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

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended March 31, 2023**

**OR**

☐ **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**
**(Address of principal executive offices)**
**78257**
**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Units | NS | New York Stock Exchange |
| 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units | NSprA | New York Stock Exchange |
| 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units | NSprB | New York Stock Exchange |
| 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units | NSprC | New York Stock Exchange |

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of common units outstanding as of April 30, 2023 was 110,904,702.

**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**
**(Unaudited, Thousands of Dollars, Except Unit Data)**

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 5,151 | $ 14,489 |
| Accounts receivable, net | 137,647 | 149,971 |
| Inventories | 15,518 | 15,397 |
| Prepaid and other current assets | 15,729 | 24,067 |
| Total current assets | 174,045 | 203,924 |
| Property, plant and equipment, at cost | 5,658,551 | 5,733,685 |
| Accumulated depreciation and amortization | (2,344,543) | (2,330,602) |
| Property, plant and equipment, net | 3,314,008 | 3,403,083 |
| Intangible assets, net | 504,288 | 513,696 |
| Goodwill | 732,356 | 732,356 |
| Other long-term assets, net | 199,017 | 120,627 |
| Total assets | $ 4,923,714 | $ 4,973,686 |
| **Liabilities, Mezzanine Equity and Partners' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 69,435 | $ 67,765 |
| Current portion of finance leases | 4,535 | 4,416 |
| Accrued interest payable | 76,112 | 37,607 |
| Accrued liabilities | 56,333 | 76,072 |
| Taxes other than income tax | 6,999 | 10,607 |
| Total current liabilities | 213,414 | 196,467 |
| Long-term debt, less current portion of finance leases | 3,113,074 | 3,293,415 |
| Deferred income tax liability | 3,246 | 3,219 |
| Other long-term liabilities | 211,275 | 131,299 |
| Total liabilities | 3,541,009 | 3,624,400 |
| Commitments and contingencies (Note 5) | | |
| Series D preferred limited partners (16,346,650 units outstanding as of March 31, 2023 and December 31, 2022) (Note 6) | 450,641 | 446,970 |
| Partners' equity (Note 7): | | |
| Preferred limited partners | | |
| Series A (9,060,000 units outstanding as of March 31, 2023 and December 31, 2022) | 218,307 | 218,307 |
| Series B (15,400,000 units outstanding as of March 31, 2023 and December 31, 2022) | 371,476 | 371,476 |
| Series C (6,900,000 units outstanding as of March 31, 2023 and December 31, 2022) | 166,518 | 166,518 |
| Common limited partners (110,903,880 and 110,818,718 units outstanding as of March 31, 2023 and December 31, 2022, respectively) | 207,164 | 177,620 |
| Accumulated other comprehensive loss | (31,401) | (31,605) |
| Total partners' equity | 932,064 | 902,316 |
| Total liabilities, mezzanine equity and partners' equity | $ 4,923,714 | $ 4,973,686 |

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 March 31, | |
|---|---|---|
| | 2023 | 2022 |
| **Revenues:** | | |
| Service revenues | $ 285,266 | $ 265,305 |
| Product sales | 108,601 | 144,558 |
| **Total revenues** | 393,867 | 409,863 |
| **Costs and expenses:** | | |
| Costs associated with service revenues: | | |
| Operating expenses (excluding depreciation and amortization expense) | 89,162 | 86,402 |
| Depreciation and amortization expense | 62,054 | 63,303 |
| Total costs associated with service revenues | 151,216 | 149,705 |
| Costs associated with product sales | 93,461 | 126,715 |
| Impairment loss | — | 46,122 |
| General and administrative expenses (excluding depreciation and amortization expense) | 28,725 | 27,071 |
| Other depreciation and amortization expense | 1,555 | 1,824 |
| **Total costs and expenses** | 274,957 | 351,437 |
| Gain on sale of assets | 41,075 | — |
| **Operating income** | 159,985 | 58,426 |
| Interest expense, net | (57,371) | (49,818) |
| Other income, net | 4,509 | 3,671 |
| Income before income tax expense (benefit) | 107,123 | 12,279 |
| Income tax expense (benefit) | 1,187 | (33) |
| **Net income** | $ 105,936 | $ 12,312 |
| | | |
| Basic and diluted net income (loss) per common unit (Note 8) | $ 0.61 | $ (0.22) |
| Basic and diluted weighted-average common units outstanding | 110,880,981 | 110,177,045 |
| | | |
| **Comprehensive income** | $ 106,140 | $ 13,244 |

See Condensed Notes to Consolidated Financial Statements.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2023** | **2022** |
| **Cash flows from operating activities:** | | |
| Net income | $ 105,936 | $ 12,312 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 63,609 | 65,127 |
| Amortization of unit-based compensation | 3,628 | 3,412 |
| Amortization of debt related items | 2,607 | 2,532 |
| Gain on sale of assets | (41,075) | — |
| Impairment loss | — | 46,122 |
| Changes in current assets and current liabilities (Note 9) | 32,614 | 17,512 |
| Decrease in other long-term assets, net | 3,294 | 3,644 |
| Decrease in other long-term liabilities | (1,729) | (662) |
| Other, net | (4,300) | (4,169) |
| **Net cash provided by operating activities** | 164,584 | 145,830 |
| **Cash flows from investing activities:** | | |
| Capital expenditures | (22,083) | (32,750) |
| Change in accounts payable related to capital expenditures | (4,308) | (14,498) |
| Proceeds from insurance recoveries | 12,395 | 5,805 |
| Proceeds from sale or disposition of assets, net of transaction costs | 102,670 | 341 |
| **Net cash provided by (used in) investing activities** | 88,674 | (41,102) |
| **Cash flows from financing activities:** | | |
| Proceeds from long-term debt borrowings | 120,300 | 253,000 |
| Long-term debt repayments | (301,600) | (268,800) |
| Distributions to preferred unitholders | (32,661) | (31,025) |
| Distributions to common unitholders | (44,362) | (44,041) |
| Other, net | (4,365) | (8,848) |
| **Net cash used in financing activities** | (262,688) | (99,714) |
| Effect of foreign exchange rate changes on cash | 170 | 176 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (9,260) | 5,190 |
| Cash, cash equivalents and restricted cash as of the beginning of the period | 23,377 | 14,439 |
| Cash, cash equivalents and restricted cash as of the end of the period | $ 14,117 | $ 19,629 |

See Condensed Notes to Consolidated Financial Statements.

## NUSTAR ENERGY L.P. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY AND MEZZANINE EQUITY
## Three Months Ended March 31, 2023 and 2022
## (Unaudited, Thousands of Dollars, Except Per Unit Data)

| | Limited Partners | | | | Mezzanine Equity | |
|---|---|---|---|---|---|---|
| | Preferred | Common | Accumulated Other Comprehensive Loss | Total Partners' Equity (Note 7) | Series D Preferred Limited Partners (Note 6) | Total |
| **Balance as of January 1, 2023** | $ 756,301 | $ 177,620 | $ (31,605) | $ 902,316 | $ 446,970 | $ 1,349,286 |
| Net income | 21,584 | 73,203 | — | 94,787 | 11,149 | 105,936 |
| Other comprehensive income | — | — | 204 | 204 | — | 204 |
| Distributions to partners: | | | | | | |
| Series A, B and C preferred | (21,584) | — | — | (21,584) | — | (21,584) |
| Common ($0.40 per unit) | — | (44,362) | — | (44,362) | — | (44,362) |
| Series D preferred | — | — | — | — | (11,149) | (11,149) |
| Unit-based compensation | — | 4,384 | — | 4,384 | — | 4,384 |
| Series D Preferred Unit accretion | — | (3,671) | — | (3,671) | 3,671 | — |
| Other | — | (10) | — | (10) | — | (10) |
| **Balance as of March 31, 2023** | $ 756,301 | $ 207,164 | $ (31,401) | $ 932,064 | $ 450,641 | $ 1,382,705 |
| | | | | | | |
| **Balance as of January 1, 2022** | $ 756,301 | $ 299,502 | $ (73,978) | $ 981,825 | $ 616,439 | $ 1,598,264 |
| Net income (loss) | 15,238 | (18,780) | — | (3,542) | 15,854 | 12,312 |
| Other comprehensive income | — | — | 932 | 932 | — | 932 |
| Distributions to partners: | | | | | | |
| Series A, B and C preferred | (15,238) | — | — | (15,238) | — | (15,238) |
| Common ($0.40 per unit) | — | (44,041) | — | (44,041) | — | (44,041) |
| Series D preferred | — | — | — | — | (15,854) | (15,854) |
| Unit-based compensation | — | 6,910 | — | 6,910 | — | 6,910 |
| Series D Preferred Unit accretion | — | (4,581) | — | (4,581) | 4,581 | — |
| Other | — | — | — | — | (2) | (2) |
| **Balance as of March 31, 2022** | $ 756,301 | $ 239,010 | $ (73,046) | $ 922,265 | $ 621,018 | $ 1,543,283 |

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 Delaware limited partnership primarily engaged in the transportation, terminalling and storage of petroleum products and renewable fuels and the transportation of anhydrous ammonia. 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. Our business is managed under the direction of the board of directors of NuStar GP, LLC, the general partner of our general partner, Riverwalk Logistics, L.P., both of which are indirectly wholly owned subsidiaries of ours.

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.

***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.

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. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. 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, 2022.

## 2. DISPOSITIONS

***Sale-Leaseback Transaction***
On March 21, 2023, we sold our corporate headquarters facility and approximately 24 acres of underlying land located in San Antonio, Texas (the Corporate Headquarters) for an aggregate cash sales price of approximately $103.0 million and immediately leased back the Corporate Headquarters for an initial term of twenty years, with two renewal options of ten years each (the Sale-Leaseback Transaction). Upon closing of the sale in the first quarter of 2023, the Sale-Leaseback Transaction qualified as a completed sale, and we recognized a gain of $41.1 million, which is presented in "Gain on sale of assets" on the condensed consolidated statements of comprehensive income. We entered into the Sale-leaseback Transaction in order to monetize the Corporate Headquarters and used the proceeds to repay borrowings on our revolving credit agreement.

Pursuant to the lease agreement, rent for the initial term starts at $6.4 million per year and increases annually by 2.5%. As of March 31, 2023, right-of-use assets and lease liabilities associated with the Sale-Leaseback Transaction assumed a reasonably certain term of 20 years and were included in our consolidated balance sheet as follows:

| | March 31, 2023 |
|---|---|
| | (Thousands of Dollars) |
| **Operating lease right-of-use assets:** | |
| Other long-term assets, net | $ 82,230 |
| | |
| **Operating lease liabilities:** | |
| Accrued liabilities | $ 710 |
| Other long-term liabilities | 81,498 |
| Total operating lease liabilities | $ 82,208 |

As of March 31, 2023, the weighted-average discount rate for our operating leases was 6.1%.

***Point Tupper Terminal Disposition***

On April 29, 2022, we sold the equity interests in our wholly owned subsidiaries that owned our Point Tupper terminal facility in Nova Scotia, Canada (the Point Tupper Terminal Operations) to EverWind Fuels for $60.0 million. The terminal facility had a storage capacity of 7.8 million barrels and was included in the storage segment. We used the sales proceeds to reduce debt and improve our debt metrics.

During the first quarter of 2022, we determined the Point Tupper Terminal Operations met the criteria to be classified as held for sale. We compared the carrying value of the Point Tupper Terminal Operations, which included $42.2 million in cumulative foreign currency translation losses accumulated since our acquisition of the Point Tupper terminal facility in 2005, to its fair value less costs to sell, and we recognized a pre-tax impairment loss of $46.1 million in the first quarter of 2022, which is presented in "Impairment loss" on the condensed consolidated statements of comprehensive income. We believe that the sales price of $60.0 million provided a reasonable indication of the fair value of the Point Tupper Terminal Operations as it represented an exit price in an orderly transaction between market participants. The sales price was a quoted price for identical assets and liabilities in a market that was not active and, thus, our fair value estimate fell within Level 2 of the fair value hierarchy. Upon closing in the second quarter of 2022, we released $39.6 million of foreign currency translation losses from accumulated other comprehensive loss and finalized our sales price, resulting in a gain of $1.6 million, which was presented in “Other income, net” on the condensed consolidated statement of comprehensive income for the period.

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

***Contract Assets and Contract Liabilities***

The following table provides information about contract assets and contract liabilities from contracts with customers:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Contract Assets | Contract Liabilities | Contract Assets | Contract Liabilities |
| | (Thousands of Dollars) | | | |
| **Balances as of January 1:** | | | | |
| Current portion | $ 2,612 | $ (17,647) | $ 2,336 | $ (15,443) |
| Noncurrent portion | 304 | (41,405) | 504 | (46,027) |
| Total | 2,916 | (59,052) | 2,840 | (61,470) |
| **Activity:** | | | | |
| Additions | 125 | (16,829) | 71 | (9,645) |
| Transfer to accounts receivable | (2,388) | — | (2,037) | — |
| Transfer to revenues | — | 14,008 | (83) | 12,117 |
| Total | (2,263) | (2,821) | (2,049) | 2,472 |
| **Balances as of March 31:** | | | | |
| Current portion | 406 | (21,065) | 277 | (13,454) |
| Noncurrent portion | 247 | (40,808) | 448 | (45,544) |
| Held for sale | — | — | 66 | — |
| Total | $ 653 | $ (61,873) | $ 791 | $ (58,998) |

Current contract assets are included in “Prepaid and other current assets” and noncurrent contract assets are included in “Other long-term assets, net” on the consolidated balance sheets. The current portion of contract liabilities are included in “Accrued liabilities” and the noncurrent portion of contract liabilities are included in “Other long-term liabilities” on the consolidated balance sheets.

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

***Remaining Performance Obligations***
The following table presents our estimated revenue from contracts with customers for remaining performance obligations that has not yet been recognized, representing our contractually committed revenue as of March 31, 2023:

| | Remaining Performance Obligations |
|---|---|
| | (Thousands of Dollars) |
| 2023 (remaining) | $ 278,253 |
| 2024 | 286,825 |
| 2025 | 189,473 |
| 2026 | 128,358 |
| 2027 | 58,971 |
| Thereafter | 78,451 |
| Total | $ 1,020,331 |

Our contractually committed revenue, for purposes of the tabular presentation above, is generally limited to customer contracts that have fixed pricing and fixed volume terms and conditions, including contracts with payment obligations for minimum volume commitments.

***Disaggregation of Revenues***
The following table disaggregates our revenues:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars) | |
| **Pipeline segment:** | | |
| Crude oil pipelines | $ 96,603 | $ 86,124 |
| Refined products and ammonia pipelines | 116,580 | 102,559 |
| Total pipeline segment revenues from contracts with customers | 213,183 | 188,683 |
| | | |
| **Storage segment:** | | |
| Throughput terminals | 27,315 | 26,441 |
| Storage terminals (excluding lessor revenues) | 42,016 | 50,719 |
| Total storage segment revenues from contracts with customers | 69,331 | 77,160 |
| Lessor revenues | 11,326 | 10,761 |
| Total storage segment revenues | 80,657 | 87,921 |
| | | |
| **Fuels marketing segment:** | | |
| Revenues from contracts with customers | 100,027 | 133,260 |
| | | |
| Consolidation and intersegment eliminations | — | (1) |
| | | |
| Total revenues | $ 393,867 | $ 409,863 |

**4. DEBT**

***Revolving Credit Agreement***
As of March 31, 2023, NuStar Logistics' $1.0 billion unsecured revolving credit agreement (the Revolving Credit Agreement), due April 27, 2025, had $940.4 million available for borrowing and $55.0 million of borrowings outstanding. Letters of credit issued under the Revolving Credit Agreement totaled $4.6 million as of March 31, 2023 and limit the amount we can borrow under the Revolving Credit Agreement. Obligations under the Revolving Credit Agreement are guaranteed by NuStar Energy

and NuPOP. The Revolving Credit Agreement provides for U.S. dollar borrowings, which bear interest, at our option, based on an alternative base rate or a SOFR-based rate. The Revolving Credit Agreement and certain fees under our $100.0 million receivables financing agreement are the only debt arrangements with interest rates that are subject to adjustment if our debt rating is downgraded (or upgraded) by certain credit rating agencies. As of March 31, 2023, our weighted-average interest rate related to borrowings under the Revolving Credit Agreement was 7.6%.

The Revolving Credit Agreement is subject to maximum consolidated debt coverage ratio and minimum consolidated interest coverage ratio requirements, which may limit the amount we can borrow to an amount that is less than the total amount available for borrowing. For a rolling period of four quarters, the consolidated debt coverage ratio (as defined in the Revolving Credit Agreement) may not exceed 5.00-to-1.00, and the consolidated interest coverage ratio (as defined in the Revolving Credit Agreement) must not be less than 1.75-to-1.00. As of March 31, 2023, we believe that we are in compliance with the covenants in the Revolving Credit Agreement.

***Fair Value of Long-Term Debt***
The estimated fair values and carrying amounts of long-term debt, excluding finance leases, were as follows:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | (Thousands of Dollars) | |
| Fair value | $ 3,045,683 | $ 3,169,664 |
| Carrying amount | $ 3,062,362 | $ 3,242,289 |

We have estimated the fair value of our publicly traded notes based upon quoted prices in active markets; therefore, we determined that the fair value of our publicly traded notes falls in Level 1 of the fair value hierarchy. With regard to our other debt, for which a quoted market price is not available, we have 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. The carrying amount includes unamortized debt issuance costs.

## 5. COMMITMENTS AND 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 accrued $0.6 million and $0.3 million for contingent losses as of March 31, 2023 and December 31, 2022, respectively. The amount that will ultimately be paid related to such matters may differ from the recorded accruals, and the timing of such payments is uncertain. We evaluate each contingent loss at least quarterly, and more frequently as each matter progresses and develops over time, and we do not believe that the resolution of any particular claim or proceeding, or all matters in the aggregate, would have a material adverse effect on our results of operations, financial position or liquidity.

## 6. SERIES D CUMULATIVE CONVERTIBLE PREFERRED UNITS

In November 2022, we repurchased an aggregate 6,900,000 of our Series D Cumulative Convertible Preferred Units (Series D Preferred Units). The following is a summary of our Series D Preferred Units issued and outstanding:

| | Price per Unit | Number of Units |
|---|---|---|
| June 29, 2018 issuance | $ 25.38 | 15,760,441 |
| July 13, 2018 issuance | $ 25.38 | 7,486,209 |
| Total units issued | | 23,246,650 |
| November 22, 2022 repurchase | $ 32.73 | (6,900,000) |
| Units outstanding at March 31, 2023 and December 31, 2022 | | 16,346,650 |

We allocate net income to our Series D Preferred Units equal to the amount of distributions earned during the period. Distributions on the Series D Preferred Units are payable out of any legally available funds, accrue and are cumulative from the original issuance dates and are payable on the 15th day (or next business day) of each of March, June, September and December, beginning September 17, 2018, to holders of record on the first business day of each payment month. The distribution rates on the Series D Preferred Units are as follows: (i) 9.75% per annum ($0.619 per unit per distribution period) for the first two years; (ii) 10.75% per annum ($0.682 per unit per distribution period) for years three through five; and (iii) the greater of 13.75% per annum ($0.872 per unit per distribution period) or the distribution per common unit thereafter. While the Series D Preferred Units are outstanding, the Partnership will be prohibited from paying distributions on any junior securities, including the common units, unless full cumulative distributions on the Series D Preferred Units (and any parity securities) have been, or contemporaneously are being, paid or set aside for payment through the most recent Series D Preferred Unit distribution payment date. Any Series D Preferred Unit distributions in excess of $0.635 per unit may be paid, in the Partnership's sole discretion, in additional Series D Preferred Units, with the remainder paid in cash.

Distribution information on our Series D Preferred Units is as follows:

| Distribution Period | Distribution Rate per Unit | Total Distribution |
|---|---|---|
| | | (Thousands of Dollars) |
| March 15, 2023 - June 14, 2023 | $ 0.682 | $ 11,148 |
| December 15, 2022 - March 14, 2023 | $ 0.682 | $ 11,148 |
| | | |
| March 15, 2022 - June 14, 2022 | $ 0.682 | $ 15,854 |
| December 15, 2021 - March 14, 2022 | $ 0.682 | $ 15,854 |

In April 2023, our board of directors declared distributions with respect to the Series D Preferred Units to be paid on June 15, 2023.

## 7. PARTNERS' EQUITY

### *Series A, B and C Preferred Units*

We allocate net income to our 8.50% Series A, 7.625% Series B and 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (collectively, the Series A, B and C Preferred Units) equal to the amount of distributions earned during the period. Distributions on our Series A, B and C Preferred Units are payable out of any legally available funds, accrue and are cumulative from the original issuance dates, and are payable on the 15th day (or next business day) of each of March, June, September and December of each year to holders of record on the first business day of each payment month.

Information on our Series A, B and C Preferred Units is shown below:

| Units | Units Issued and Outstanding as of March 31, 2023 | Optional Redemption Date/Date When Distribution Rate Became Floating | Floating Annual Rate (as a Percentage of the $25.00 Liquidation Preference per Unit) |
|---|---|---|---|
| Series A Preferred Units | 9,060,000 | December 15, 2021 | Three-month LIBOR plus 6.766% |
| Series B Preferred Units | 15,400,000 | June 15, 2022 | Three-month LIBOR plus 5.643% |
| Series C Preferred Units | 6,900,000 | December 15, 2022 | Three-month LIBOR plus 6.88% |

Distribution information on our Series A, B and C Preferred Units is as follows:

| | Series A Preferred Units | | Series B Preferred Units | | Series C Preferred Units | |
|---|---|---|---|---|---|---|
| Distribution Period | Distribution Rate per Unit | Total Distribution | Distribution Rate per Unit | Total Distribution | Distribution Rate per Unit | Total Distribution |
| | | (Thousands of Dollars) | | (Thousands of Dollars) | | (Thousands of Dollars) |
| March 15, 2023 - June 14, 2023 | $ 0.73169 | $ 6,629 | $ 0.66150 | $ 10,187 | $ 0.73881 | $ 5,098 |
| December 15, 2022 - March 14, 2023 | $ 0.71889 | $ 6,513 | $ 0.64871 | $ 9,990 | $ 0.72602 | $ 5,010 |
| | | | | | | |
| March 15, 2022 - June 14, 2022 | $ 0.47817 | $ 4,332 | $ 0.47657 | $ 7,339 | $ 0.56250 | $ 3,881 |
| December 15, 2021 - March 14, 2022 | $ 0.43606 | $ 3,951 | $ 0.47657 | $ 7,339 | $ 0.56250 | $ 3,881 |

In April 2023, our board of directors declared distributions with respect to the Series A, B and C Preferred Units to be paid on June 15, 2023.

### *Common Limited Partners*

We make quarterly distributions to common unitholders of 100% of our "Available Cash," generally defined as cash receipts less cash disbursements, including distributions to our preferred units, and cash reserves established by the general partner, in its sole discretion. These quarterly distributions are declared and paid within 45 days subsequent to each quarter-end. The common unitholders receive a distribution each quarter as determined by the board of directors, subject to limitation by the distributions in arrears, if any, on our preferred units. In April 2023, our board of directors declared distributions with respect to our common units for the quarter ended March 31, 2023.

The following table summarizes information about cash distributions to our common limited partners applicable to the period in which the distributions were earned:

| Quarter Ended | Cash Distributions Per Unit | Total Cash Distributions | Record Date | Payment Date |
|---|---|---|---|---|
| | | (Thousands of Dollars) | | |
| March 31, 2023 | $ 0.40 | $ 44,396 | May 8, 2023 | May 12, 2023 |
| December 31, 2022 | $ 0.40 | $ 44,328 | February 8, 2023 | February 14, 2023 |

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

| | Three Months Ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2022 | | | |
| | Foreign Currency Translation | Cash Flow Hedges | Pension and Other Postretirement Benefits | Total | Foreign Currency Translation | Cash Flow Hedges | Pension and Other Postretirement Benefits | Total |
| | (Thousands of Dollars) | | | | | | | |
| **Balance as of January 1** | $ 62 | $ (34,380) | $ 2,713 | $ (31,605) | $ (41,761) | $ (36,486) | $ 4,269 | $ (73,978) |
| Other comprehensive income before reclassification adjustments | 435 | — | — | 435 | 829 | — | — | 829 |
| Net gain on pension costs reclassified into other income, net | — | — | (737) | (737) | — | — | (420) | (420) |
| Net loss on cash flow hedges reclassified into interest expense, net | — | 515 | — | 515 | — | 529 | — | 529 |
| Other | — | — | (9) | (9) | — | — | (6) | (6) |
| Other comprehensive income (loss) | 435 | 515 | (746) | 204 | 829 | 529 | (426) | 932 |
| **Balance as of March 31** | $ 497 | $ (33,865) | $ 1,967 | $ (31,401) | $ (40,932) | $ (35,957) | $ 3,843 | $ (73,046) |

As of March 31, 2023, we expect to reclassify a loss of $2.9 million to "Interest expense, net" within the next twelve months associated with unwound forward-starting interest rate swaps.

## 8. NET INCOME (LOSS) PER COMMON UNIT

Basic and diluted net income (loss) per common unit is determined pursuant to the two-class method. Under this method, all earnings are allocated to our limited partners and participating securities based on their respective rights to receive distributions earned during the period. Participating securities include restricted units awarded under our long-term incentive plans. We compute basic net income (loss) per common unit by dividing net income (loss) attributable to common units by the weighted-average number of common units outstanding during the period. We compute diluted net income (loss) per common unit by dividing net income (loss) attributable to common units by the sum of (i) the weighted average number of common units outstanding during the period and (ii) the effect of dilutive potential common units outstanding during the period. Dilutive potential common units include the Series D Preferred Units.

The Series D Preferred Units contain certain unitholder conversion and redemption features, and we use the if-converted method to calculate the dilutive effect of the conversion or redemption feature that is most advantageous to our Series D preferred unitholders. The effect of the assumed conversion or redemption of the Series D Preferred Units outstanding was antidilutive for each of the three months ended March 31, 2023 and 2022; therefore, we did not include such conversion in the computation of diluted net income (loss) per common unit.

The following table details the calculation of basic and diluted net income (loss) per common unit:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars, Except Unit and Per Unit Data) | |
| Net income | $ 105,936 | $ 12,312 |
| Distributions to preferred limited partners | (32,733) | (31,092) |
| Distributions to common limited partners | (44,396) | (44,165) |
| Distribution equivalent rights to restricted units | (672) | (633) |
| Distributions less than (in excess of) income | $ 28,135 | $ (63,578) |
| | | |
| Distributions to common limited partners | $ 44,396 | $ 44,165 |
| Allocation of distributions less than (in excess of) income to common limited partners | 27,396 | (63,578) |
| Series D Preferred Unit accretion | (3,671) | (4,581) |
| Net income (loss) attributable to common units | $ 68,121 | $ (23,994) |
| | | |
| Basic and diluted weighted-average common units outstanding | 110,880,981 | 110,177,045 |
| | | |
| Basic and diluted net income (loss) per common unit | $ 0.61 | $ (0.22) |

## 9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in current assets and current liabilities were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars) | |
| Decrease (increase) in current assets: | | |
| Accounts receivable | $ (131) | $ (13,704) |
| Inventories | (121) | (3,062) |
| Other current assets | 8,326 | 10,289 |
| Increase (decrease) in current liabilities: | | |
| Accounts payable | 7,413 | 4,284 |
| Accrued interest payable | 38,505 | 37,968 |
| Accrued liabilities | (18,228) | (14,178) |
| Taxes other than income tax | (3,150) | (4,085) |
| Changes in current assets and current liabilities | $ 32,614 | $ 17,512 |

The above changes in current assets and current liabilities may differ from changes between amounts reflected in the applicable consolidated balance sheets due to:

- the change in the amount accrued for capital expenditures;
- the effect of accrued compensation expense paid with fully vested common unit awards; and
- current assets and current liabilities disposed of during the period.

Other supplemental cash flow information is as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars) | |
| Cash paid for interest, net of amount capitalized | $ 16,600 | $ 9,320 |
| (Refunds received) cash paid for income taxes, net | $ (1,126) | $ 185 |
| Right-of-use assets obtained in exchange for operating lease liabilities | $ 82,364 | $ 2,674 |
| Right-of-use assets obtained in exchange for finance lease liabilities | $ 844 | $ 731 |

Restricted cash, representing legally restricted funds that are unavailable for general use, is included in "Other long-term assets, net" on the consolidated balance sheets. “Cash, cash equivalents and restricted cash” on the consolidated statements of cash flows is included in the consolidated balance sheets as follows:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | (Thousands of Dollars) | |
| Cash and cash equivalents | $ 5,151 | $ 14,489 |
| Other long-term assets, net | 8,966 | 8,888 |
| Cash, cash equivalents and restricted cash | $ 14,117 | $ 23,377 |

## 10. SEGMENT INFORMATION

Our reportable business segments consist of the pipeline, storage and fuels marketing segments. 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 (loss), 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.

Results of operations for the reportable segments were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars) | |
| **Revenues:** | | |
| Pipeline | $ 213,183 | $ 188,683 |
| Storage | 80,657 | 87,921 |
| Fuels marketing | 100,027 | 133,260 |
| Consolidation and intersegment eliminations | — | (1) |
| Total revenues | $ 393,867 | $ 409,863 |
| | | |
| **Operating income (loss):** | | |
| Pipeline | $ 119,858 | $ 95,752 |
| Storage | 22,766 | (14,975) |
| Fuels marketing | 6,566 | 6,544 |
| Total segment operating income | 149,190 | 87,321 |
| Gain on sale of assets | 41,075 | — |
| General and administrative expenses | 28,725 | 27,071 |
| Other depreciation and amortization expense | 1,555 | 1,824 |
| Total operating income | $ 159,985 | $ 58,426 |

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

Total assets by reportable segment were as follows:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | (Thousands of Dollars) | |
| Pipeline | $ 3,324,780 | $ 3,360,685 |
| Storage | 1,409,926 | 1,438,609 |
| Fuels marketing | 44,620 | 37,763 |
| Total segment assets | 4,779,326 | 4,837,057 |
| Other partnership assets | 144,388 | 136,629 |
| Total consolidated assets | $ 4,923,714 | $ 4,973,686 |

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

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.

***CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION***

*In this Form 10-Q, we make certain forward-looking statements, such as statements regarding our plans, strategies, objectives, expectations, estimates, predictions, projections, assumptions, intentions, resources and the future impact of economic activity and the actions by oil-producing nations on our business. 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, which may cause actual results to differ materially. Please read Item 1A. "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2022, as well as additional information provided from time to time in our subsequent filings with the Securities and Exchange Commission, 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.*

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in four sections:
- Overview, including Trends and Outlook
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies

## OVERVIEW

NuStar Energy L.P. (NYSE: NS) is primarily engaged in the transportation, terminalling and storage of petroleum products and renewable fuels and the transportation of anhydrous ammonia. We also market petroleum products. Our business is managed under the direction of the board of directors of NuStar GP, LLC, the general partner of our general partner, Riverwalk Logistics, L.P., both of which are wholly owned subsidiaries of ours.

Our operations consist of three reportable business segments: pipeline, storage and fuels marketing. As of March 31, 2023, our assets included 9,465 miles of pipeline and 63 terminal and storage facilities, which provided approximately 49 million barrels of storage capacity. We conduct our operations through our wholly owned subsidiaries, primarily NuStar Logistics, L.P. (NuStar Logistics) and NuStar Pipeline Operating Partnership L.P. (NuPOP). The term "throughput" as used in this document generally refers to barrels of crude oil, refined product or renewable fuels or tons of ammonia, as applicable, that pass through our pipelines, terminals or storage tanks. We generate revenue primarily from:
- tariffs for transportation through our pipelines;
- fees for the use of our terminal and storage facilities and related ancillary services; and
- sales of petroleum products.

The following factors affect the results of our operations:
- economic factors and price volatility;
- industry factors, such as changes in the prices of petroleum products that affect demand or production, or regulatory changes that could increase costs or impose restrictions on operations;
- factors that affect our customers and the markets they serve, such as utilization rates and maintenance turnaround schedules of our refining company customers and drilling activity by our crude oil production customers;

- company-specific factors, such as facility integrity issues, maintenance requirements and outages that impact the throughput rates of our assets; and
- seasonal factors that affect the demand for products transported by and/or stored in our assets and the demand for products we sell.

***Recent Development***
*Sale-leaseback.* On March 21, 2023, we consummated a sale-leaseback transaction with respect to our corporate headquarters facility and approximately 24 acres of underlying land located in San Antonio, Texas (the Corporate Headquarters) for approximately $103.0 million and recognized a gain of $41.1 million. We entered into the sale-leaseback transaction in order to monetize the Corporate Headquarters and used the proceeds to repay borrowings on our revolving credit agreement. Please refer to Note 2 of the Condensed Notes to the Consolidated Financial Statements in Item 1. "Financial Statements" for additional information.

***Other Event***
*Point Tupper Terminal Disposition.* On April 29, 2022, we sold the equity interests in our wholly owned subsidiaries that owned our Point Tupper terminal facility in Nova Scotia, Canada (the Point Tupper Terminal Operations) to EverWind Fuels for $60.0 million (the Point Tupper Terminal Disposition). The terminal facility had a storage capacity of 7.8 million barrels and was included in the storage segment. We recognized a non-cash, pre-tax impairment loss of $46.1 million in the first quarter of 2022. Please refer to Note 2 of the Condensed Notes to the Consolidated Financial Statements in Item 1. "Financial Statements" for additional information.

***Trends and Outlook***
In 2023, we are continuing to execute our plan to strengthen our balance sheet, and in the first quarter of 2023, we completed the sale-leaseback of our Corporate Headquarters for about $103.0 million of cash, as described above. We deployed the proceeds to reduce our debt balance, which will facilitate our redemption of a portion of the Series D Cumulative Convertible Preferred Units (Series D Preferred Units) later this year. For the full-year 2023, we expect to fund all of our expenses, distribution requirements and capital expenditures using internally generated cash flows, as we did in 2022 and 2021. We will continue to evaluate sources of liquidity to facilitate the planned redemption of the remaining Series D Preferred Units in 2023 and 2024, which is several years ahead of the holders' redemption option in 2028. We plan to continue to manage our operations with fiscal discipline in order to best maximize unitholder value.

In 2023, we expect most of our pipeline systems to benefit from the positive revenue impact of our tariff indexation increases effective in July 2022, as well as the increases we expect in July 2023, which is an important counterbalance to the impact of inflation on our business. We also expect throughputs and revenues to increase, year-over-year, across most of our pipeline systems.

While many terminals in our storage segment are somewhat insulated from demand volatility due to contracted rates for storage and minimum volume commitments, revenues at our St. James and Corpus Christi North Beach facilities continue to be negatively impacted by ongoing global economic uncertainty and continued crude oil price backwardation. Conversely, we expect our West Coast region to continue to benefit in 2023 from the completion of renewable fuel projects, which continue to expand the capacity of our renewable fuels distribution system and further solidify the significant role NuStar plays in facilitating California's transition to low-carbon renewable fuels.

If we see a continuation or acceleration of 2022's inflationary conditions, rising interest rates, supply chain disruptions and tight labor markets, then we may also see higher costs of operating our assets and executing on our capital projects in 2023. In an effort to curb inflation amidst the backdrop of the Russia-Ukraine conflict, existing supply chain constraints, and the global economic recovery, the U.S. Federal Reserve (the Fed) raised interest rates several times in 2022 and in early 2023. The Fed may implement additional increases in 2023, which will increase the cost of our variable-rate debt, as well as the cost of our 8.50% Series A, 7.625% Series B and 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units, which have distribution rates that increase or decrease along with current interest rates. On the other hand, our ability to pass along rate increases reflecting changes in producer and/or consumer price indices to our customers, under our tariffs and contracts, should help to counterbalance the impact of inflation on our costs. Additionally, we expect to further mitigate the impact of inflation in 2023 through our expense optimization initiative we began in early 2022.

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 several factors, many of which are outside our control. These factors include, but are not limited to, the lingering impact of the COVID-19 pandemic or other health crises; war and other armed conflicts; actions of oil-producing nations; the state of the economy and the capital markets; changes to our customers' refinery maintenance schedules and unplanned refinery downtime; crude oil prices; the supply of and demand for petroleum products, renewable fuels and anhydrous ammonia; demand for our transportation and storage services; the availability and costs of personnel, equipment, supplies and services essential to our operations; the ability to obtain timely permitting approvals; and changes in laws and regulations affecting our operations.

**RESULTS OF OPERATIONS**

***Consolidated Results of Operations***

**Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022**

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 | Change |
|---|---|---|---|
| | (Unaudited, Thousands of Dollars, Except Per Unit Data) | | |
| **Statement of Income Data:** | | | |
| **Revenues:** | | | |
| Service revenues | $ 285,266 | $ 265,305 | $ 19,961 |
| Product sales | 108,601 | 144,558 | (35,957) |
| **Total revenues** | 393,867 | 409,863 | (15,996) |
| **Costs and expenses:** | | | |
| Costs associated with service revenues | 151,216 | 149,705 | 1,511 |
| Costs associated with product sales | 93,461 | 126,715 | (33,254) |
| Impairment loss | — | 46,122 | (46,122) |
| General and administrative expenses | 28,725 | 27,071 | 1,654 |
| Other depreciation and amortization expense | 1,555 | 1,824 | (269) |
| **Total costs and expenses** | 274,957 | 351,437 | (76,480) |
| Gain on sale of assets | 41,075 | — | 41,075 |
| **Operating income** | 159,985 | 58,426 | 101,559 |
| Interest expense, net | (57,371) | (49,818) | (7,553) |
| Other income, net | 4,509 | 3,671 | 838 |
| Income before income tax expense (benefit) | 107,123 | 12,279 | 94,844 |
| Income tax expense (benefit) | 1,187 | (33) | 1,220 |
| **Net income** | $ 105,936 | $ 12,312 | $ 93,624 |
| Basic and diluted net income (loss) per common unit | $ 0.61 | $ (0.22) | $ 0.83 |

*Consolidated Overview.* Net income increased $93.6 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to a gain of $41.1 million related to the sale-leaseback transaction of the Corporate Headquarters and higher operating income from our pipeline segment of $24.1 million, both in the first quarter of 2023, as well as a non-cash impairment loss of $46.1 million in the first quarter of 2022.

*Corporate Items.* General and administrative expenses increased $1.7 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, due to higher compensation and various other expenses.

Interest expense, net, increased $7.6 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to higher interest rates on our variable-rate debt in 2023.

***Pipeline Segment***
As of March 31, 2023, our pipeline assets consist of 9,465 miles of pipeline with 33 terminals and 13.0 million barrels of storage capacity. Our Central West System includes 2,920 miles of refined product pipelines and 2,050 miles of crude oil pipelines. In addition, our Central East System includes 2,495 miles of refined product pipelines, consisting of the East and North Pipelines, and a 2,000-mile ammonia pipeline (the Ammonia Pipeline). We charge tariffs on a per barrel basis for transportation in our refined product and crude oil pipelines and on a per ton basis for transportation in the Ammonia Pipeline. Throughputs on the Ammonia Pipeline are converted from tons to barrels for reporting purposes only. Other revenues include product sales of surplus pipeline loss allowance (PLA) volumes.

**Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022**

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 | Change |
|---|---|---|---|
| | (Thousands of Dollars, Except Barrels/Day Information) | | |
| **Pipeline Segment:** | | | |
| Crude oil pipelines throughput (barrels/day) | 1,325,282 | 1,309,085 | 16,197 |
| Refined products and ammonia pipelines throughput (barrels/day) | 595,622 | 563,248 | 32,374 |
| Total throughput (barrels/day) | 1,920,904 | 1,872,333 | 48,571 |
| Throughput and other revenues | $ 213,183 | $ 188,683 | $ 24,500 |
| Operating expenses | 49,775 | 48,103 | 1,672 |
| Depreciation and amortization expense | 43,550 | 44,828 | (1,278) |
| Segment operating income | $ 119,858 | $ 95,752 | $ 24,106 |

Pipeline segment revenues increased $24.5 million and throughputs increased 48,571 barrels per day for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to the following:

- an increase in revenues of $7.2 million and an increase in throughputs of 23,319 barrels per day on our Permian Crude System, mainly due to increased customer production supplying this system and more barrels moved at higher average tariffs in the first quarter of 2023. However, these increases were partially offset by decreased revenues of $2.2 million from lower commodity prices on PLA volumes sold in the first quarter of 2023, compared to the first quarter of 2022;
- an increase in revenues of $6.8 million and an increase in throughputs of 46,724 barrels per day on our McKee System pipelines, primarily due to operational issues at a customer’s refinery in 2022, as well as higher demand on our pipeline serving the Denver, Colorado market in 2023;
- an increase in revenues of $4.2 million on our East and North pipelines combined, mainly due to higher demand in the first quarter of 2023 and tariff indexation increases, which were effective in July 2022. However, throughputs decreased 4,489 barrels per day, mainly due to maintenance activity at a customer’s refinery in the first quarter of 2023;
- an increase in revenues of $2.1 million and an increase in throughputs of 1,557 barrels per day on our Ammonia Pipeline, mainly due to unfavorable market conditions in 2022;
- an increase in revenues of $1.9 million and an increase in throughputs of 7,808 barrels per day on our Three Rivers System, primarily due to an increase in demand in the markets served by this system in the first quarter of 2023;
- an increase in revenues of $1.6 million and an increase in throughputs of 4,264 barrels per day on our Valley Pipeline, mainly due to higher demand in the markets served by this pipeline in the first quarter of 2023; and
- an increase in revenues of $1.3 million on our Corpus Christi Crude Pipeline System, mainly due to increased volumes on certain of our pipelines in this system, despite lower overall throughputs of 29,262 barrels per day.

Operating expenses increased $1.7 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to an increase in maintenance and regulatory expenses of $0.8 million and an increase in power costs of $0.7 million.

Depreciation and amortization expense decreased $1.3 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to more fully depreciated assets.

***Storage Segment***

Our storage segment is composed of our facilities that provide storage, handling and other services for refined products, crude oil, specialty chemicals, renewable fuels and other liquids. As of March 31, 2023, we owned and operated 29 terminal and storage facilities in the U.S. and one terminal in Nuevo Laredo, Mexico, with an aggregate storage capacity of 36.4 million barrels. Revenues for the storage segment include fees for tank storage agreements, under which 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, under which a customer pays a fee per barrel for volumes moved through our terminals (throughput terminal revenues).

*Point Tupper Terminal Disposition.* In the first quarter of 2022, we recorded a non-cash, pre-tax impairment loss of $46.1 million related to our Point Tupper Terminal Operations, which were sold on April 29, 2022.

**Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022**

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 | Change |
|---|---|---|---|
| | (Thousands of Dollars, Except Barrels/Day Information) | | |
| **Storage Segment:** | | | |
| Throughput (barrels/day) (a) | 502,717 | 482,526 | 20,191 |
| Throughput terminal revenues | $ 27,315 | $ 26,441 | $ 874 |
| Storage terminal revenues | 53,342 | 61,480 | (8,138) |
| Total revenues | 80,657 | 87,921 | (7,264) |
| Operating expenses | 39,387 | 38,299 | 1,088 |
| Depreciation and amortization expense | 18,504 | 18,475 | 29 |
| Impairment loss | — | 46,122 | (46,122) |
| Segment operating income (loss) | $ 22,766 | $ (14,975) | $ 37,741 |

(a) Prior period throughputs for our Corpus Christi North Beach terminal were restated consistent with current period presentation.

Throughput terminal revenues increased $0.9 million and throughputs increased 20,191 barrels per day for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to an increase in revenues of $1.5 million and an increase in throughputs of 17,444 barrels per day on our Central West Terminals due to higher demand.

Storage terminal revenues decreased $8.1 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to:

- a decrease in revenues of $9.7 million at our St. James terminal due to customers not renewing expiring contracts in the current backwardated market, partially offset by higher reimbursable revenues; and
- a decrease in revenues of $7.8 million due to the Point Tupper Terminal Disposition in April 2022.

These decreases were partially offset by an increase in revenues of $8.3 million at our West Coast Terminals, mainly at our Stockton, Portland and Selby terminals, primarily due to new contracts, rate escalations and higher throughput and handling fees.

Operating expenses increased $1.1 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to the following:

- an increase in reimbursable expenses of $4.2 million, mainly due to tank cleaning at our Corpus Christi North Beach and St. James terminals in 2023 and increased customer activity at our West Coast terminals; and
- an increase in maintenance and regulatory expenses of $3.0 million, primarily due to tank cleaning at our St. James terminal, as well as minor maintenance activity across various terminals.

These increases were partially offset by a decrease in operating expenses of $6.0 million due to the Point Tupper Terminal Disposition in April 2022.

***Fuels Marketing Segment***
The fuels marketing segment mainly includes our bunkering operations in the Gulf Coast, as well as certain of our blending operations associated with our Central East System. The results of operations for the fuels marketing segment depend largely on the margin between our costs 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 financial impacts of the derivative financial instruments associated with commodity price risk were not material for any periods presented.

**Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022**

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 | Change |
|---|---|---|---|
| | (Thousands of Dollars) | | |
| **Fuels Marketing Segment:** | | | |
| Product sales | $ 100,027 | $ 133,260 | $ (33,233) |
| Cost of goods | 93,186 | 126,123 | (32,937) |
| Gross margin | 6,841 | 7,137 | (296) |
| Operating expenses | 275 | 593 | (318) |
| Segment operating income | $ 6,566 | $ 6,544 | $ 22 |

Segment operating income was comparable for the three months ended March 31, 2023 and the three months ended March 31, 2022, mainly due to an increase of $1.7 million in gross margins from our blending sales, offset by a decrease of $1.0 million in gross margins from our bunkering operations and a decrease of $1.0 million in other product sales.

## LIQUIDITY AND CAPITAL RESOURCES

***OVERVIEW***
Our primary cash requirements are for distributions to our partners, debt service, capital expenditures and operating expenses. Our partnership agreement requires that we distribute all “Available Cash” to our common limited partners each quarter. “Available Cash” is defined in the partnership agreement generally 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, subject to requirements for distributions for our preferred units. We may maintain our distribution level with other sources of Available Cash, as provided in our partnership agreement, including borrowings under our revolving credit agreement and proceeds from the sale of assets.

In 2022 and 2021, we were able to fund all of our expenses, distribution requirements and capital expenditures using internally generated cash flows. We reduced our leverage to position ourselves to repurchase 6,900,000 of our Series D Preferred Units in November 2022, representing approximately one-third of the outstanding units, using borrowings under our revolving credit agreement.

For the full-year 2023, we expect to fund all of our expenses, distribution requirements and capital expenditures using internally generated cash flows. In the first quarter of 2023, we completed the sale-leaseback of our Corporate Headquarters for approximately $103.0 million, which we used to repay borrowings on our revolving credit agreement. We will continue to evaluate other sources of liquidity to facilitate the planned redemption of the remaining Series D Preferred Units in 2023 and 2024, as discussed below.

The distribution rate on our Series D Preferred Units will increase on June 15, 2023. Additionally, our Series D Preferred Units become redeemable, at our option, beginning on June 29, 2023, and beginning in 2028, the holders of the Series D Preferred Units have the option to require us to redeem their units. Therefore, we have taken steps to position ourselves to repurchase or redeem the Series D Preferred Units. We repurchased 6,900,000 of our Series D Preferred Units in November 2022, representing approximately one-third of the outstanding units, and we plan to redeem the remaining 16,346,650 outstanding Series D Preferred Units in 2023 and 2024, which is several years ahead of the holders’ redemption option in 2028.

We have no long-term debt maturities until 2025, and we expect to be able to access debt capital markets to refinance those maturities.

***CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022***

The following table summarizes our cash flows from operating, investing and financing activities (please refer to our Consolidated Statements of Cash Flows in Item 1. "Financial Statements"):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| | (Thousands of Dollars) | |
| Net cash provided by (used in): | | |
| Operating activities | $ 164,584 | $ 145,830 |
| Investing activities | 88,674 | (41,102) |
| Financing activities | (262,688) | (99,714) |
| Effect of foreign exchange rate changes on cash | 170 | 176 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | $ (9,260) | $ 5,190 |

Net cash provided by operating activities increased $18.8 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to changes in working capital. Generally, working capital requirements are affected by our accounts receivable, accounts payable and accrued liabilities balances, which vary depending on the timing of payments. Our working capital decreased $32.6 million for the three months ended March 31, 2023, and $17.5 million for the three months ended March 31, 2022.

For the three months ended March 31, 2023, we recorded net cash provided by investing activities of $88.7 million, compared to net cash used in investing activities of $41.1 million for the three months ended March 31, 2022, primarily due to proceeds of approximately $103.0 million from the sale of the Corporate Headquarters in the first quarter of 2023. Additionally, for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, capital expenditures decreased $10.7 million and we received higher insurance proceeds of $6.6 million.

Net cash used in financing activities increased $163.0 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, mainly due to an increase in net debt repayments, which were higher by $165.5 million, as we used asset sale proceeds, cash from operating activities and cash on hand to repay debt in 2023.

***SOURCES OF LIQUIDITY***

***Revolving Credit Agreement***

NuStar Logistics' $1.0 billion unsecured revolving credit agreement (the Revolving Credit Agreement) is subject to maximum consolidated debt coverage ratio and minimum consolidated interest coverage ratio requirements, which may limit the amount we can borrow to an amount that is less than the total amount available for borrowing. For a rolling period of four quarters, the consolidated debt coverage ratio (as defined in the Revolving Credit Agreement) may not exceed 5.00-to-1.00, and the consolidated interest coverage ratio (as defined in the Revolving Credit Agreement) must not be less than 1.75-to-1.00. As of March 31, 2023, our consolidated debt coverage ratio was 3.46x and our consolidated interest coverage ratio was 2.27x. As of March 31, 2023, we had $940.4 million available for borrowing. Letters of credit issued under the Revolving Credit Agreement totaled $4.6 million as of March 31, 2023 and limit the amount we can borrow under the Revolving Credit Agreement. Borrowings under the Revolving Credit Agreement bear interest, at our option, at an alternate base rate or a SOFR rate, each as defined in the Revolving Credit Agreement.

***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 $100.0 million receivables financing agreement with a third-party lender (the Receivables Financing Agreement) and agreements with certain of NuStar Energy's wholly owned subsidiaries. As of March 31, 2023, $118.0 million of our accounts receivable was included in the Securitization Program and the amount of borrowings outstanding under the Receivables Financing Agreement totaled $64.6 million. The amount available for borrowing under the Receivables Financing Agreement is based on the availability of eligible receivables and other customary factors and conditions. Borrowings under the Receivables Financing Agreement bear interest, at NuStar Finance's option, at a base rate or a SOFR rate, each as defined in the Receivables Financing Agreement.

The interest rate on the Revolving Credit Agreement and certain fees under the Receivables Financing Agreement are the only debt arrangements that are subject to adjustment if our debt rating is downgraded (or upgraded) by certain credit rating agencies. Please refer to Note 4 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for further discussion of certain of our debt agreements.

***Asset Sales***
We used the proceeds from the sale of our Corporate Headquarters on March 21, 2023 to repay outstanding borrowings under our Revolving Credit Agreement. We used the proceeds from the Point Tupper Terminal Disposition on April 29, 2022 to reduce debt and thereby improve our debt metrics. Please refer to Note 2 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for further discussion of these dispositions.

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

- 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; and
- reliability capital expenditures, such as those required to maintain the current operating capacity of existing assets or extend their useful lives, as well as those required to maintain equipment reliability and safety.

The following table summarizes our capital expenditures:

| | Strategic Capital Expenditures | Reliability Capital Expenditures | Total |
|---|---|---|---|
| | | (Thousands of Dollars) | |
| **For the three months ended March 31:** | | | |
| 2023 | $ 18,727 | $ 3,356 | $ 22,083 |
| 2022 | $ 26,041 | $ 6,709 | $ 32,750 |
| **Expected for the year ended December 31, 2023** | $130,000 - 150,000 | $25,000 - 35,000 | |

Strategic capital expenditures for the three months ended March 31, 2023 and 2022 mainly consisted of expansion projects on our Permian Crude System and Central West Refined Products Pipelines, as well as biofuel and other terminal projects at our West Coast Terminals. Reliability capital expenditures primarily related to maintenance upgrade projects at our terminals.

We expect our strategic capital expenditures for the year ended December 31, 2023 to include spending of approximately $45.0 to $60.0 million on expansion projects to accommodate production growth in the Permian Basin and approximately $25.0 million on projects to expand our renewable fuels network on the West Coast. We continue to evaluate our capital budget and internal growth projects can be accelerated or scaled back depending on market conditions or customer demand. Therefore, our actual capital expenditures for 2023 may increase or decrease from the expected amounts noted above.

***Distributions***
*Preferred Units*. Distributions on our preferred units are payable out of any legally available funds, accrue and are cumulative from the original issuance dates, and are payable on the 15th day (or next business day) of each of March, June, September and December of each year to holders of record on the first business day of each payment month.

The distribution rates on the outstanding Series D Preferred Units are as follows: (i) 9.75% per annum ($0.619 per unit per distribution period) for the first two years (beginning with the September 17, 2018 distribution); (ii) 10.75% per annum ($0.682 per unit per distribution period) for years three through five; and (iii) the greater of 13.75% per annum ($0.872 per unit per distribution period) or the distribution per common unit thereafter. The number of Series D Preferred Units outstanding as of March 31, 2023 and December 31, 2022 totaled 16,346,650, as we repurchased an aggregate 6,900,000 of our Series D Preferred Units in November 2022. While the Series D Preferred Units are outstanding, the Partnership will be prohibited from paying distributions on any junior securities, including the common units, unless full cumulative distributions on the Series D Preferred Units (and any parity securities) have been, or contemporaneously are being, paid or set aside for payment through the most recent Series D Preferred Unit distribution payment date. Any Series D Preferred Unit distributions in excess of $0.635 may be paid, in the Partnership's sole discretion, in additional Series D Preferred Units, with the remainder paid in cash.

Distribution information on our Series D Preferred Units is as follows:

| Distribution Period | Distribution Rate per Unit | Total Distribution |
|---|---|---|
| | | (Thousands of Dollars) |
| March 15, 2023 - June 14, 2023 | $ 0.682 | $ 11,148 |
| December 15, 2022 - March 14, 2023 | $ 0.682 | $ 11,148 |

Information on our 8.50% Series A, 7.625% Series B and 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (collectively, the Series A, B and C Preferred Units) is shown below:

| Units | Units Issued and Outstanding as of March 31, 2023 | Optional Redemption Date/Date When Distribution Rate Became Floating | Floating Annual Rate (as a Percentage of the $25.00 Liquidation Preference per Unit) |
|---|---|---|---|
| Series A Preferred Units | 9,060,000 | December 15, 2021 | Three-month LIBOR plus 6.766% |
| Series B Preferred Units | 15,400,000 | June 15, 2022 | Three-month LIBOR plus 5.643% |
| Series C Preferred Units | 6,900,000 | December 15, 2022 | Three-month LIBOR plus 6.88% |

Distribution information on our Series A, B and C Preferred Units is as follows:

| | Series A Preferred Units | | Series B Preferred Units | | Series C Preferred Units | |
|---|---|---|---|---|---|---|
| Distribution Period | Distribution Rate per Unit | Total Distribution | Distribution Rate per Unit | Total Distribution | Distribution Rate per Unit | Total Distribution |
| | | (Thousands of Dollars) | | (Thousands of Dollars) | | (Thousands of Dollars) |
| March 15, 2023 - June 14, 2023 | $ 0.73169 | $ 6,629 | $ 0.66150 | $ 10,187 | $ 0.73881 | $ 5,098 |
| December 15, 2022 - March 14, 2023 | $ 0.71889 | $ 6,513 | $ 0.64871 | $ 9,990 | $ 0.72602 | $ 5,010 |

In April 2023, our board of directors declared distributions with respect to the Series A, B and C Preferred Units and the Series D Preferred Units to be paid on June 15, 2023.

*Common Units*. Distribution payments are made to our common limited partners within 45 days after the end of each quarter as of a record date that is set after the end of each quarter. In April 2023, our board of directors declared distributions with respect to our common units for the quarter ended March 31, 2023. The following table summarizes information about quarterly cash distributions to our common limited partners applicable to the period in which the distributions were earned:

| Quarter Ended | Cash Distributions Per Unit | Total Cash Distributions | Record Date | Payment Date |
|---|---|---|---|---|
| | | (Thousands of Dollars) | | |
| March 31, 2023 | $ 0.40 | $ 44,396 | May 8, 2023 | May 12, 2023 |
| December 31, 2022 | $ 0.40 | $ 44,328 | February 8, 2023 | February 14, 2023 |

***Debt Obligations***

The following table summarizes our debt obligations:

| | Maturity | Outstanding Obligations as of March 31, 2023 |
|---|---|---|
| | | (Thousands of Dollars) |
| Receivables Financing Agreement, 6.4% as of March 31, 2023 | January 31, 2025 | $ 64,600 |
| Revolving Credit Agreement, 7.6% as of March 31, 2023 | April 27, 2025 | $ 55,000 |
| 5.75% senior notes | October 1, 2025 | $ 600,000 |
| 6.00% senior notes | June 1, 2026 | $ 500,000 |
| 5.625% senior notes | April 28, 2027 | $ 550,000 |
| 6.375% senior notes | October 1, 2030 | $ 600,000 |
| GoZone Bonds 5.85% - 6.35% | 2038 thru 2041 | $ 322,140 |
| Subordinated Notes, 11.5% as of March 31, 2023 | January 15, 2043 | $ 402,500 |

We believe that, as of March 31, 2023, we are in compliance with the ratios and covenants applicable to our debt obligations. A default under certain of our debt obligations would be considered an event of default under other of our debt obligations. Please refer to Note 4 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of certain of our debt obligations.

*Guarantor Summarized Financial Information.* NuStar Energy has no operations, and its assets consist mainly of its 100% ownership interest in its indirectly owned subsidiaries, NuStar Logistics and NuPOP. The senior and subordinated notes issued by NuStar Logistics are fully and unconditionally guaranteed by NuStar Energy and NuPOP. Each guarantee of the senior notes by NuStar Energy and NuPOP ranks equally in right of payment with all other existing and future unsecured senior indebtedness of that guarantor, is structurally subordinated to all existing and any future indebtedness and obligations of any subsidiaries of that guarantor that do not guarantee the notes and ranks senior to its guarantee of our subordinated indebtedness. Each guarantee of the subordinated notes by NuStar Energy and NuPOP ranks equal in right of payment with all other existing and future subordinated indebtedness of that guarantor and subordinated in right of payment and upon liquidation to the prior payment in full of all other existing and future senior indebtedness of that guarantor. NuPOP will be released from its guarantee when it no longer guarantees any obligations of NuStar Energy or any of its subsidiaries, including NuStar Logistics, under any bank credit facility or public debt instrument. The rights of holders of our senior and subordinated notes may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law. Please refer to Note 4 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of certain of our debt obligations.

The following tables present summarized combined balance sheet and income statement information for NuStar Energy, NuStar Logistics and NuPOP (collectively, the Guarantor Issuer Group). Intercompany items among the Guarantor Issuer Group have been eliminated in the summarized combined financial information below, as well as intercompany balances and activity for the Guarantor Issuer Group with non-guarantor subsidiaries, including the Guarantor Issuer Group's investment balances in non-guarantor subsidiaries.

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | (Thousands of Dollars) | |
| **Summarized Combined Balance Sheet Information:** | | |
| Current assets | $ 35,523 | $ 44,328 |
| Long-term assets | $ 3,199,255 | $ 3,210,483 |
| Current liabilities (a) | $ 159,609 | $ 120,633 |
| Long-term liabilities, including long-term debt | $ 3,196,472 | $ 3,279,200 |
| Series D preferred limited partners interests | $ 450,641 | $ 446,970 |

(a) Excludes $1,721.1 million and $1,694.4 million of net intercompany payables as of March 31, 2023 and December 31, 2022, respectively, due to the non-guarantor subsidiaries from the Guarantor Issuer Group.

Long-term assets for the non-guarantor subsidiaries totaled $1,550.4 million and $1,559.3 million as of March 31, 2023 and December 31, 2022, respectively.

| | Three Months Ended March 31, 2023 |
|---|---|
| | (Thousands of Dollars) |
| **Summarized Combined Income Statement Information:** | |
| Revenues | $ 203,609 |
| Operating income | $ 113,361 |
| Interest expense, net | $ (56,695) |
| Net income | $ 57,426 |

Revenues and net income for the non-guarantor subsidiaries totaled $190.3 million and $48.5 million, respectively, for the three months ended March 31, 2023.

***Contractual Obligations***
On March 21, 2023, we entered into an operating lease agreement for our Corporate Headquarters with an initial term of twenty years, with two renewal options of ten years each. During the initial term, rent under the lease starts at $6.4 million per year and increases annually by 2.5%. Please refer to Note 2 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for further discussion.

***Series D Preferred Units Conversion and Redemption Features***
Each holder of Series D Preferred Units may convert all or any portion of its Series D Preferred Units into common units on a one-for-one basis, subject to certain restrictions and adjustments.

In November 2022, we repurchased an aggregate 6,900,000 of our Series D Preferred Units at a price per unit of $32.73 for an aggregate purchase price of $225.8 million, including approximately $3.4 million related to accrued distributions. We may redeem all or any portion of the 16,346,650 Series D Preferred Units outstanding in an amount not less than $50.0 million for cash at a redemption price equal to, as applicable: (i) $31.73 per Series D Preferred Unit, or up to $518.7 million, at any time on or after June 29, 2023 but prior to June 29, 2024; (ii) $30.46 per Series D Preferred Unit, or up to $497.9 million, at any time on or after June 29, 2024 but prior to June 29, 2025; (iii) $29.19 per Series D Preferred Unit, or up to $477.2 million, at any time on or after June 29, 2025; plus, in each case, the sum of any unpaid distributions on the applicable Series D Preferred Unit plus the distributions prorated for the number of days elapsed (not to exceed 90) in the period of redemption (Series D Partial Period Distributions).

Additionally, at any time on or after June 29, 2028, each holder of Series D Preferred Units will have the right to require us to redeem all of the Series D Preferred Units held by such holder at a redemption price equal to $29.19 per Series D Preferred Unit, plus any unpaid Series D distributions plus the Series D Partial Period Distributions. If a holder of Series D Preferred Units exercises its redemption right, we may elect to pay up to 50% of such amount in common units (which shall be valued at 93% of a volume-weighted average trading price of the common units); provided, that the common units to be issued do not, in the aggregate, exceed 15% of NuStar Energy’s common equity market capitalization at the time.

***Environmental, Health and Safety***
Our operations in the U.S. and Mexico are subject to extensive international, federal, state and local environmental laws and regulations, including those relating to the discharge of materials into the environment, waste management, remediation, the characteristics and composition of fuels, climate change and greenhouse gases. Our operations are also subject to extensive health, safety and security laws and regulations, including those relating to worker and pipeline safety, pipeline and storage tank integrity and operations security. Because more stringent environmental and safety laws and regulations are continuously being enacted or proposed, the level of expenditures required for environmental, health and safety matters is expected to increase in the future.

## CRITICAL ACCOUNTING POLICIES
The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions related thereto 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, 2022.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

### INTEREST RATE RISK

***Debt***

We manage our exposure to changing interest rates principally through the use of a combination of fixed-rate debt and variable-rate debt. Borrowings under our variable-rate debt expose us to increases in interest rates.

The following tables present principal cash flows and related weighted-average interest rates by expected maturity dates for our long-term debt, excluding finance leases:

| | March 31, 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Expected Maturity Dates | | | | | | | |
| | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | Total | Fair Value |
| | (Thousands of Dollars, Except Interest Rates) | | | | | | | |
| Fixed-rate debt | $ — | $ — | $ 600,000 | $ 500,000 | $ 550,000 | $ 922,140 | $ 2,572,140 | $ 2,518,556 |
| Weighted-average rate | — | — | 5.8 % | 6.0 % | 5.6 % | 6.3 % | 6.0 % | — |
| Variable-rate debt | $ — | $ — | $ 119,600 | $ — | $ — | $ 402,500 | $ 522,100 | $ 527,127 |
| Weighted-average rate | — | — | 7.0 % | — | — | 11.5 % | 10.5 % | — |

| | December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Expected Maturity Dates | | | | | | | |
| | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | Total | Fair Value |
| | (Thousands of Dollars, Except Interest Rates) | | | | | | | |
| Fixed-rate debt | $ — | $ — | $ 600,000 | $ 500,000 | $ 550,000 | $ 922,140 | $ 2,572,140 | $ 2,478,720 |
| Weighted-average rate | — | — | 5.8 % | 6.0 % | 5.6 % | 6.3 % | 6.0 % | — |
| Variable-rate debt | $ — | $ — | $ 300,900 | $ — | $ — | $ 402,500 | $ 703,400 | $ 690,944 |
| Weighted-average rate | — | — | 6.7 % | — | — | 10.8 % | 9.0 % | — |

***Series A, B and C Preferred Units***

Distributions on our Series A, B and C Preferred Units are payable out of any legally available funds, accrue and are cumulative from the original issuance dates, and are payable on the 15th day (or the next business day) of each of March, June, September and December of each year to holders of record on the first business day of each payment month. The Series A, B and C Preferred Units expose us to changes in interest rates as the distribution rates on these units converted to a floating rate of the applicable LIBOR plus a spread on December 15, 2021, June 15, 2022 and December 15, 2022, respectively. Based upon the 9,060,000 Series A Preferred Units, 15,400,000 Series B Preferred Units and 6,900,000 Series C Preferred Units outstanding at March 31, 2023 and the $25.00 liquidation preference per unit, a change of 1.0% in interest rates would increase or decrease the annual distributions on our Series A, B and C Preferred Units by an aggregate amount of $7.8 million. Please see Note 7 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for additional information on our Series A, B and C Preferred Units.

### COMMODITY PRICE RISK

Since the operations of our fuels marketing segment expose us to commodity price risk, we also use derivative instruments to attempt to mitigate the effects of commodity price fluctuations. Derivative financial instruments associated with commodity price risk were not material for any periods presented.

## 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 March 31, 2023.

*(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 |
|---|---|
| 10.01 | Lease Agreement between NuStar Logistics, L.P. as Tenant and NS San Antonio TX Landlord, LLC as Landlord, dated March 21, 2023 (incorporated by reference to Exhibit 10.1 to NuStar Energy L.P.'s Current Report on Form 8-K filed March 24, 2023 (File No. 001-16417)) |
| 22.01 | Subsidiary Guarantors and Issuers of Guaranteed Securities (incorporated by reference to Exhibit 22.01 to NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2022 (File No. 001-16417)) |
| *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 | Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| *101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| *101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| *101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| *101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| *101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| *104 | Cover Page Interactive Data File - Formatted in Inline XBRL and contained in Exhibit 101 |

* 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**<br>**Chairman of the Board, President and Chief Executive Officer**<br>**May 5, 2023** |
| **By:** | **/s/ Thomas R. Shoaf** |
| | **Thomas R. Shoaf**<br>**Executive Vice President and Chief Financial Officer**<br>**May 5, 2023** |
| **By:** | **/s/ Jorge A. del Alamo** |
| | **Jorge A. del Alamo**<br>**Senior Vice President and Controller**<br>**May 5, 2023** |

**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: May 5, 2023

/s/ Bradley C. Barron
Bradley C. Barron
Chairman of the Board, 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: May 5, 2023

/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 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Bradley C. Barron, Chairman of the Board, 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
Chairman of the Board, President and Chief Executive Officer
May 5, 2023

**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 March 31, 2023, 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
May 5, 2023