
Cash flows from financing activities:						
Debt borrowings	—	610,504	—	17,400	—	627,904
Debt repayments	—	(532,992)	—	(14,200)	—	(547,192)
Distributions to unitholders and general partner	(196,102)	(98,051)	(98,051)	(98,062)	294,164	(196,102)
(Distributions to) contributions from affiliates	—	—	—	(24,510)	24,510	—
Net intercompany activity	1,755	24,561	34,440	(60,756)	—	—
Other, net	(668)	(2,281)	—	(8,891)	—	(11,840)
Net cash (used in) provided by financing activities	(195,015)	1,741	(63,611)	(189,019)	318,674	(127,230)
Effect of foreign exchange rate changes on cash	—	—	—	4,389	—	4,389
Net decrease in cash and cash equivalents	(222)	(1)	—	(15,620)	—	(15,843)
Cash and cash equivalents as of the beginning of the period	885	4	—	117,973	—	118,862
Cash and cash equivalents as of the end of the period	$ 663	$ 3	$ —	$ 102,353	$ —	$ 103,019

NUSTAR ENERGY L.P. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Condensed Consolidating Statements of Cash Flows
For the Six Months Ended June 30, 2015
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 194,802	$ 73,389	$ 52,154	$ 211,006	$ (294,164)	$ 237,187
Cash flows from investing activities:						
Capital expenditures	—	(108,591)	(12,344)	(32,686)	—	(153,621)
Change in accounts payable related to capital expenditures	—	(8,082)	506	(378)	—	(7,954)
Acquisitions	—	—	—	(142,500)	—	(142,500)
Investment in other long-term assets	—	—	—	(3,444)	—	(3,444)
Proceeds from sale or disposition of assets	—	62	14	1,231	—	1,307
Net cash used in investing activities	—	(116,611)	(11,824)	(177,777)	—	(306,212)
Cash flows from financing activities:						
Debt borrowings	—	952,835	—	88,900	—	1,041,735
Debt repayments	—	(733,292)	—	—	—	(733,292)
Distributions to unitholders and general partner	(196,102)	(98,051)	(98,051)	(98,062)	294,164	(196,102)
Net intercompany activity	1,241	(72,816)	57,721	13,854	—	—
Other, net	—	(5,454)	—	(8,806)	—	(14,260)
Net cash (used in) provided by financing activities	(194,861)	43,222	(40,330)	(4,114)	294,164	98,081
Effect of foreign exchange rate changes on cash	—	—	—	(5,331)	—	(5,331)
Net decrease (increase) in cash and cash equivalents	(59)	—	—	23,784	—	23,725
Cash and cash equivalents as of the beginning of the period	923	6	—	86,983	—	87,912
Cash and cash equivalents as of the end of the period	$ 864	$ 6	$ —	$ 110,767	$ —	$ 111,637

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains certain estimates, predictions, projections, assumptions and other forward-looking statements that involve various risks and uncertainties. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "will," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions. Please read our Annual Report on Form 10-K for the year ended December 31, 2015, Part I, Item 1A "Risk Factors," as well as our subsequent current and quarterly reports, for a discussion of certain of those risks, uncertainties and assumptions.

If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those described in any forward-looking statement. Other unknown or unpredictable factors could also have material adverse effects on our future results. Readers are cautioned not to place undue reliance on this forward-looking information, which is as of the date of this Form 10-Q. We do not intend to update these statements unless we are required by the securities laws to do so, and we undertake no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

OVERVIEW

NuStar Energy L.P. (NuStar Energy) (NYSE: NS) is engaged in the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. Unless otherwise indicated, the terms "NuStar Energy," "NS," "the Partnership," "we," "our" and "us" are used in this report to refer to NuStar Energy L.P., to one or more of our consolidated subsidiaries or to all of them taken as a whole. NuStar GP Holdings, LLC (NuStar GP Holdings or NSH) (NYSE: NSH) owns our general partner, Riverwalk Logistics, L.P., and owns an approximate 15% total interest in us as of June 30, 2016. Our Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in seven sections:

- Overview
- Results of Operations
- Trends and Outlook
- Liquidity and Capital Resources
- Related Party Transactions
- Critical Accounting Policies
- New Accounting Pronouncements

Recent Developments

Employee Transfer from NuStar GP, LLC. On March 1, 2016, NuStar GP, LLC, the general partner of our general partner and a wholly owned subsidiary of NuStar GP Holdings, transferred and assigned to NuStar Services Company LLC (NuStar Services Co), a wholly owned subsidiary of NuStar Energy, all of NuStar GP, LLC's employees and related benefit plans, programs, contracts and policies (the Employee Transfer). The Employee Transfer did not materially change our results of operations since we previously reimbursed NuStar GP, LLC for all employee costs attributable to us. However, as a result of the Employee Transfer, we pay employee costs directly and sponsor the long-term incentive plan and other employee benefit plans. Please refer to Note 7 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for further discussion on the Employee Transfer.

Linden Acquisition. On January 2, 2015, we acquired full ownership of ST Linden Terminal, LLC (Linden), which owns a refined products terminal in Linden, NJ with 4.3 million barrels of storage capacity (the Linden Acquisition). Prior to the Linden Acquisition, Linden operated as a joint venture between us and Linden Holding Corp., with each party owning 50%. On the acquisition date, we remeasured our existing 50% equity investment in Linden to its fair value of $128.0 million and we recognized a gain of $56.3 million in "Other (expense) income, net" in the condensed consolidated statements of comprehensive income for the six months ended June 30, 2015.

Operations

We conduct our operations through our subsidiaries, primarily NuStar Logistics, L.P. (NuStar Logistics) and NuStar Pipeline Operating Partnership L.P. (NuPOP). Our operations consist of three reportable business segments: pipeline, storage and fuels marketing.

Pipeline. We own 3,140 miles of refined product pipelines and 1,200 miles of crude oil pipelines, as well as approximately 4.0 million barrels of storage capacity, which comprise our Central West System. In addition, we own 2,360 miles of refined product pipelines, consisting of the East and North Pipelines, and a 2,000 mile ammonia pipeline (the Ammonia Pipeline), which comprise our Central East System. The East and North Pipelines have storage capacity of approximately 6.4 million barrels. We charge tariffs on a per barrel basis for transporting refined products, crude oil and other feedstocks in our refined product and crude oil pipelines and on a per ton basis for transporting anhydrous ammonia in the Ammonia Pipeline.

Storage. We own terminals and storage facilities in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom (UK), with approximately 83.7 million barrels of storage capacity. Revenues for the storage segment include fees for tank storage agreements, whereby a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage terminal revenues), and throughput agreements, whereby a customer pays a fee per barrel for volumes moving through our terminals for which we charge additional fees (throughput terminal revenues).

Fuels Marketing. Within our fuels marketing operations, we purchase crude oil and refined petroleum products for resale. The results of operations for the fuels marketing segment depend largely on the margin between our cost and the sales prices of the products we market. Therefore, the results of operations for this segment are more sensitive to changes in commodity prices compared to the operations of the pipeline and storage segments. We enter into derivative contracts to attempt to mitigate the effects of commodity price fluctuations.

The following factors affect the results of our operations:

- company-specific factors, such as facility integrity issues and maintenance requirements that impact the throughput rates of our assets;
- seasonal factors that affect the demand for products transported by and/or stored in our assets and the demand for products we sell;
- industry factors, such as changes in the prices of petroleum products that affect demand and operations of our competitors;
- other factors, such as commodity price volatility that impact our fuels marketing segment; and
- other factors that impact the operations served by our pipeline and storage assets, such as utilization rates and maintenance turnaround schedules of our refining company customers and drilling activity by our crude oil production customers.

Current Market Conditions

During 2015 and early 2016, the price of crude oil declined sharply, at times reaching lows not seen in over a decade. While the price has made a modest recovery, many energy industry experts predict continued price volatility.

Increases or decreases in the price of crude oil affect various sectors of the energy industry, including our customers in crude oil production, refining and trading, in different ways. For example, the sustained period of low prices has forced some of our crude oil production customers to reduce their capital spending and drilling activity and narrow their focus to assets in the most cost-advantaged regions. However, while some of our refining company customers have benefitted from lower crude oil prices, particularly to the extent the lower feedstock price has been coupled with higher demand for certain refined products in some regional markets, recent increases in refined product inventory may cause some of our refining company customers to reduce their production levels.

Continued low crude oil prices seem to have been having a direct, negative impact on the unit price of many master limited partnerships, including our own, although recently that impact appears to be diminishing. Partly as a result of lower unit prices, earlier this year, we reduced our overall capital spending in order to minimize our need to access the public capital markets due to the prohibitively high costs of public debt and equity financing at the time; however, as financial markets have improved, costs have begun to drop. If market conditions continue to improve, we plan to reevaluate our financing plans and access the markets as needed.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015

Financial Highlights

(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

	Three Months Ended June 30,		
	2016	2015	Change
Statement of Income Data:			
Revenues:			
Service revenues	$ 270,403	$ 274,581	$ (4,178)
Product sales	167,401	296,030	(128,629)
Total revenues	437,804	570,611	(132,807)
Costs and expenses:			
Cost of product sales	157,617	281,610	(123,993)
Operating expenses	112,662	117,138	(4,476)
General and administrative expenses	22,657	26,693	(4,036)
Depreciation and amortization expense	53,651	52,765	886
Total costs and expenses	346,587	478,206	(131,619)
Operating income	91,217	92,405	(1,188)
Interest expense, net	(34,229)	(32,824)	(1,405)
Other expense, net	(201)	(2,152)	1,951
Income before income tax expense	56,787	57,429	(642)
Income tax expense	4,270	3,104	1,166
Net income	$ 52,517	$ 54,325	$ (1,808)
Basic and diluted net income per unit applicable to limited partners	$ 0.52	$ 0.54	$ (0.02)
Basic weighted-average limited partner units outstanding	77,886,219	77,886,078	141

Overview

Net income decreased $1.8 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, mainly due to a decrease of $5.2 million in segment operating income, which was partially offset by a decrease in general and administrative expenses of $4.0 million.

Segment Operating Highlights
(Thousands of Dollars, Except Barrels/Day Information)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Change
Pipeline:			
Refined products pipelines throughput (barrels/day)	538,996	499,333	39,663
Crude oil pipelines throughput (barrels/day)	399,372	468,431	(69,059)
Total throughput (barrels/day)	938,368	967,764	(29,396)
Throughput revenues	$ 121,575	$ 122,210	$ (635)
Operating expenses	36,159	36,634	(475)
Depreciation and amortization expense	21,864	20,756	1,108
Segment operating income	$ 63,552	$ 64,820	$ (1,268)
Storage:			
Throughput (barrels/day)	727,857	957,452	(229,595)
Throughput terminal revenues	$ 28,668	$ 34,623	$ (5,955)
Storage terminal revenues	123,206	123,019	187
Total revenues	151,874	157,642	(5,768)
Operating expenses	71,158	74,004	(2,846)
Depreciation and amortization expense	29,653	29,887	(234)
Segment operating income	$ 51,063	$ 53,751	$ (2,688)
Fuels Marketing:			
Product sales and other revenue	$ 169,862	$ 297,589	$ (127,727)
Cost of product sales	160,557	285,862	(125,305)
Gross margin	9,305	11,727	(2,422)
Operating expenses	7,913	9,077	(1,164)
Segment operating income	$ 1,392	$ 2,650	$ (1,258)
Consolidation and Intersegment Eliminations:			
Revenues	$ (5,507)	$ (6,830)	$ 1,323
Cost of product sales	(2,940)	(4,252)	1,312
Operating expenses	(2,568)	(2,577)	9
Total	$ 1	$ (1)	$ 2
Consolidated Information:			
Revenues	$ 437,804	$ 570,611	$ (132,807)
Cost of product sales	157,617	281,610	(123,993)
Operating expenses	112,662	117,138	(4,476)
Depreciation and amortization expense	51,517	50,643	874
Segment operating income	116,008	121,220	(5,212)
General and administrative expenses	22,657	26,693	(4,036)
Other depreciation and amortization expense	2,134	2,122	12
Consolidated operating income	$ 91,217	$ 92,405	$ (1,188)

Pipeline
Total revenues remained flat for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, despite a decrease in throughputs of 29,396 barrels per day. Revenues decreased $10.5 million and throughputs decreased 81,677 barrels per day on our Eagle Ford System due to reduced production resulting from a sustained low crude oil price environment.

These decreases were mostly offset by increases from our McKee System pipelines and East Pipeline. Revenues increased $5.2 million and throughputs increased 27,688 barrels per day on our McKee System crude and refined products pipelines mainly due to increased production at the McKee refinery and increased volumes on pipelines with higher average tariffs, as well as a result of a partial turnaround at the McKee refinery in the second quarter of 2015. Revenues increased $4.4 million and throughputs increased 26,355 barrels per day on our East Pipeline due to the completion of expansion projects in the fourth quarter of 2015. In addition, the second quarter of 2015 was negatively affected by unfavorable pricing differentials in markets served by the East Pipeline and adverse weather conditions that negatively affected demand related to the planting season.

Depreciation and amortization expense increased $1.1 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, mainly due to the completion of pipeline projects.

Storage
Total storage segment revenues decreased $5.8 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, mainly due to decreases in throughput terminal revenues of $6.0 million, while storage terminal revenues remained flat.

Throughput terminal revenues decreased $6.0 million and throughputs decreased 229,595 barrels per day for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, primarily due to:

- a decrease in revenues of $3.6 million and a decrease in throughputs of 104,658 barrels per day at our Corpus Christi North Beach terminal due to a decrease in Eagle Ford Shale crude oil being shipped to Corpus Christi, consistent with the decrease in pipeline throughputs; and
- a decrease in revenues of $2.0 million and a decrease in throughputs of 111,141 barrels per day due to turnarounds at the refineries served by our Corpus Christi and Texas City crude oil storage tank facilities, as well as operational issues at the Corpus Christi refinery in 2016.

Storage terminal revenues remained flat for the three months ended June 30, 2016, compared to the three months ended June 30, 2015. Domestic revenues increased $2.2 million, mainly from new customer contracts and higher throughput and related handling fees at our Selby, CA, Pittsburgh, CA and Linden, NJ terminals. These increases were mostly offset by the negative impact of foreign exchange rate fluctuations of $1.0 million at our UK terminal and decreased reimbursable revenues of $0.9 million at our St. Eustatius terminal facility.

Operating expenses decreased $2.8 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, primarily due to a decrease in employee benefit costs.

Fuels Marketing
Segment operating income decreased $1.3 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, primarily due to lower product margins from our fuel oil operations.

Consolidation and Intersegment Eliminations
Revenue and operating expense eliminations primarily relate to storage fees charged to the fuels marketing segment by the storage segment. Cost of product sales eliminations represent expenses charged to the fuels marketing segment for costs associated with inventory that are expensed once the inventory is sold.

General
General and administrative expenses decreased $4.0 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, primarily due to lower employee benefit costs, as well as lower compensation expense associated with our long-term incentive plan. The fair value of a majority of our outstanding unit awards was based on our unit price at the date of the Employee Transfer, which was lower than the unit price at end of the second quarter of last year.

Interest expense, net increased $1.4 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, mainly due to increased interest costs associated with higher borrowings under our revolving credit agreement.

Other expense, net decreased $2.0 million for the three months ended June 30, 2016, compared to the three months ended June 30, 2015, primarily due to a reduction of U.S. dollars held by certain of our foreign subsidiaries, which reduced our exposure to foreign currency exchange rate fluctuations.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

Financial Highlights
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

	Six Months Ended June 30,		
	2016	**2015**	**Change**
Statement of Income Data:			
Revenues:			
Service revenues	$ 536,969	$ 544,554	$ (7,585)
Product sales	306,538	581,001	(274,463)
Total revenues	843,507	1,125,555	(282,048)
Costs and expenses:			
Cost of product sales	286,607	544,116	(257,509)
Operating expenses	217,883	232,785	(14,902)
General and administrative expenses	46,442	51,746	(5,304)
Depreciation and amortization expense	106,793	105,222	1,571
Total costs and expenses	657,725	933,869	(276,144)
Operating income	185,782	191,686	(5,904)
Interest expense, net	(68,352)	(64,861)	(3,491)
Other (expense) income, net	(372)	60,116	(60,488)
Income from continuing operations before income tax expense	117,058	186,941	(69,883)
Income tax expense	7,140	5,491	1,649
Income from continuing operations	109,918	181,450	(71,532)
Income from discontinued operations, net of tax	—	774	(774)
Net income	$ 109,918	$ 182,224	$ (72,306)
Basic and diluted net income per unit applicable to limited partners:			
Continuing operations	$ 1.09	$ 2.00	$ (0.91)
Discontinued operations	—	0.01	(0.01)
Total	$ 1.09	$ 2.01	$ (0.92)
Basic weighted-average limited partner units outstanding	77,886,148	77,886,078	70

Overview
Net income decreased $72.3 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, mainly due to a $56.3 million gain in 2015 associated with the Linden Acquisition and a decrease of $11.3 million in segment operating income, resulting mainly from reductions in operating income for the pipeline and fuels marketing segments.

Segment Operating Highlights
(Thousands of Dollars, Except Barrels/Day Information)

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Change
Pipeline:			
Refined products pipelines throughput (barrels/day)	530,134	502,838	27,296
Crude oil pipelines throughput (barrels/day)	405,241	487,246	(82,005)
Total throughput (barrels/day)	935,375	990,084	(54,709)
Throughput revenues	$ 240,448	$ 246,635	$ (6,187)
Operating expenses	69,163	71,942	(2,779)
Depreciation and amortization expense	43,468	41,233	2,235
Segment operating income	$ 127,817	$ 133,460	$ (5,643)
Storage:			
Throughput (barrels/day)	778,092	919,075	(140,983)
Throughput terminal revenues	$ 58,068	$ 66,314	$ (8,246)
Storage terminal revenues	246,205	241,662	4,543
Total revenues	304,273	307,976	(3,703)
Operating expenses	137,161	146,632	(9,471)
Depreciation and amortization expense	59,036	59,615	(579)
Segment operating income	$ 108,076	$ 101,729	$ 6,347
Fuels Marketing:			
Product sales and other revenue	$ 310,308	$ 584,023	$ (273,715)
Cost of product sales	293,138	552,080	(258,942)
Gross margin	17,170	31,943	(14,773)
Operating expenses	16,551	19,368	(2,817)
Segment operating income	$ 619	$ 12,575	$ (11,956)
Consolidation and Intersegment Eliminations:			
Revenues	$ (11,522)	$ (13,079)	$ 1,557
Cost of product sales	(6,531)	(7,964)	1,433
Operating expenses	(4,992)	(5,157)	165
Total	$ 1	$ 42	$ (41)
Consolidated Information:			
Revenues	$ 843,507	$ 1,125,555	$ (282,048)
Cost of product sales	286,607	544,116	(257,509)
Operating expenses	217,883	232,785	(14,902)
Depreciation and amortization expense	102,504	100,848	1,656
Segment operating income	236,513	247,806	(11,293)
General and administrative expenses	46,442	51,746	(5,304)
Other depreciation and amortization expense	4,289	4,374	(85)
Consolidated operating income	$ 185,782	$ 191,686	$ (5,904)

Pipeline
Total revenues decreased $6.2 million and total throughputs decreased 54,709 barrels per day for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to a decrease in revenues of $20.2 million and a decrease in throughputs of 81,838 barrels per day on our Eagle Ford System due to reduced production resulting from a sustained low crude oil price environment. Revenues also decreased $2.4 million and throughputs decreased 5,991 barrels per day on our Ammonia Pipeline partly due to a shipper's facility reconfiguration, resulting in fewer barrels available for transportation.

Those decreases in pipeline revenues and throughputs were partially offset by:
- an increase in revenues of $7.2 million and an increase in throughputs of 11,187 barrels per day on our McKee System crude and refined products pipelines due to increased production at the McKee refinery, higher average tariffs resulting from the annual index adjustments and increased volumes on pipelines with higher average tariffs;
- an increase in revenues of $5.5 million and an increase in throughputs of 15,782 barrels per day on our East Pipeline mainly due to unfavorable pricing differentials in markets served by the East Pipeline in 2015; and
- an increase in revenues of $4.2 million and an increase in throughputs of 3,262 barrels per day on our North Pipeline due to increased refinery production and higher average tariffs resulting from the annual index adjustments and increased long-haul deliveries.

Operating expenses decreased $2.8 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to lower rental and power costs on our South Texas Crude System.

Depreciation and amortization expense increased $2.2 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, mainly due to the completion of pipeline projects.

Storage
Total storage segment revenues decreased $3.7 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, due to decreases in throughput terminal revenues of $8.2 million, partially offset by increases in storage terminal revenues of $4.5 million.

Throughput terminal revenues decreased $8.2 million and throughputs decreased 140,983 barrels per day for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to:
- a decrease in revenues of $6.6 million and a decrease in throughputs of 93,040 barrels per day at our Corpus Christi North Beach terminal due to a decrease in Eagle Ford Shale crude oil being shipped to Corpus Christi, consistent with the decrease in pipeline throughputs; and
- a decrease in revenues of $2.4 million and a decrease in throughputs of 48,969 barrels per day due to turnarounds at the refineries served by our Benicia and Corpus Christi crude oil storage tank facilities, as well as operational issues at the Corpus Christi refinery in 2016.

Storage terminal revenues increased $4.5 million primarily due to an increase of $7.9 million in domestic revenues, mainly from new customer contracts and higher throughput and related handling fees at our Selby, CA, Pittsburgh, CA and Linden, NJ terminals. These increases were partially offset by decreased reimbursable revenues of $2.0 million at our St. Eustatius terminal facility and the negative impact of foreign exchange rate fluctuations of $1.3 million at our UK terminal.

Operating expenses decreased $9.5 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to:
- a decrease of $6.9 million in operating expenses at our St. Eustatius terminal facility, mainly associated with property taxes in the first quarter of 2015 and lower regulatory, maintenance and reimbursable expenses in 2016;
- a decrease of $1.1 million resulting from lower wharfage and dockage costs at our Corpus Christi North Beach terminal; and
- a decrease of $1.1 million at one of our Linden terminals due to a property tax valuation adjustment.

Fuels Marketing
Segment operating income decreased $12.0 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to a decrease in operating income of $6.6 million from our bunker fuel operations, mainly resulting from a decrease in product margins from sales at our Texas City location. Operating income from our fuel oil operations decreased $3.6 million mainly due to lower product margins.

Consolidation and Intersegment Eliminations

Revenue and operating expense eliminations primarily relate to storage fees charged to the fuels marketing segment by the storage segment. Cost of product sales eliminations represent expenses charged to the fuels marketing segment for costs associated with inventory that are expensed once the inventory is sold.

General

General and administrative expenses decreased $5.3 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to lower compensation expense associated with our long-term incentive plan, as well as lower employee benefit costs. The fair value of a majority of our outstanding unit awards was based on our unit price at the date of the Employee Transfer, which was lower than the unit price at end of the second quarter of last year.

Interest expense, net increased $3.5 million for the six months ended June 30, 2016, compared to the six months ended June 30, 2015, primarily due to increased interest costs associated with higher borrowings under our revolving credit agreement, as well as lower capitalized interest resulting from fewer capital projects.

For the six months ended June 30, 2016, we recorded other expense, net of $0.4 million, compared to other income, net of $60.1 million for the six months ended June 30, 2015. For the six months ended June 30, 2015, we recognized a $56.3 million gain associated with the Linden Acquisition and a $3.7 million net foreign exchange gain.

TRENDS AND OUTLOOK

We believe that the fact that NuStar provides both storage and pipeline services, for crude and refined products, to customers in sectors across the energy industry, throughout the country and around the world, serves to offer some insulation from the impact of market fluctuations on our results of operations. Since high crude oil prices have tended to benefit our producer customers, high prices have also correlated with increased demand for our crude oil pipeline services. On the other hand, depressed crude oil prices, when coupled with an industry expectation of higher prices in the future, or a contango market, has historically correlated with increased demand from trading companies for our storage services.

Because of the geographic diversity of our assets, our results of operations are not dependent on the regions or markets that have been hardest hit by depressed crude oil prices, the domestic shale play regions, which was demonstrated by the fact that, in 2015, revenue from our Eagle Ford pipeline and storage assets constituted less than 16% of our total pipeline and storage segment revenue. Although our assets in the Eagle Ford region have experienced lower throughputs as production has slowed, the fact that we have minimum volume throughput contracts with large, creditworthy customers has minimized the negative impact of that slowdown on our results of operations.

In addition to the diversity of our customers, our assets, the services we offer and the markets we serve, we believe our contracts, many of which are long-term, take-or-pay arrangements for committed storage or throughput capacity, also help to blunt the impact of volatility of crude oil prices on our results of operations. In the locations at which our assets are integrated physically with the refineries the assets serve, we believe the results generated by those assets depend to a greater degree on the refinery’s continuing need to receive, store and transport the crude and refined products than on crude or refined product prices.

Pipeline Segment

We expect earnings for our pipeline segment to benefit from higher forecasted volumes on our refined product pipelines. However, we expect these increases to be more than offset by reduced throughput volumes on our Eagle Ford crude pipelines due to lower domestic shale production, higher maintenance expenses and turnaround activity at one of our customer’s refineries resulting in lower earnings in the third quarter and full-year 2016 as compared to the comparable periods of 2015.

Storage Segment

We expect earnings at many of our terminals to benefit from favorable storage contract renewals and higher forecasted throughput volumes. However, we expect these increases to be more than offset by higher maintenance expenses and lower throughputs at our Corpus Christi North Beach terminal resulting in lower earnings in the third quarter and full-year 2016 as compared to 2015.

Fuels Marketing Segment

We expect third quarter 2016 results for our fuels marketing segment to be slightly higher than the third quarter of 2015 due to better margins in our bunker fuel operations. However, earnings in this segment, as in any margin-based business, are subject to many factors that can increase or reduce margins, which may cause the segment’s actual results to vary significantly from our forecast.

Our outlook for the partnership, both overall and for any of our segments, may change, as we base our expectations on our continuing evaluation of a number of factors, many of which are outside our control. These factors include, but are not limited to, the state of the economy and the capital markets, changes to our customers' refinery maintenance schedules and unplanned refinery downtime, supply of and demand for crude oil, refined products and anhydrous ammonia, demand for our transportation and storage services and changes in laws or regulations affecting our assets.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Primary Cash Requirements. Our primary cash requirements are for distributions to our partners, capital expenditures, debt service and operating expenses.

Our partnership agreement requires that we distribute all "Available Cash" to our partners each quarter, and this term is defined in the partnership agreement as cash on hand at the end of the quarter, plus certain permitted borrowings made subsequent to the end of the quarter, less cash reserves determined by our board of directors.

Sources of Funds. Each year, our objective is to fund our total annual reliability capital expenditures and distribution requirements with our net cash provided by operating activities during that year. If we do not generate sufficient cash from operations to meet that objective, we utilize cash on hand or other sources of cash flow, which in the past have primarily included borrowings under our revolving credit agreement, sales of non-strategic assets and, to the extent necessary, funds raised through equity or debt offerings under our shelf registration statements. We have typically funded our strategic capital expenditures and acquisitions from external sources, primarily borrowings under our revolving credit agreement or funds raised through equity or debt offerings. However, our ability to raise funds by issuing debt or equity depends on many factors beyond our control. Our risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 describe the risks inherent to these sources of funding and the availability thereof.

During periods when our cash flow from operations is less than our distribution and reliability capital requirements, we may maintain our distribution level because we can utilize other sources of Available Cash, as provided in our partnership agreement, including borrowings under our revolving credit agreement and proceeds from the sales of assets. Our risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 describe the risks inherent in our ability to maintain or grow our distribution.

For 2016, we currently expect to continue to generate cash from operations in excess of our distribution and reliability capital requirements.

Cash Flows for the Six Months Ended June 30, 2016 and 2015

The following table summarizes our cash flows from operating, investing and financing activities:

	Six Months Ended June 30,	
	2016	2015
	(Thousands of Dollars)	
Net cash provided by (used in):		
Operating activities	$ 215,033	$ 237,187
Investing activities	(108,035)	(306,212)
Financing activities	(127,230)	98,081
Effect of foreign exchange rate changes on cash	4,389	(5,331)
Net (decrease) increase in cash and cash equivalents	$ (15,843)	$ 23,725

Net cash provided by operating activities for the six months ended June 30, 2016 was $215.0 million, compared to $237.2 million for the six months ended June 30, 2015, primarily due to lower net income in 2016. In addition, our working capital increased by $15.3 million for the six months ended June 30, 2016, compared to $8.5 million for the six months ended June 30, 2015. See "Working Capital Requirements" below.

For the six months ended June 30, 2016, net cash provided by operating activities was used to fund our distributions to unitholders and our general partner in the aggregate amount of $196.1 million and reliability capital expenditures of $17.3 million. The proceeds from debt borrowings, net of repayments, and cash on hand were used to fund our strategic capital expenditures.

For the six months ended June 30, 2015, net cash provided by operating activities was used to fund our distributions to unitholders and our general partner and reliability capital expenditures. Proceeds from debt borrowings, net of repayments, were used to fund the Linden Acquisition and strategic capital expenditures.

Revolving Credit Agreement
As of June 30, 2016, our consolidated debt coverage ratio (as defined in our revolving credit agreement) cannot exceed 5.00-to-1.00. The requirement not to exceed a maximum consolidated debt coverage ratio may limit the amount we can borrow under our revolving credit agreement to an amount less than the total amount available for borrowing. As of June 30, 2016, our consolidated debt coverage ratio was 4.6x, and we had $452.7 million available for borrowing. Letters of credit issued under our revolving credit agreement totaled $16.5 million as of June 30, 2016. Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion on our revolving credit agreement.

Other Sources of Liquidity
Other sources of liquidity as of June 30, 2016 consist of the following:

- $365.4 million in revenue bonds pursuant to the Gulf Opportunity Zone Act of 2005 (the GoZone Bonds), with $43.6 million remaining in trust as of June 30, 2016, supported by $370.2 million in letters of credit;
- a $125.0 million receivables financing agreement between NuStar Energy, NuStar Finance LLC and third-party lenders (the Receivables Financing Agreement), with the amount available for borrowing based on the availability of eligible receivables and other customary factors and conditions; and
- a short-term line of credit agreement with an uncommitted borrowing capacity of up to $40.0 million and no borrowings outstanding as of June 30, 2016.

Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion of certain of our debt agreements.

LOC Agreement
NuStar Logistics is a party to a $100.0 million uncommitted letter of credit agreement, which provides for standby letters of credit or guarantees with a term of up to one year (LOC Agreement). As of June 30, 2016, letters of credit issued under the LOC Agreement totaled $17.8 million.

Capital Requirements
Our operations require significant investments to maintain, upgrade or enhance the operating capacity of our existing assets. Our capital expenditures consist of:

- reliability capital expenditures, such as those required to maintain the existing operating capacity of existing assets or extend their useful lives, as well as those required to maintain equipment reliability and safety; and
- strategic capital expenditures, such as those to expand or upgrade the operating capacity, increase efficiency or increase the earnings potential of existing assets, whether through construction or acquisition, as well as certain capital expenditures related to support functions.

The following table summarizes our capital expenditures, and the amount we expect to spend for 2016:

	Reliability Capital Expenditures	Strategic Capital Expenditures	Total
		(Thousands of Dollars)	
For the six months ended June 30:			
2015	$ 12,827	$ 286,738	$ 299,565
2016	$ 17,322	$ 78,039	$ 95,361
Expected for the year ended December 31, 2016	$ 35,000 - 45,000	$ 180,000 - 200,000	$ 215,000 - 245,000

Reliability capital expenditures mainly include maintenance upgrade projects at our terminals. In 2015, reliability capital expenditures also included dry-docking costs on one of our marine vessels. In 2016, strategic capital expenditures mainly included projects associated with the conversion and expansion of existing assets. In 2015, our strategic capital expenditures primarily related to the Linden Acquisition, projects associated with the Eagle Ford Shale region in South Texas and the reactivation and conversion of our 200-mile pipeline between Mont Belvieu and Corpus Christi, Texas.

For the full year 2016, we continue to evaluate our capital budget and make changes as economic conditions warrant, and our actual capital expenditures for 2016 may increase or decrease from the budgeted amounts. During the six months ended June 30, 2016, largely in response to market conditions, we reduced our strategic capital expenditures expected for the year ended December 31, 2016 by approximately 50%. We believe we can fund our currently expected capital expenditures with cash on hand and borrowings under our revolving credit agreement. Our internal growth projects can be accelerated or scaled back depending on market conditions or customer demand.

Working Capital Requirements

Working capital requirements, particularly in our fuels marketing segment, may vary with the seasonality of demand and the volatility of commodity prices for the products we market. This seasonality in demand and the volatility of commodity prices affect our accounts receivable and accounts payable balances, which vary depending on the timing of payments.

Axeon Term Loan and Credit Support

We are a party to the $190.0 million term loan to Axeon Specialty Products, LLC (the Axeon Term Loan), and we provide credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million to Axeon Specialty Products, LLC (Axeon). As of June 30, 2016, we provided guarantees for Axeon with an aggregate maximum potential exposure of $76.5 million, plus one guarantee to suppliers that does not specify a maximum amount, but for which we believe any amount due would be minimal. As of June 30, 2016, we have also provided $25.5 million in letters of credit on behalf of Axeon. Please refer to Note 5 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion of the Axeon Term Loan and credit support.

Defined Benefit Plans Funded Status

During 2016, we expect to contribute approximately $16.0 million to our pension and other postretirement benefit plans.

Distributions

The following table reflects the allocation of total cash distributions to the general and limited partners applicable to the period in which the distributions were earned:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Thousands of Dollars, Except Per Unit Data)			
General partner interest	$ 1,961	$ 1,961	$ 3,922	$ 3,922
General partner incentive distribution	10,805	10,805	21,610	21,610
Total general partner distribution	12,766	12,766	25,532	25,532
Limited partners’ distribution	85,285	85,285	170,570	170,570
Total cash distributions	$ 98,051	$ 98,051	$ 196,102	$ 196,102
Cash distributions per unit applicable to limited partners	$ 1.095	$ 1.095	$ 2.190	$ 2.190

Distributions declared for the quarter are paid within 45 days following the end of each quarter based on the partnership interests outstanding as of a record date that is set after the end of each quarter. The following table summarizes information related to our quarterly cash distributions:

Quarter Ended	Cash Distributions Per Unit	Total Cash Distributions	Record Date	Payment Date
		(Thousands of Dollars)		
June 30, 2016 (a)	$ 1.095	$ 98,051	August 9, 2016	August 12, 2016
March 31, 2016	$ 1.095	$ 98,051	May 9, 2016	May 13, 2016
December 31, 2015	$ 1.095	$ 98,051	February 8, 2016	February 12, 2016

(a) The distribution was announced on July 29, 2016.

Debt Obligations
As of June 30, 2016, we were a party to the following debt agreements:

- revolving credit agreement due October 29, 2019, with $1,030.8 million of borrowings outstanding as of June 30, 2016;
- 7.65% senior notes due April 15, 2018 with a face value of $350.0 million; 4.80% senior notes due September 1, 2020 with a face value of $450.0 million; 6.75% senior notes due February 1, 2021 with a face value of $300.0 million; 4.75% senior notes due February 1, 2022 with a face value of $250.0 million; and 7.625% subordinated notes due January 15, 2043 with a face value of $402.5 million;
- $365.4 million in GoZone Bonds due from 2038 to 2041;
- $40.0 million line of credit agreement with no borrowings outstanding as of June 30, 2016; and
- Receivables Financing Agreement due June 15, 2018, with $56.7 million of borrowings outstanding as of June 30, 2016.

Management believes that, as of June 30, 2016, we are in compliance with the ratios and covenants contained under our debt instruments. A default under certain of our debt agreements would be considered an event of default under other of our debt instruments. Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of certain of our debt agreements.

Interest Rate Swaps
As of June 30, 2016 and December 31, 2015, we were a party to forward-starting interest rate swap agreements for the purpose of hedging interest rate risk. As of June 30, 2016 and December 31, 2015, the aggregate notional amount of these forward-starting interest rate swaps was $600.0 million. Please refer to Note 6 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a more detailed discussion of our interest rate swaps.

Environmental, Health and Safety
We are subject to extensive federal, state and local environmental laws and regulations, including those relating to the discharge of materials into the environment, waste management and pollution prevention measures, among others. Our operations are also subject to extensive federal, state and local health and safety laws and regulations, including those relating to worker and pipeline safety, pipeline integrity and operator qualifications. Because more stringent environmental and safety laws and regulations are continuously being enacted or proposed, the level of future expenditures required for environmental, health and safety matters is expected to increase in the future.

Contingencies
We are subject to certain loss contingencies, the outcomes of which could have an adverse effect on our cash flows and results of operations, as further disclosed in Note 4 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements."

RELATED PARTY TRANSACTIONS
Please refer to Note 7 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of our related party transactions.

CRITICAL ACCOUNTING POLICIES
The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Our critical accounting policies are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015. We adopted the following accounting policy in connection with the Employee Transfer, and we consider this policy critical due to judgments made by management and the sensitivity of these estimates to deviations in actual results from management's assumptions.

Defined Benefit Plans
We estimate pension and other postretirement benefit obligations and costs based on actuarial valuations. The annual measurement date for our pension and other postretirement benefit plans is December 31. The actuarial valuations require the use of certain assumptions including discount rates, expected long-term rates of return on plan assets and expected rates of compensation increase. Changes in these assumptions are primarily influenced by factors outside our control. The discount rate is based on a hypothetical yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the hypothetical yield curve required an average rating of double-A, when averaging all available ratings by Moody's Investor Service Inc., Standard & Poor's Ratings Services and Fitch, Inc. The resulting discount rates were 4.61% and

4.75% for pension and other postretirement benefit plans, respectively, as of December 31, 2015. The expected long-term rate of return on plan assets is based on the weighted averages of the expected long-term rates of return for each asset class of investments held in our plans as determined using historical data and the assumption that capital markets are informationally efficient. The expected rate of compensation increase represents average long-term salary increases.

These assumptions can have an effect on the amounts reported in our consolidated financial statements. The effect of a 0.25% change in the specified assumptions would have the following effects (in thousands):

		Pension Benefits
Change in net periodic benefit cost for the year ending December 31, 2016 resulting from:		
Discount rate decrease	$	500
Expected long-term rate of return on plan assets decrease		200
Compensation rate increase		400

NEW ACCOUNTING PRONOUNCEMENTS

Please refer to Note 2 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We manage our exposure to changing interest rates principally through the use of a combination of fixed-rate debt and variable-rate debt. In addition, we utilize forward-starting interest rate swap agreements to lock in the rate on the interest payments related to forecasted debt issuances. Borrowings under our variable-rate debt expose us to increases in interest rates.

Please refer to Note 6 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a more detailed discussion of our interest rate swaps. The following tables present principal cash flows and related weighted-average interest rates by expected maturity dates for our long-term debt:

	June 30, 2016							
	Expected Maturity Dates							
	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
	(Thousands of Dollars, Except Interest Rates)							
Long-term Debt:								
Fixed-rate	$ —	$ —	$ 350,000	$ —	$ 450,000	$ 952,500	$ 1,752,500	$ 1,750,494
Weighted-average interest rate	—	—	8.2%	—	4.8%	6.6%	6.4%	
Variable-rate	$ —	$ —	$ 56,700	$1,030,771	$ —	$ 365,440	$ 1,452,911	$ 1,454,048
Weighted-average interest rate	—	—	1.3%	2.2%	—	0.4%	1.7%	

	December 31, 2015							
	Expected Maturity Dates							
	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
	(Thousands of Dollars, Except Interest Rates)							
Long-term Debt:								
Fixed-rate	$ —	$ —	$ 350,000	$ —	$ 450,000	$ 952,500	$ 1,752,500	$ 1,626,785
Weighted-average interest rate	—	—	8.2%	—	4.8%	6.6%	6.4%	
Variable-rate	$ —	$ —	$ 53,500	$ 882,664	$ —	$ 365,440	$ 1,301,604	$ 1,302,653
Weighted-average interest rate	—	—	1.2%	2.1%	—	0.1%	1.5%	

The following table presents information regarding our forward-starting interest rate swap agreements:

Notional Amount			Weighted-Average Fixed Rate		Fair Value	
June 30, 2016	December 31, 2015	Period of Hedge	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
(Thousands of Dollars)					(Thousands of Dollars)	
$ 350,000	$ 350,000	04/2018 - 04/2028	2.6%	2.6%	$ (30,945)	$ 140
250,000	250,000	09/2020 - 09/2030	2.8%	2.8%	(17,930)	1,163
$ 600,000	$ 600,000		2.7%	2.7%	$ (48,875)	$ 1,303

Commodity Price Risk

Since the operations of our fuels marketing segment expose us to commodity price risk, we use derivative instruments to attempt to mitigate the effects of commodity price fluctuations. The derivative instruments we use consist primarily of commodity futures and swap contracts. We have a risk management committee that oversees our trading policies and procedures and certain aspects of risk management. Our risk management committee also reviews all new risk management strategies in accordance with our risk management policy, as approved by our board of directors.

We record commodity derivative instruments in the consolidated balance sheets at fair value. We recognize mark-to-market adjustments for derivative instruments designated and qualifying as fair value hedges (Fair Value Hedges) and the related change in the fair value of the associated hedged physical inventory or firm commitment within “Cost of product sales.” For derivative instruments that have associated underlying physical inventory but do not qualify for hedge accounting (Economic Hedges and Other Derivatives), we record the mark-to-market adjustments in “Cost of product sales.”

The commodity contracts disclosed below represent only those contracts exposed to commodity price risk at the end of the period. Please refer to Note 6 of Condensed Notes to Consolidated Financial Statement in Item 1. “Financial Statements” for the volume and related fair value of all commodity contracts.

	June 30, 2016			
		Weighted Average		
	Contract Volumes	Pay Price	Receive Price	Fair Value of Current Asset (Liability)
	(Thousands of Barrels)			(Thousands of Dollars)
Fair Value Hedges:				
Futures – long:				
(crude oil and refined products)	71	$ 59.92	N/A	$ (52)
Futures – short:				
(crude oil and refined products)	204	N/A	$ 57.42	$ 198
Swaps - long:				
(refined products)	198	$ 36.39	N/A	$ (3)
Swaps - short:				
(refined products)	672	N/A	$ 35.98	$ (295)
Economic Hedges and Other Derivatives:				
Futures – long:				
(crude oil and refined products)	104	$ 51.18	N/A	$ (145)
Futures – short:				
(crude oil and refined products)	111	N/A	$ 51.89	$ 145
Swaps – long:				
(refined products)	1,377	$ 33.15	N/A	$ 4,029
Swaps – short:				
(refined products)	1,362	N/A	$ 30.66	$ (7,372)
Forward purchase contracts:				
(crude oil)	310	$ 48.49	N/A	$ 252
Forward sales contracts:				
(crude oil)	310	N/A	$ 48.46	$ (263)
Total fair value of open positions exposed to commodity price risk				$ (3,506)

	December 31, 2015			
	Contract Volumes	Weighted Average		Fair Value of Current Asset (Liability)
		Pay Price	Receive Price	
	(Thousands of Barrels)			(Thousands of Dollars)
Fair Value Hedges:				
Futures – long:				
(crude oil and refined products)	38	$ 37.85	N/A	$ 1
Futures – short:				
(crude oil and refined products)	59	N/A	$ 39.07	$ 68
Swaps – long:				
(refined products)	129	$ 23.83	N/A	$ (18)
Swaps – short:				
(refined products)	784	N/A	$ 26.28	$ 1,864
Economic Hedges and Other Derivatives:				
Futures – long:				
(crude oil and refined products)	87	$ 44.81	N/A	$ (48)
Futures – short:				
(crude oil and refined products)	196	N/A	$ 43.54	$ 149
Swaps – long:				
(refined products)	1,532	$ 28.19	N/A	$ (8,529)
Swaps – short:				
(refined products)	1,435	N/A	$ 33.01	$ 14,931
Forward purchase contracts:				
(crude oil)	248	$ 36.99	N/A	$ 193
Forward sales contracts:				
(crude oil)	248	N/A	$ 36.82	$ (235)
Total fair value of open positions exposed to commodity price risk				$ 8,376

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management has evaluated, with the participation of the principal executive officer and principal financial officer of NuStar GP, LLC, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective as of June 30, 2016.

(b) Changes in internal control over financial reporting.

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits

Exhibit Number	Description
*3.01	Third Amendment to First Amended and Restated Limited Liability Company Agreement of NuStar GP, LLC, dated as of July 29, 2016 and effective as of March 21, 2007
*10.01	Eighth Amendment to Letter of Credit Agreement, dated as of May 6, 2016, among NuStar Logistics, L.P., NuStar Energy L.P., the Lenders party thereto and Mizuho Bank, Ltd., as Issuing Bank and Administrative Agent
*10.02	Maturity Extension Letter (Amendment No. 3) to Letter of Credit Agreement and Subsidiary Guaranty Agreement dated as of July 15, 2016 among NuStar Logistics, L.P., NuStar Energy L.P., the Lenders party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Issuing Bank and Administrative Agent
*12.01	Statement of Computation of Ratio of Earnings to Fixed Charges
*31.01	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal executive officer
*31.02	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal financial officer
**32.01	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal executive officer
**32.02	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal financial officer
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

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, thereunto duly authorized.

NUSTAR ENERGY L.P.
(Registrant)

By: Riverwalk Logistics, L.P., its general partner
By: NuStar GP, LLC, its general partner

By:	**/s/ Bradley C. Barron**
	Bradley C. Barron
	President and Chief Executive Officer
	August 8, 2016
By:	**/s/ Thomas R. Shoaf**
	Thomas R. Shoaf
	Executive Vice President and Chief Financial Officer
	August 8, 2016
By:	**/s/ Jorge A. del Alamo**
	Jorge A. del Alamo
	Senior Vice President and Controller
	August 8, 2016

THIRD AMENDMENT
TO THE
FIRST AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
NUSTAR GP, LLC

This Third Amendment to the First Amended and Restated Limited Liability Company Agreement of NuStar GP, LLC (the "**Company**"), dated as of July 29, 2016 (this "**Amendment**"), is made and entered into by NuStar GP Holdings, LLC, as the sole member of the Company (the "**Member**").

W I T N E S S E T H

WHEREAS, the Company is a Delaware limited liability company that was formed under the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq. (the "**Act**"), and is currently governed by the First Amended and Restated Limited Liability Company Agreement of the Company, dated as of June 5, 2000, as amended (the "**LLC Agreement**");

WHEREAS, a Certificate of Amendment to the Certificate of Formation of the Company was filed with the Secretary of State of the State of Delaware on March 21, 2007, reflecting a change in the name of the Company to "NuStar GP, LLC" (the "**Certificate of Amendment**"); and

WHEREAS, the Member desires to amend the LLC Agreement as set forth herein.

NOW, THEREFORE, intending to be legally bound, the Member hereby agrees as follows:

I. AMENDMENTS.

A. The LLC Agreement is hereby amended to change the name of the Company from "Valero GP, LLC" to "NuStar GP, LLC." All references in the LLC Agreement to "Valero GP, LLC" are hereby deleted and "NuStar GP, LLC" is hereby substituted in lieu thereof.

B. The LLC Agreement is hereby amended to change the name of the sole member of the Company from "Valero GP Holdings, LLC" to "NuStar GP Holdings, LLC." All references in the LLC Agreement to "Valero GP Holdings, LLC" are hereby deleted and "NuStar GP Holdings, LLC" is hereby substituted in lieu thereof.

C. Section 6 of the LLC Agreement is hereby amended in its entirety to read as follows:

The name and business or mailing address of the Member is:

NuStar GP Holdings, LLC
19003 IH-10 West
San Antonio, TX 78257

D. Exhibit A to the LLC Agreement is hereby amended in its entirety to read as follows:

EXHIBIT A
INTEREST

Member	**Interest**
NuStar GP Holdings, LLC 19003 IH-10 West San Antonio, TX 78257	100%

II. MISCELLANEOUS.

A. Successors and Assigns. This Amendment shall be binding upon, and shall inure to the benefit of, the Member and its successors and assigns.

B. Full Force and Effect. Except to the extent modified hereby, the LLC Agreement shall remain in full force and effect.

C. Governing Law. This Amendment shall be interpreted in accordance with the laws of the State of Delaware (without regard to conflict of laws principles), with all rights and remedies being governed by such laws.

D. Effectiveness of Amendment. To the fullest extent permitted by law, the Member intends that this Amendment be effective as of the filing of the Certificate of Amendment with the office of the Secretary of State of the State of Delaware on March 21, 2007.

E. Severability of Provisions. Each provision of this Amendment shall be considered severable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Amendment which are valid, enforceable and legal.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be duly executed as of the day and year first above written.

Member:

NUSTAR GP HOLDINGS, LLC

By:	/s/ Amy L. Perry
Name:	Amy L. Perry
Title:	Senior Vice President, General Counsel—Corporate & Commercial Law and Corporate Secretary

Exhibit 10.01

EIGHTH AMENDMENT

TO

LETTER OF CREDIT AGREEMENT

dated as of

May 6, 2016

among

NUSTAR LOGISTICS, L.P.,

NUSTAR ENERGY L.P.,

The Lenders Party Hereto

and

MIZUHO BANK, LTD.,

as Issuing Bank and Administrative Agent

EIGHTH AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS EIGHTH AMENDMENT TO LETTER OF CREDIT AGREEMENT (this "Eighth Amendment") dated as of May 6, 2016, is among **NUSTAR LOGISTICS, L.P.**, a Delaware limited partnership (the "Borrower"); **NUSTAR ENERGY L.P.,** a Delaware limited partnership (the "MLP"); **NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**, a Delaware limited partnership (the "Subsidiary Guarantor" and, together with the Borrower and the MLP, the "Obligors"); **MIZUHO BANK, LTD.** (formerly known as Mizuho Corporate Bank, Ltd.), as administrative agent (in such capacity, the "Administrative Agent") and as Issuing Bank; and the undersigned Lender (collectively, the "Lenders").

R E C I T A L S

A. The Borrower, the MLP, the Administrative Agent and the Lenders are parties to that certain Letter of Credit Agreement dated as of June 5, 2012 (as amended, the "Reimbursement Agreement"), pursuant to which the Issuing Bank and the Lenders have made certain extensions of credit available to the Borrower.

B. The Subsidiary Guarantor is a party to that certain Subsidiary Guaranty Agreement dated as of June 5, 2012 made by each of the Guarantors (as defined therein) in favor of the Administrative Agent (the "Subsidiary Guaranty").

C. The Borrower has requested and the Administrative Agent, the Issuing Bank, and the Lenders have agreed to amend certain provisions of the Reimbursement Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Reimbursement Agreement. Unless otherwise indicated, all references to Sections and Articles in this Eighth Amendment refer to Sections and Articles of the Reimbursement Agreement.

Section 2. Amendments to Reimbursement Agreement.

2.1 Amendment to Section 1.01. Section 1.01 of the Reimbursement Agreement is hereby amended to delete the definition of "Maturity Date" in its entirety and replace it with the following:

"***Maturity Date*** means June 5, 2017."

2.2 Amendment to Schedule 3.12. Schedule 3.12 (Subsidiaries) is hereby deleted in its entirety and replaced with Schedule 3.12 attached hereto.

Section 3. Conditions Precedent. This Eighth Amendment shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02 of the Reimbursement Agreement) (the "Effective Date"):

3.1 The Administrative Agent, the Issuing Bank, and the Lenders shall have received all fees and other amounts due and payable, if any, in connection with this Eighth Amendment on or prior to the Effective Date.

3.2 The Administrative Agent shall have received from the Borrower, the MLP, the Subsidiary Guarantor, the Issuing Bank and the Lenders, counterparts (in such number as may be requested by the Administrative Agent) of this Eighth Amendment signed on behalf of such Persons.

3.3 The Administrative Agent shall have received such other documents as the Administrative Agent or special counsel to the Administrative Agent may reasonably request.

3.4 No Default shall have occurred and be continuing, after giving effect to the terms of this Eighth Amendment.

Section 4. Miscellaneous.

4.1 Confirmation. The provisions of the Reimbursement Agreement, as amended by this Eighth Amendment, shall remain in full force and effect following the effectiveness of this Eighth Amendment.

4.2 Ratification and Affirmation; Representations and Warranties. Each Obligor hereby: (a) acknowledges the terms of this Eighth Amendment; (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, except as expressly amended hereby, after giving effect to the amendments contained herein; (c) agrees that from and after the Effective Date each reference to the Reimbursement Agreement in the Subsidiary Guaranty and the other Loan Documents shall be deemed to be a reference to the Reimbursement Agreement, as amended by this Eighth Amendment; and (d) represents and warrants to the Administrative Agent, the Issuing Bank, and the Lenders that as of the date hereof, after giving effect to the terms of this Eighth Amendment: (i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct, unless such representations and warranties are stated to relate to a specific earlier date, in which case, such representations and warranties shall continue to be true and correct as of such earlier date and (ii) no Default has occurred and is continuing.

4.3 Loan Document. This Eighth Amendment is a "Loan Document" as defined and described in the Reimbursement Agreement and all of the terms and provisions of the Reimbursement Agreement relating to Loan Documents shall apply hereto.

4.4 Counterparts. This Eighth Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Eighth Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

4.5 NO ORAL AGREEMENT. THIS EIGHTH AMENDMENT, THE REIMBURSEMENT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

4.6 GOVERNING LAW. THIS EIGHTH AMENDMENT (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Amendment to be duly executed as of the date first written above.

NUSTAR LOGISTICS, L.P.

By: NuStar GP, Inc., its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and
Chief Financial Officer

NUSTAR ENERGY L.P.

By: Riverwalk Logistics, L.P., its General Partner

By: NuStar GP, LLC, its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and
Chief Financial Officer

NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.

By: NuStar Pipeline Company, LLC, its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and
Chief Financial Officer

MIZUHO BANK, LTD.
(formerly known as Mizuho Corporate Bank, Ltd.),
as Issuing Bank, as Administrative Agent, and as a Lender

By: /s/ Leon Mo
Name: Leon Mo
Title: Authorized Signatory

SIGNATURE PAGE TO EIGHTH AMENDMENT TO LETTER OF CREDIT AGREEMENT

SCHEDULE 3.12

Subsidiaries

Subsidiary	Jurisdiction of Organization	Restricted/ Unrestricted/Material	Ownership Percentage
Bicen Development Corporation N.V.	Netherlands	Restricted	100%
Cooperatie NuStar Holdings U.A.	Netherlands	Restricted	100%
Diamond K Limited	Bermuda	Restricted	100%
LegacyStar Services, LLC	Delaware	Restricted	100%
NS Security Services, LLC	Delaware	Restricted	100%
NuStar Asphalt Chickasaw, LLC	Texas	Restricted	100%
NuStar Asphalt Holdings, Inc.	Delaware	Restricted	100%
NuStar Asphalt Holdings, LLC	Delaware	Restricted	100%
NuStar Burgos, LLC	Delaware	Restricted	100%
NuStar Caribe Terminals, Inc.	Delaware	Restricted	100%
NuStar Eastham Limited	England	Restricted	100%
NuStar Energy Services, Inc.	Delaware	Restricted	100%
NuStar Finance LLC	Delaware	Restricted	100%
NuStar GP, Inc.	Delaware	Restricted	100%
NuStar Grangemouth Limited	England	Restricted	100%
NuStar Holdings B.V.	Netherlands	Restricted	100%
NuStar Internacional, S de R.L. de C.V.	Mexico	Restricted	100%
NuStar Logistics, L.P.	Delaware	Restricted – Material	100%
NuStar Pipeline Company, LLC	Delaware	Restricted	100%
NuStar Pipeline Holding Company, LLC	Delaware	Restricted	100%
NuStar Pipeline Operating Partnership L.P.	Delaware	Restricted – Material	100%
NuStar Pipeline Partners L.P.	Delaware	Restricted	100%
NuStar Refining, LLC	Delaware	Restricted	100%
NuStar Services Company LLC	Delaware	Restricted	100%
NuStar Supply & Trading LLC	Delaware	Restricted	100%
NuStar Terminals Antilles N.V.	Curacao	Restricted	100%
NuStar Terminals B.V.	Netherlands	Restricted	100%
NuStar Terminals Canada Co.	Canada	Restricted	100%
NuStar Terminals Canada Holdings Co.	Canada	Restricted	100%
NuStar Terminals Canada Partnership	Canada	Restricted	100%
NuStar Terminals Corporation N.V.	Curacao	Restricted	100%
NuStar Terminals Delaware, Inc.	Delaware	Restricted	100%

Subsidiary	Jurisdiction of Organization	Restricted/ Unrestricted/Material	Ownership Percentage
NuStar Terminals International N.V.	Curacao	Restricted	100%
NuStar Terminals Limited	England	Restricted	100%
NuStar Terminals Marine Services N.V.	Netherlands	Restricted	100%
NuStar Terminals New Jersey, Inc.	Delaware	Restricted	100%
NuStar Terminals N.V.	Netherlands	Restricted	100%
NuStar Terminals Operations Partnership L.P.	Delaware	Restricted – Material	100%
NuStar Terminals Partners TX L.P.	Delaware	Restricted	100%
NuStar Terminals Services, Inc.	Delaware	Restricted	100%
NuStar Terminals Texas, Inc.	Delaware	Restricted	100%
NuStar Texas Holdings, Inc.	Delaware	Restricted	100%
Petroburgos, S. de R.L. de C.V.	Mexico	Restricted	100%
Point Tupper Marine Services Co.	Canada	Restricted	100%
Saba Company N.V.	Netherlands	Restricted	100%
Seven Seas Steamship Company (Sint Eustatius) N.V.	Netherlands	Restricted	100%
Shore Terminals LLC	Delaware	Restricted	100%
ST Linden Terminal, LLC	Delaware	Restricted	100%
Star Creek Ranch, LLC	Delaware	Restricted	100%

Exhibit 10.02

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
New York Branch
1251 Avenue of the Americas
New York, NY 10020-1104
Tel. 212-782-4000

NuStar Logistics L.P.
NuStar Energy L.P.
Attention: Thomas R. Shoaf, Executive Vice President and Chief Financial Officer

RE: Maturity Date Extension

Reference is made to that certain Letter of Credit Agreement, dated as of September 3, 2014 (the "***Original Agreement***") and that certain Amendment No.1 to Letter of Credit Agreement and Subsidiary Guaranty Agreement dated as of November 3, 2014, and by that certain Maturity Date Extension Letter Amendment dated on or about August 18, 2015 (the "**Amendment**")(as further amended, restated, supplemented or otherwise modified from time to time, the "***Agreement***") by and among NuStar Logistics, L.P. and NuStar Energy L.P., both Delaware limited partnerships (together the "***NuStar Parties***"), the lenders from time to time a party thereto (the "***Lenders***"), and The Bank of Tokyo Mitsubishi UFJ, Ltd., as Issuing Bank and Administrative Agent (the "***Agent***"). Capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Agreement.

Whereas the Amendment was entered into as of November 3, 2014 and the Agreement was intended to expire as of September 2, 2016, and whereas the Lenders, the NuStar Parties and the Agent mutually wish to extend the expiry of the Agreement until September 2, 2017, now therefore, for good and reasonable consideration, the sufficiency of which is hereby acknowledged, the term "Maturity Date" as set forth in the Agreement is hereby amended to read "September 2, 2017" and Schedule 3.12 to the Agreement is hereby deleted in its entirety and replaced with Schedule 3.12 attached hereto.

No other provision of the Agreement is amended by this letter. The NuStar Parties hereby confirm that the Agreement remains in full force and effect as amended hereby, and that all obligations of such NuStar parties set forth therein are ratified and reconfirmed. The execution, delivery and effectiveness of this letter shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Agreement or any of the Loan Documents, nor constitute a waiver of any provision of the Agreement or any of the Loan Documents.

Regards,

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By:	/s/ Anastasiya Haurylenia
Name:	Anastasiya Haurylenia
Title:	Vice President, Portfolio Management

SCHEDULE 3.12

Subsidiaries

Subsidiary	Jurisdiction of Organization	Restricted/ Unrestricted/Material	Ownership Percentage
Bicen Development Corporation N.V.	Netherlands	Restricted	100%
Cooperatie NuStar Holdings U.A.	Netherlands	Restricted	100%
Diamond K Limited	Bermuda	Restricted	100%
LegacyStar Services, LLC	Delaware	Restricted	100%
NS Security Services, LLC	Delaware	Restricted	100%
NuStar Asphalt Chickasaw, LLC	Texas	Restricted	100%
NuStar Asphalt Holdings, Inc.	Delaware	Restricted	100%
NuStar Asphalt Holdings, LLC	Delaware	Restricted	100%
NuStar Burgos, LLC	Delaware	Restricted	100%
NuStar Caribe Terminals, Inc.	Delaware	Restricted	100%
NuStar Eastham Limited	England	Restricted	100%
NuStar Energy Services, Inc.	Delaware	Restricted	100%
NuStar Finance LLC	Delaware	Restricted	100%
NuStar GP, Inc.	Delaware	Restricted	100%
NuStar Grangemouth Limited	England	Restricted	100%
NuStar Holdings B.V.	Netherlands	Restricted	100%
NuStar Internacional, S de R.L. de C.V.	Mexico	Restricted	100%
NuStar Logistics, L.P.	Delaware	Restricted – Material	100%
NuStar Pipeline Company, LLC	Delaware	Restricted	100%
NuStar Pipeline Holding Company, LLC	Delaware	Restricted	100%
NuStar Pipeline Operating Partnership L.P.	Delaware	Restricted – Material	100%
NuStar Pipeline Partners L.P.	Delaware	Restricted	100%
NuStar Refining, LLC	Delaware	Restricted	100%
NuStar Services Company LLC	Delaware	Restricted	100%
NuStar Supply & Trading LLC	Delaware	Restricted	100%
NuStar Terminals Antilles N.V.	Curacao	Restricted	100%
NuStar Terminals B.V.	Netherlands	Restricted	100%
NuStar Terminals Canada Co.	Canada	Restricted	100%
NuStar Terminals Canada Holdings Co.	Canada	Restricted	100%
NuStar Terminals Canada Partnership	Canada	Restricted	100%
NuStar Terminals Corporation N.V.	Curacao	Restricted	100%
NuStar Terminals Delaware, Inc.	Delaware	Restricted	100%

Subsidiary	Jurisdiction of Organization	Restricted/ Unrestricted/Material	Ownership Percentage
NuStar Terminals International N.V.	Curacao	Restricted	100%
NuStar Terminals Limited	England	Restricted	100%
NuStar Terminals Marine Services N.V.	Netherlands	Restricted	100%
NuStar Terminals New Jersey, Inc.	Delaware	Restricted	100%
NuStar Terminals N.V.	Netherlands	Restricted	100%
NuStar Terminals Operations Partnership L.P.	Delaware	Restricted – Material	100%
NuStar Terminals Partners TX L.P.	Delaware	Restricted	100%
NuStar Terminals Services, Inc.	Delaware	Restricted	100%
NuStar Terminals Texas, Inc.	Delaware	Restricted	100%
NuStar Texas Holdings, Inc.	Delaware	Restricted	100%
Petroburgos, S. de R.L. de C.V.	Mexico	Restricted	100%
Point Tupper Marine Services Co.	Canada	Restricted	100%
Saba Company N.V.	Netherlands	Restricted	100%
Seven Seas Steamship Company (Sint Eustatius) N.V.	Netherlands	Restricted	100%
Shore Terminals LLC	Delaware	Restricted	100%
ST Linden Terminal, LLC	Delaware	Restricted	100%
Star Creek Ranch, LLC	Delaware	Restricted	100%

Acknowledged and Agreed:

NUSTAR LOGISTICS, L.P.

By: NuStar GP, Inc., its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and Chief Financial Officer

NUSTAR ENERGY L.P.

By: Riverwalk Logistics, L.P., its General Partner

By: NuStar GP, LLC, its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and Chief Financial Officer

GUARANTORS

NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.

By: NuStar Pipeline Company, LLC, its General Partner

By: /s/ Thomas R. Shoaf
Name: Thomas R. Shoaf
Title: Executive Vice President and Chief Financial Officer

SUMITOMO MITSUI BANKING CORPORATION, as Lender

By:	/s/ Katsuyuki Kubo
Name:	Katsuyuki Kubo
Title:	Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as Issuing Bank and a Lender

By:	/s/ Anastasiya Haurylenia
Name:	Anastasiya Haurylenia
Title:	Vice President, Portfolio Management

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as Administrative Agent

By:	/s/ Lawrence Blat
Name:	Lawrence Blat
Title:	Vice President Syndications

Exhibit 12.01

NUSTAR ENERGY L.P.
STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Thousands of Dollars, Except Ratio)

	Six Months Ended June 30,	Years Ended December 31,				
	2016	2015	2013	2012	2011	2010
Earnings:						
Income (loss) from continuing operations before provision for income taxes and income from equity investees	$ 117,058	$ 320,658	$ 220,174	$ (132,786)	$ (132,173)	$ 225,771
Add:						
Fixed charges	76,882	150,661	153,236	149,090	122,286	109,825
Amortization of capitalized interest	852	1,573	1,385	1,216	1,012	793
Distributions from joint ventures	—	2,500	7,587	7,956	6,364	14,374
Less: Interest capitalized	(2,336)	(5,549)	(5,667)	(4,501)	(7,737)	(5,388)
Total earnings	$ 192,456	$ 469,843	$ 376,715	$ 20,975	$ (10,248)	$ 345,375
Fixed charges:						
Interest expense, net	$ 68,352	$ 131,868	$ 132,281	$ 127,119	$ 90,535	$ 81,539
Interest capitalized	2,336	5,549	5,667	4,501	7,737	5,388
Rental expense interest factor (a)	6,194	13,244	15,288	17,470	24,014	22,898
Total fixed charges	$ 76,882	$ 150,661	$ 153,236	$ 149,090	$ 122,286	$ 109,825
Ratio of earnings to fixed charges	2.5x	3.1x	2.5x	(b)	(c)	3.1x

(a) The interest portion of rental expense represents one-third of rents, which is deemed representative of the interest portion of rental expense.

(b) For the year ended December 31, 2013, earnings were insufficient to cover fixed charges by $128.1 million. The deficiency included a goodwill impairment loss of $304.5 million related to the Statia terminals reporting unit.

(c) For the year ended December 31, 2012, earnings were insufficient to cover fixed charges by $132.5 million. The deficiency included the effect of $271.8 million of impairment losses mainly resulting from the write-down of the carrying value of our long-lived assets related to our asphalt operations, including fixed assets, goodwill, intangible assets and other long-term assets.

Exhibit 31.01

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Bradley C. Barron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NuStar Energy L.P. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2016

/s/ Bradley C. Barron

Bradley C. Barron
President and Chief Executive Officer

Exhibit 31.02

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas R. Shoaf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NuStar Energy L.P. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2016

/s/ Thomas R. Shoaf

Thomas R. Shoaf
Executive Vice President and Chief Financial Officer

Exhibit 32.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NuStar Energy L.P. (the Partnership) on Form 10-Q for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Bradley C. Barron, President and Chief Executive Officer of NuStar GP, LLC, the general partner of the general partner of the Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Bradley C. Barron

Bradley C. Barron
President and Chief Executive Officer
August 8, 2016

Exhibit 32.02

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NuStar Energy L.P. (the Partnership) on Form 10-Q for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas R. Shoaf, Executive Vice President and Chief Financial Officer of NuStar GP, LLC, the general partner of the general partner of the Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Thomas R. Shoaf

Thomas R. Shoaf
Executive Vice President and Chief Financial Officer
August 8, 2016