

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **September 4, 2012**

NuStar Energy L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16417
(Commission File Number)

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

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

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

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

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

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

Item 8.01. Other Events.

Unaudited Pro Forma Condensed Consolidated Financial Statements of NuStar Energy L.P.

This Current Report on Form 8-K is being filed by NuStar Energy L.P. ("NuStar Energy") to provide investors with unaudited pro forma condensed consolidated financial statements in connection with NuStar Energy's entry into a Purchase and Sale Agreement, dated as of July 3, 2012, by and among NuStar Energy, NuStar Logistics, L.P. ("Logistics"), NuStar Asphalt Refining, LLC, NuStar Marketing LLC, NuStar GP, LLC, NuStar Asphalt LLC and Asphalt Acquisition LLC ("Acquisition Co."), an affiliate of Lindsay Goldberg ("LG"), to sell to Acquisition Co. membership interests representing a 50% voting interest in NuStar Asphalt LLC. NuStar Asphalt LLC was formed for the purpose of entering into a joint venture with LG to own and operate Logistics' asphalt operations, including its asphalt refineries in Paulsboro, New Jersey and Savannah, Georgia.

Exhibit 99.1 to this Current Report on Form 8-K presents the following unaudited pro forma condensed consolidated financial statements of NuStar Energy and its subsidiaries, which have been prepared in accordance with Article 11 of Regulation S-X:

- Unaudited pro forma condensed consolidated balance sheet as of June 30, 2012;
- Unaudited pro forma condensed consolidated statement of comprehensive income for the six months ended June 30, 2012;
- Unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2011; and
- Notes to unaudited pro forma condensed consolidated financial statements.

Updated Trends and Outlook

Storage Segment

For the last half of 2012, we expect the storage segment to continue to benefit from internal growth projects completed in 2011 as well as those expected to be completed in 2012, mainly at our St. Eustatius terminal in the Caribbean and our St. James, Louisiana terminal. However, third quarter 2012 earnings may be slightly lower than the same period of 2011 due to higher maintenance costs at several of our terminal facilities that will more than offset the expected additional earnings from those completed projects. For the fourth quarter, we expect slightly higher earnings than in the fourth quarter of 2011. Overall, we expect the full year 2012 earnings for the storage segment to exceed 2011.

Transportation Segment

We expect earnings of the transportation segment for the third quarter and the fourth quarter of 2012 to be slightly higher than the same periods in 2011. Earnings for this segment should benefit from higher throughputs related to the pipeline expansion projects completed in 2011 and in July 2012 that serve Eagle Ford Shale production as well as an additional Eagle Ford shale expansion project we should complete in the third or fourth quarter of 2012. Additionally, the last half of 2012 will benefit from the tariff increase that went into effect on July 1, 2012 on our pipelines regulated by the Federal Energy Regulatory Commission. However, we expect throughputs to be negatively affected by planned maintenance at refineries served by our pipelines in the fourth quarter of 2012, which will partially offset the expected increases described above. Overall, we expect the full year 2012 earnings for the transportation segment to be higher than 2011.

Asphalt and Fuels Marketing Segment

We expect to complete the sale of 50% of our asphalt operations in the third quarter of 2012. Upon closing of the sale, we expect to deconsolidate the asphalt operations and prospectively report our remaining investment using the equity method of accounting. Because of our ongoing involvement with the asphalt operations, we will not report its historic results of operations as discontinued operations. Therefore, our future results of operations for this segment, subsequent to deconsolidation, will not be comparable to the corresponding historic periods. Furthermore, at the closing date, we have agreed to sell inventory associated with our asphalt operations to the new entity at market prices, as defined in the purchase and sale agreement filed on our July 6, 2012 Current Report on Form 8-K. In recent months, crude oil prices generally have declined. If that trend continues, the market price for our inventory may be less than our cost, causing an additional loss upon deconsolidation of the asphalt operations. We expect third quarter earnings for our asphalt and fuels marketing segment to fall below the third quarter of last year and result in a slight loss for the segment. Lower earnings from asphalt operations, the San Antonio refinery as well as bunkering and crude oil trading are all expected to contribute to the third quarter loss. For the fourth quarter, we expect higher earnings than in the fourth quarter of 2011 primarily due to the completion of the sale of 50% of our asphalt operations. Full year results for the fuels marketing operations are expected to be less than the full year results for the prior year.

The updated outlook set forth above constitutes management's best estimate based on current and anticipated market conditions and other factors. While NuStar Energy believes that these estimates and assumptions are reasonable, they are inherently uncertain and are subject to significant business, economic, regulatory, environmental and competitive risks and uncertainties that could cause actual results to differ materially from those we anticipate. These risks and uncertainties include crude oil prices, the state of the economy, changes to refinery maintenance schedules and other factors that affect overall demand for the products we store, transport and sell as well as changes in commodity prices for the products we market.

Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Unaudited Pro Forma Condensed Consolidated Financial Statements
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SIGNATURES

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

NUSTAR ENERGY L.P.

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

By: NuStar GP, LLC
its general partner

Date: September 4, 2012

By: /s/ Amy L. Perry
Name: Amy L. Perry
Title: Vice President, Assistant General Counsel and
Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Description
99.1	Unaudited Pro Forma Condensed Consolidated Financial Statements

NUSTAR ENERGY L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise indicated, the terms “NuStar Energy,” “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.

The unaudited pro forma condensed consolidated financial statements of NuStar Energy L.P. (NuStar Energy) have been derived from our historical consolidated financial statements and are being presented to give effect to the sale of 50% of our asphalt operations (the Transaction) to an affiliate of Lindsay Goldberg LLC (Lindsay Goldberg), a private investment firm. The asphalt operations involve purchasing crude oil to process at NuStar Energy’s asphalt refineries in Paulsboro, New Jersey and Savannah, Georgia, which produce asphalt and other refined petroleum products which are marketed from leased terminals along the U.S. east coast (collectively, the Asphalt Operations). The Asphalt Operations also include three asphalt terminals in the mid-continent and gulf coast, which are supplied by other refineries in those regions. NuStar Energy and Lindsay Goldberg will each have a 50% voting interest in NuStar Asphalt LLC (Asphalt JV), currently a wholly owned subsidiary of NuStar Energy, which was formed for the purpose of entering into this joint venture and will own all the assets of the Asphalt Operations.

The unaudited pro forma condensed consolidated balance sheet has been prepared as though the Transaction occurred on June 30, 2012. The unaudited pro forma statements of income for the six months ended June 30, 2012 and the year ended December 31, 2011 have been prepared as though the Transaction occurred on January 1, 2011. The following unaudited pro forma condensed consolidated financial statements should be read in conjunction with our historical financial statements and accompanying notes, including the unaudited financial statements included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and the audited financial statements included in our Annual Report on Form 10-K for the twelve months ended December 31, 2011.

The pro forma adjustments, as described in the notes to unaudited pro forma condensed consolidated financial statements, are based on available information and assumptions management believes are factually supportable and recurring in nature. The pro forma adjustments assume the following:

- Lindsay Goldberg will acquire the Class A equity interests (Class A Interests) of Asphalt JV for \$175.0 million, while we will retain the Class B equity interests (Class B Interests) of Asphalt JV with an estimated fair value of \$52.0 million. The Class A Interests will receive a preferred distribution and will have a liquidation preference over the Class B Interests.
- Asphalt JV will purchase the inventory of the Asphalt Operations from NuStar Energy at market prices. Asphalt JV intends to fund the inventory purchase with proceeds from borrowings under a third-party, asset-based revolving credit facility (Third-Party Financing) and an unsecured revolving credit facility provided by NuStar Energy (NuStar Facility). The Third-Party Financing will have an aggregate principal amount not to exceed \$500.0 million for a term of five years and will bear interest based on LIBOR plus a margin that varies depending upon certain conditions of the Third-Party Financing. The NuStar Facility will have an aggregate principal amount not to exceed \$250.0 million for a term of seven years and will bear interest at the actual rate applicable to NuStar Energy’s revolving credit agreement plus one percent.
- NuStar Energy will use the proceeds from the sale of the Class A Interests and the inventory of the Asphalt Operations, as described above, to repay a portion of its long-term debt.
- NuStar Energy will retain its crude oil supply agreement with Petróleos de Venezuela S. A. (PDVSA) and will enter into a separate crude oil supply agreement with Asphalt JV to supply it approximately 35,000 barrels per day. The terms of the crude oil supply agreement between NuStar Energy and Asphalt JV will be virtually the same as the terms of NuStar Energy’s agreement with PDVSA. Specifically, the price paid by Asphalt JV will equal the actual price paid by NuStar Energy to PDVSA. Estimated sales of crude oil from NuStar Energy to Asphalt JV totaling \$1,212.7 million and \$653.5 million for the year ended December 31, 2011 and the six months ended June 30, 2012, respectively, are not included in the pro forma statements for those periods, given the nature of the transaction, since NuStar Energy would be acting as an agent and those sales would be reported net instead of gross.
- NuStar Energy will provide general and administrative services to the Asphalt JV for approximately \$10.0 million per year under the terms of an administrative services agreement.

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- NuStar Energy will lease its Houston, TX, Catoosa, OK, Rosario, NM and Wilmington, NC terminal facilities to Asphalt JV for an aggregate amount of approximately \$1.5 million per year.

Upon closing, we expect to deconsolidate Asphalt JV and prospectively report our remaining investment in Asphalt JV using the equity method of accounting. As of June 30, 2012, we have presented the assets related to the Asphalt Operations as “Assets held for sale” on the consolidated balance sheet. The historical results of the Asphalt Operations for the six months ended June 30, 2012 include \$266.4 million of goodwill and other asset impairment charges. The impact of these impairments have been excluded from the unaudited pro forma statements of income for the six months ended June 30, 2012 and the year ended December 31, 2011 as the impairments are directly attributable to the Transaction.

The unaudited pro forma condensed consolidated financial statements are for illustrative purposes only and do not purport to reflect what our financial position and results of operations would have been had the Transaction occurred on the dates indicated, nor are they necessarily indicative of our future results of operations.

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	June 30, 2012		
	NuStar Energy L.P. Historical	Pro Forma Adjustments	NuStar Energy L.P. Pro Forma
Assets			
Current assets:			
Cash and cash equivalents	\$ 34,147	\$ 175,000(a) 173,797(b) (348,797)(c)	\$ 34,147
Assets held for sale	640,959	(227,000)(a) (411,112)(b)	2,847
Other current assets	828,999	(2,824)(b)	826,175
Total current assets	1,504,105	(640,936)	863,169
Property, plant and equipment, at cost	4,058,542	—	4,058,542
Accumulated depreciation and amortization	(979,111)	—	(979,111)
Property, plant and equipment, net	3,079,431	—	3,079,431
Goodwill	822,701	—	822,701
Investment in joint ventures	68,188	52,000(a)	120,188
Other long-term assets, net	243,173	212,419(b)	455,592
Total assets	\$ 5,717,598	\$ (376,517)	\$ 5,341,081
Liabilities and Partners' Equity			
Current liabilities	\$ 1,122,934	\$ —	\$ 1,122,934
Long-term debt, less current portion	2,106,988	(348,797)(c)	1,758,191
Other long-term liabilities	66,559	—	66,559
Partners' equity:			
Limited partners	2,426,602	(27,166)(b)	2,399,436
General partner	54,175	(554)(b)	53,621
Accumulated other comprehensive loss	(72,508)	—	(72,508)
Total NuStar Energy L.P. partners' equity	2,408,269	(27,720)	2,380,549
Noncontrolling interest	12,848	—	12,848
Total partners' equity	2,421,117	(27,720)	2,393,397
Total liabilities and partners' equity	\$ 5,717,598	\$ (376,517)	\$ 5,341,081

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of Dollars, Except Unit and Per Unit Data)

	Six Months Ended June 30, 2012			
	NuStar Energy L.P. Historical	Asphalt Operations Historical Pro Forma (d)	Other Pro Forma Adjustments	NuStar Energy L.P. Pro Forma
Revenues	\$ 3,637,597	\$ (758,664)	\$ (4,842)(e) 14,811(f)	\$ 2,888,902
Costs and expenses:				
Cost of product sales	3,151,026	(730,065)	—	2,420,961
Operating expenses	260,929	(56,775)	14,811(f)	218,965
General and administrative expenses	50,322	(1,344)	(5,000)(g)	43,978
Depreciation and amortization expense	90,257	(11,137)	—	79,120
Asset impairment loss	249,646	(244,225)	—	5,421
Goodwill impairment loss	22,132	(22,132)	—	—
Gain on legal settlement	(28,738)	—	—	(28,738)
Total costs and expenses	3,795,574	(1,065,678)	9,811	2,739,707
Operating (loss) income	(157,977)	307,014	158	149,195
Equity in earnings (loss) of joint ventures	4,767	—	(25,605)(h)	(20,838)
Interest expense, net	(46,170)	—	1,867(i) 3,313(j)	(40,990)
Other expense, net	(1,444)	948	—	(496)
(Loss) income before income tax expense	(200,824)	307,962	(20,267)	86,871
Income tax expense	19,732	(4)	—(k)	19,728
Net (loss) income	\$ (220,556)	\$ 307,966	\$ (20,267)	\$ 67,143
Net (loss) income per unit applicable to limited partners	\$ (3.33)			\$ 0.65
Weighted-average limited partner units outstanding	70,756,078			70,756,078

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Thousands of Dollars, Except Unit and Per Unit Data)

	Year Ended December 31, 2011			
	NuStar Energy L.P. Historical	Asphalt Operations Historical Pro Forma (d)	Other Pro Forma Adjustments	NuStar Energy L.P. Pro Forma
Revenues	\$ 6,575,255	\$ (2,012,655)	\$ (9,697)(e)	\$ 4,571,706
			18,803(f)	
Costs and expenses:				
Cost of product sales	5,460,520	(1,868,906)	—	3,591,614
Operating expenses	529,002	(115,945)	18,803(f)	431,860
General and administrative expenses	103,453	(3,747)	(10,000)(g)	89,706
Depreciation and amortization expense	168,286	(20,809)	—	147,477
Total costs and expenses	<u>6,261,261</u>	<u>(2,009,407)</u>	<u>8,803</u>	<u>4,260,657</u>
Operating income	313,994	(3,248)	303	311,049
Equity in earnings (loss) of joint ventures	11,458	—	(12,017)(h)	(559)
Interest expense, net	(83,681)	—	2,844(i)	(77,698)
			3,139(j)	
Other (expense) income, net	(3,291)	8,208	—	4,917
Income before income tax expense	<u>238,480</u>	<u>4,960</u>	<u>(5,731)</u>	<u>237,709</u>
Income tax expense	16,879	(51)	—(k)	16,828
Net income	<u>\$ 221,601</u>	<u>\$ 5,011</u>	<u>\$ (5,731)</u>	<u>\$ 220,881</u>
Net income per unit applicable to limited partners	<u>\$ 2.78</u>			<u>\$ 2.77</u>
Weighted-average limited partner units outstanding	<u>65,018,301</u>			<u>65,018,301</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

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

Pro Forma Adjustments:

- (a) To reflect (i) the proceeds from the sale of the Class A Interests in Asphalt JV, (ii) the Class B Interests in Asphalt JV that we will retain as an investment in joint ventures, and (iii) the removal of the Asphalt Operations' refining assets associated with the Transaction.
- (b) To reflect the sale of inventory of the Asphalt Operations to Asphalt JV in exchange for cash and a long-term note receivable under the NuStar Facility, and the estimated loss of \$27.7 million, calculated as the difference between the estimated market price of inventory and its carrying amount as of June 30, 2012. The unaudited pro forma statements of income do not reflect a loss from the sale of the inventory because such loss is directly attributable to the Transaction.
- (c) To reflect the use of our proceeds as described in (a) and (b) to repay a portion of our long-term debt.
- (d) To reflect the deconsolidation of Asphalt JV.
- (e) To adjust rental revenue based on the storage lease agreement between NuStar Energy and Asphalt JV.
- (f) To reflect certain intercompany storage lease revenues as third-party transactions following the deconsolidation of Asphalt JV since such transactions are expected to continue after the sale and deconsolidation.
- (g) To adjust general and administrative expenses based on an administrative services agreement between us and Asphalt JV.
- (h) To adjust our equity in earnings of joint ventures for the net loss of Asphalt JV associated with the Class B Interests.
- (i) To reflect the interest income associated with Asphalt JV borrowings on the NuStar Facility.
- (j) To reflect the reduction in interest expense following the repayment of long-term debt as described in (c) above.
- (k) The pro forma adjustments have not been tax-effected as the effect on income tax is not material.

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