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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

OR

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

For the transition period from _______ to _______

Commission File Number 1-16417

NUSTAR ENERGY L.P.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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. o

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

The number of common units outstanding as of April 30, 2017 was 93,030,825.

NUSTAR ENERGY L.P.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2017	December 31, 2016
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 27,205	$ 35,942
Accounts receivable, net of allowance for doubtful accounts of $7,760 and $7,756 as of March 31, 2017 and December 31, 2016, respectively	166,842	170,293
Receivable from related party	80	317
Inventories	37,107	37,945
Other current assets	22,432	132,686
Total current assets	253,666	377,183
Property, plant and equipment, at cost	5,490,005	5,435,278
Accumulated depreciation and amortization	(1,766,737)	(1,712,995)
Property, plant and equipment, net	3,723,268	3,722,283
Intangible assets, net	119,860	127,083
Goodwill	696,637	696,637
Deferred income tax asset	1,743	2,051
Other long-term assets, net	100,242	105,308
Total assets	$ 4,895,416	$ 5,030,545
Liabilities and Partners' Equity		
Current liabilities:		
Accounts payable	$ 98,477	$ 118,686
Short-term debt	72,000	54,000
Accrued interest payable	27,715	34,030
Accrued liabilities	39,513	60,485
Taxes other than income tax	12,909	15,685
Income tax payable	3,878	6,510
Total current liabilities	254,492	289,396
Long-term debt	2,951,980	3,014,364
Deferred income tax liability	22,445	22,204
Other long-term liabilities	96,156	92,964
Commitments and contingencies (Note 4)		
Partners' equity:		
Series A preferred limited partners (9,060,000 preferred units outstanding as of March 31, 2017 and December 31, 2016)	218,307	218,400
Common limited partners (78,655,818 and 78,616,228 common units outstanding as of March 31, 2017 and December 31, 2016, respectively)	1,409,875	1,455,642
General partner	32,575	31,752
Accumulated other comprehensive loss	(90,414)	(94,177)
Total partners' equity	1,570,343	1,611,617
Total liabilities and partners' equity	$ 4,895,416	$ 5,030,545

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,	
	2017	2016
Revenues:		
Service revenues	$ 266,462	$ 266,566
Product sales	220,968	139,137
Total revenues	487,430	405,703
Costs and expenses:		
Cost of product sales	207,806	128,990
Operating expenses:		
Third parties	101,026	83,540
Related party	—	21,681
Total operating expenses	101,026	105,221
General and administrative expenses:		
Third parties	24,595	13,365
Related party	—	10,420
Total general and administrative expenses	24,595	23,785
Depreciation and amortization expense	56,864	53,142
Total costs and expenses	390,291	311,138
Operating income	97,139	94,565
Interest expense, net	(36,414)	(34,123)
Other income (expense), net	140	(171)
Income before income tax expense	60,865	60,271
Income tax expense	2,925	2,870
Net income	$ 57,940	$ 57,401
Basic and diluted net income per common unit (Note 10)	$ 0.49	$ 0.57
Basic weighted-average common units outstanding	78,642,888	77,886,078
Diluted weighted-average common units outstanding	78,642,888	77,956,824
Comprehensive income	$ 61,703	$ 42,623

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,	
	2017	2016
Cash Flows from Operating Activities:		
Net income	$ 57,940	$ 57,401
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	56,864	53,142
Unit-based compensation expense	2,790	1,086
Amortization of debt related items	1,568	2,017
(Gain) loss from sale or disposition of assets	(48)	4
Deferred income tax expense	291	456
Changes in current assets and current liabilities (Note 11)	(39,142)	(12,490)
Other, net	3,717	111
Net cash provided by operating activities	83,980	101,727
Cash Flows from Investing Activities:		
Capital expenditures	(45,732)	(46,176)
Change in accounts payable related to capital expenditures	(6,820)	(12,663)
Proceeds from sale or disposition of assets	1,859	—
Proceeds from Axeon term loan	110,000	—
Net cash provided by (used in) investing activities	59,307	(58,839)
Cash Flows from Financing Activities:		
Proceeds from long-term debt borrowings	144,266	168,089
Proceeds from short-term debt borrowings	266,000	134,000
Long-term debt repayments	(207,194)	(93,709)
Short-term debt repayments	(248,000)	(137,000)
Distributions to preferred unitholders	(5,883)	—
Distributions to common unitholders and general partner	(99,021)	(98,051)
Decrease in cash book overdrafts	(283)	(8,799)
Other, net	(1,935)	(5)
Net cash used in financing activities	(152,050)	(35,475)
Effect of foreign exchange rate changes on cash	26	4,642
Net (decrease) increase in cash and cash equivalents	(8,737)	12,055
Cash and cash equivalents as of the beginning of the period	35,942	118,862
Cash and cash equivalents as of the end of the period	$ 27,205	$ 130,917

See Condensed Notes to Consolidated Financial Statements.

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

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization and Operations
NuStar Energy L.P. (NYSE: NS) is a publicly held Delaware limited partnership engaged in the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. Unless otherwise indicated, the terms "NuStar Energy," "NS," "the Partnership," "we," "our" and "us" are used in this report to refer to NuStar Energy L.P., to one or more of our consolidated subsidiaries or to all of them taken as a whole. NuStar GP Holdings, LLC (NuStar GP Holdings or NSH) (NYSE: NSH) owns our general partner, Riverwalk Logistics, L.P., and owns an approximate 13% common limited partner interest in us as of March 31, 2017.

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

Recent Developments
Navigator Acquisition and Financing Transactions. On May 4, 2017, we completed the acquisition of Navigator Energy Services, LLC for approximately $1.475 billion (the Navigator Acquisition), subject to customary adjustments at and following closing. In order to fund the purchase price, we issued 14,375,000 common units for net proceeds of $657.5 million, issued $550.0 million of 5.625% senior notes for net proceeds of $543.8 million and issued 15,400,000 of our 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (Series B Preferred Units) for net proceeds of $372.2 million. Please refer to Note 14 for further discussion.

Axeon Term Loan. On February 22, 2017, we settled and terminated the $190.0 million term loan to Axeon Specialty Products, LLC (the Axeon Term Loan), pursuant to which we also provided credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million to Axeon Specialty Products, LLC (Axeon). We received $110.0 million in settlement of the Axeon Term Loan, and our obligation to provide ongoing credit support to Axeon ceased. Please refer to Note 5 for further discussion of the Axeon Term Loan and credit support.

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. Financial information for the three months ended March 31, 2017 and 2016 included in these Condensed Notes to Consolidated Financial Statements is derived from our unaudited condensed consolidated financial statements. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. The consolidated balance sheet as of December 31, 2016 has been derived from the audited consolidated financial statements as of that date. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

2. NEW ACCOUNTING PRONOUNCEMENTS

Defined Benefit Plans
In March 2017, the Financial Accounting Standards Board (FASB) issued amended guidance that changes the presentation of net periodic pension cost related to defined benefit plans. Under the amended guidance, the service cost component of net periodic benefit cost will be presented in the same income statement line items as other current employee compensation costs, but the remaining components of net periodic benefit cost will be presented outside of operating income. The changes are effective for annual and interim periods beginning after December 15, 2017, and amendments should be applied retrospectively. We will adopt these provisions January 1, 2018, and we do not expect the guidance to have a material impact on our financial position, results of operations or disclosures.

Goodwill
In January 2017, the FASB issued amended guidance that simplifies the accounting for goodwill impairment by eliminating step 2 of the goodwill impairment test. Under the amended guidance, goodwill impairment will be measured as the excess of the reporting unit’s carrying value over its fair value, not to exceed the carrying amount of goodwill for that reporting unit. The changes are effective for annual and interim periods beginning after December 15, 2019, and amendments should be applied prospectively. Early adoption is permitted for any impairment tests performed after January 1, 2017, and we are currently evaluating whether we will adopt these provisions early. Regardless of our decision, we do not expect the guidance to have a material impact on our financial position, results of operations or disclosures.

Definition of a Business
In January 2017, the FASB issued amended guidance that clarifies the definition of a business used in evaluating whether a set of transferred assets and activities constitutes a business. Under the amended guidance, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities would not represent a business. To be considered a business, the set of assets transferred is also required to include at least one substantive process that together significantly contribute to the ability to create outputs. In addition, the amended guidance narrows the definition of outputs to be consistent with how outputs are described in the new revenue recognition standard. The changes are effective for annual and interim periods beginning after December 15, 2017, and amendments should be applied prospectively. We are currently evaluating whether we will early adopt these provisions. We do not expect the guidance to have a material impact on our financial position, results of operations or disclosures.

Statement of Cash Flows
In August 2016, the FASB issued amended guidance that clarifies how entities should present certain cash receipts and cash payments on the statement of cash flows, including but not limited to debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims and distributions received from equity method investees. The changes are effective for annual and interim periods beginning after December 15, 2017, and amendments should be applied retrospectively. We will adopt these provisions January 1, 2018, and we do not expect the guidance to have a material impact on our statements of cash flows or disclosures.

Credit Losses
In June 2016, the FASB issued amended guidance that requires the use of a “current expected loss” model for financial assets measured at amortized cost and certain off-balance sheet credit exposures. Under this model, entities will be required to estimate the lifetime expected credit losses on such instruments based on historical experience, current conditions, and reasonable and supportable forecasts. This amended guidance also expands the disclosure requirements to enable users of financial statements to understand an entity’s assumptions, models and methods for estimating expected credit losses. The changes are effective for annual and interim periods beginning after December 15, 2019, and amendments should be applied using a modified retrospective approach. We currently expect to adopt the amended guidance on January 1, 2020 and are assessing the impact of this amended guidance on our financial position, results of operations and disclosures. We plan to provide additional information about the expected financial impact at a future date.

Leases
In February 2016, the FASB issued amended guidance that requires lessees to recognize the assets and liabilities that arise from most leases on the balance sheet. For lessors, this amended guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The changes are effective for annual and interim periods beginning after December 15,
2018, and amendments should be applied using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, with the option to use certain expedients. We currently expect to adopt these provisions on January 1, 2019. We have initiated a project to assess the impact of this amended guidance on our financial position, results of operations, disclosures and internal controls and plan to provide additional information about the expected financial impact at a future date.

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

Revenue Recognition
In May 2014, the FASB and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard. In August 2015, the FASB deferred the effective date by one year. The standard is now effective for public entities for annual and interim periods beginning after December 15, 2017, using one of two retrospective transition methods. Early adoption is permitted, but not before the original effective date. The FASB has subsequently issued several updates that amend and/or clarify the new revenue recognition standard. We expect to complete implementation of the new revenue recognition standard by the end of 2017. Based on our analysis completed to date, we do not believe the standard will significantly impact the amount or timing of revenues recognized under the vast majority of our revenue contracts. We currently expect to adopt the new guidance using the modified retrospective approach, under which the cumulative effect of initially applying the new guidance is recognized as an adjustment to the opening balance of retained earnings, in the first quarter of 2018. We are continuing to evaluate the impact of this new guidance on our financial position, results of operations and disclosures, including customer contracts associated with our recently closed Navigator Acquisition.

3. DEBT

Revolving Credit Agreement
During the three months ended March 31, 2017, the balance under our $1.5 billion five-year revolving credit agreement (the Revolving Credit Agreement) decreased by $64.3 million. The Revolving Credit Agreement matures on October 29, 2019 and bears interest, at our option, based on an alternative base rate, a LIBOR-based rate or a EURIBOR-based rate. The interest rate on the Revolving Credit Agreement is subject to adjustment if our debt rating is downgraded (or upgraded) by certain credit rating agencies. As of March 31, 2017, our weighted-average interest rate related to borrowings under the Revolving Credit Agreement was 2.6%, and we had $774.6 million outstanding.

As of March 31, 2017, our consolidated debt coverage ratio (as defined in the Revolving Credit Agreement) could not exceed 5.50-to-1.00. The requirement not to exceed a maximum consolidated debt coverage ratio may limit the amount we can borrow under the Revolving Credit Agreement to an amount less than the total amount available for borrowing. As of March 31, 2017, letters of credit issued under the Revolving Credit Agreement totaled $8.1 million, and we had $717.2 million available for borrowing. We believe that we are in compliance with the covenants in the Revolving Credit Agreement as of March 31, 2017.

Gulf Opportunity Zone Revenue Bonds
In 2008, 2010 and 2011, the Parish of St. James, Louisiana issued, pursuant to the Gulf Opportunity Zone Act of 2005, an aggregate $365.4 million of tax-exempt revenue bonds (the GoZone Bonds) associated with our St. James, Louisiana terminal expansions. The GoZone Bonds bear interest based on a weekly tax-exempt bond market interest rate, and interest is paid monthly. The weighted-average interest rate was 0.9% as of March 31, 2017. Following the issuances, the proceeds were deposited with a trustee and are disbursed to us upon our request for reimbursement of expenditures related to our St. James terminal expansions. We include the amount remaining in trust in “Other long-term assets, net,” and we include the amount of bonds issued in “Long-term debt” on the consolidated balance sheets. For the three months ended March 31, 2017, we did not receive any proceeds from the trustee, and as of March 31, 2017, the amount remaining in trust totaled $42.4 million.

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

Borrowings by NuStar Finance under the Receivables Financing Agreement bear interest at either the applicable commercial paper rate or the applicable bank rate, each as defined under the Receivables Financing Agreement. The Securitization Program has an initial termination date of June 15, 2018, with the option to renew for additional 364-day periods thereafter. As of March 31, 2017, $97.3 million of our accounts receivable are included in the Securitization Program. The amount of borrowings outstanding under the Receivables Financing Agreement totaled $61.0 million as of March 31, 2017, which is included in "Long-term debt" on the consolidated balance sheet.

4. 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 have no accrual for contingent losses as of March 31, 2017 and December 31, 2016. The amount that will ultimately be paid may differ from the recorded accruals, and the timing of such payments is uncertain. In addition, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

5. FAIR VALUE MEASUREMENTS

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

Recurring Fair Value Measurements

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

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Assets:				
Other current assets:				
Product imbalances	$ 4,706	$ —	$ —	$ 4,706
Commodity derivatives	—	510	—	510
Other long-term assets, net:				
Interest rate swaps	—	1,440	—	1,440
Total	$ 4,706	$ 1,950	$ —	$ 6,656
Liabilities:				
Accrued liabilities:				
Product imbalances	$ (3,953)	$ —	$ —	$ (3,953)
Commodity derivatives	(686)	(510)	—	(1,196)
Other long-term liabilities:				
Interest rate swaps	—	(2,719)	—	(2,719)
Total	$ (4,639)	$ (3,229)	$ —	$ (7,868)

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Assets:				
Other current assets:				
Product imbalances	$ 1,551	$ —	$ —	$ 1,551
Commodity derivatives	—	155	—	155
Other long-term assets, net:				
Interest rate swaps	—	1,314	—	1,314
Total	$ 1,551	$ 1,469	$ —	$ 3,020
Liabilities:				
Accrued liabilities:				
Product imbalances	$ (1,577)	$ —	$ —	$ (1,577)
Commodity derivatives	(4,887)	(165)	—	(5,052)
Other long-term liabilities:				
Guarantee liability	—	—	(1,230)	(1,230)
Interest rate swaps	—	(2,632)	—	(2,632)
Total	$ (6,464)	$ (2,797)	$ (1,230)	$ (10,491)

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

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

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

Guarantees. In 2014, we sold our remaining 50% ownership interest in Axeon and agreed to provide them with credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million. As of December 31, 2016, we provided guarantees totaling $54.1 million, and one guarantee that did not specify a maximum amount. Our estimate of the fair value was based on significant inputs not observable in the market and thus fell within Level 3 of the fair value hierarchy. In conjunction with the termination of the Axeon Term Loan discussed in the following section, our obligation to provide credit support to Axeon ceased.

Fair Value of Financial Instruments
We recognize cash equivalents, receivables, payables and debt in our consolidated balance sheets at their carrying amounts. The fair values of these financial instruments, except for long-term debt, approximate their carrying amounts.

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

	March 31, 2017	December 31, 2016	
	Long-term Debt	Long-term Debt	Axeon Term Loan
		(Thousands of Dollars)	
Fair value	$ 3,015,609	$ 3,084,762	$ 110,000
Carrying amount	$ 2,951,980	$ 3,014,364	$ 110,000

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

Axeon Term Loan. In December 2016, Lindsay Goldberg LLC, the private investment firm that owned Axeon, informed us that they entered into an agreement to sell Axeon's retail asphalt sales and distribution business (the Axeon Sale), and we entered into an agreement with Axeon (the Axeon Letter Agreement) to settle and terminate the Axeon Term Loan for $110.0 million upon closing of the Axeon Sale. Therefore, we reduced the carrying amount of the Axeon Term Loan to $110.0 million and reclassified the Axeon Term Loan from "Other long-term assets, net" to "Other current assets" on the consolidated balance sheet as of December 31, 2016. The Axeon Sale closed on February 22, 2017, at which time we received the $110.0 million payment in accordance with the Axeon Letter Agreement. Furthermore, the Axeon Term Loan and our obligation to provide ongoing credit support to Axeon all terminated concurrently on February 22, 2017.

6. DERIVATIVES AND RISK MANAGEMENT ACTIVITIES

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

Interest Rate Risk
We are a party to certain interest rate swap agreements to manage our exposure to changes in interest rates, which include forward-starting interest rate swap agreements related to forecasted debt issuances in 2018 and 2020. We entered into these swaps in order to hedge the risk of changes in the interest payments attributable to changes in the benchmark interest rate during the period from the effective date of the swap to the issuance of the forecasted debt. Under the terms of the swaps, we pay a fixed rate and receive a rate based on the three-month USD LIBOR. These swaps qualify as cash flow hedges, and we designate them as such. We record the effective portion of mark-to-market adjustments as a component of "Accumulated other comprehensive income (loss)" (AOCI), and the amount in AOCI will be recognized in "Interest expense, net" as the forecasted interest payments occur or if the interest payments are probable not to occur. As of March 31, 2017 and December 31, 2016, the aggregate notional amount of forward-starting interest rate swaps totaled $600.0 million.

Commodity Price Risk

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

The volume of commodity contracts is based on open derivative positions and represents the combined volume of our long and short open positions on an absolute basis, which totaled 1.4 million barrels and 4.7 million barrels as of March 31, 2017 and December 31, 2016, respectively. We had $0.7 million and $1.8 million of margin deposits as of March 31, 2017 and December 31, 2016, respectively.

The fair values of our derivative instruments included in our consolidated balance sheets were as follows:

		Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	**March 31, 2017**	**December 31, 2016**	**March 31, 2017**	**December 31, 2016**
		(Thousands of Dollars)			
Derivatives Designated as Hedging Instruments:					
Interest rate swaps	Other long-term assets, net	$ 1,440	$ 1,314	$ —	$ —
Commodity contracts	Accrued liabilities	—	144	(852)	(3,566)
Interest rate swaps	Other long-term liabilities	—	—	(2,719)	(2,632)
Total		1,440	1,458	(3,571)	(6,198)
Derivatives Not Designated as Hedging Instruments:					
Commodity contracts	Other current assets	786	265	(276)	(110)
Commodity contracts	Accrued liabilities	510	9,128	(854)	(10,758)
Total		1,296	9,393	(1,130)	(10,868)
Total Derivatives		$ 2,736	$ 10,851	$ (4,701)	$ (17,066)

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

Commodity Contracts	**March 31, 2017**	**December 31, 2016**
	(Thousands of Dollars)	
Net amounts of assets presented in the consolidated balance sheets	$ 510	$ 155
Net amounts of liabilities presented in the consolidated balance sheets	$ (1,196)	$ (5,052)

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

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars)	
Derivatives Designated as Fair Value Hedging Instruments:		
Gain (loss) recognized in income on derivative	$ 2,097	$ (1,012)
(Loss) gain recognized in income on hedged item	(1,834)	2,866
Gain recognized in income for ineffective portion	263	1,854
Derivatives Not Designated as Hedging Instruments:		
(Loss) gain recognized in income on derivative	$ (138)	$ 720

Our interest rate swaps had the following impact on earnings:

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars)	
Derivatives Designated as Cash Flow Hedging Instruments:		
Income (loss) recognized in other comprehensive income on derivative (effective portion)	$ 39	$ (29,978)
Loss reclassified from AOCI into interest expense, net (effective portion)	$ (1,799)	$ (2,222)

As of March 31, 2017, we expect to reclassify a loss of $6.2 million to "Interest expense, net" within the next twelve months associated with unwound forward-starting interest rate swaps.

7. RELATED PARTY TRANSACTIONS

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

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

	Three Months Ended March 31,
	2016
	(Thousands of Dollars)
Operating expenses	$ 21,681
General and administrative expenses	$ 10,420

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

8. EMPLOYEE BENEFIT PLANS

Effective March 1, 2016, in connection with the Employee Transfer, we assumed sponsorship and responsibility for the defined benefit plans and defined contribution plans described below. Prior to the Employee Transfer, NuStar GP, LLC sponsored and maintained these employee benefit plans and we reimbursed all costs incurred by NuStar GP, LLC related to these employee benefit plans at cost.

The NuStar Pension Plan (the Pension Plan) is a qualified non-contributory defined benefit pension plan that provides eligible U.S. employees with retirement income as calculated under a cash balance formula. The NuStar Excess Pension Plan (the Excess Pension Plan) is a nonqualified deferred compensation plan that provides benefits to a select group of management or other highly compensated employees. The Pension Plan and Excess Pension Plan are collectively referred to as the Pension Plans.

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

The following table summarizes the components of net periodic benefit costs for the Pension Plans and other postretirement benefits on a combined basis for periods prior to the Employee Transfer and after the Employee Transfer:

	Pension Plans		Other Postretirement Benefits	
	2017	2016	2017	2016
	(Thousands of Dollars)			
For the three months ended March 31:				
Service cost	$ 2,239	$ 1,926	$ 113	$ 105
Interest cost	1,127	1,006	108	100
Expected return on assets	(1,603)	(1,352)	—	—
Amortization of prior service credit	(515)	(517)	(286)	(286)
Amortization of net loss	371	273	48	45
Net periodic benefit cost (income)	$ 1,619	$ 1,336	$ (17)	$ (36)

9. PARTNERS' EQUITY

Partners' Equity Activity

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

Balance as of December 31, 2016	$ 1,611,617
Net income	57,940
Unit-based compensation expense	950
Other comprehensive income	3,763
Distributions to partners	(103,834)
Other	(93)
Balance as of March 31, 2017	$ 1,570,343

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

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

	Foreign Currency Translation	Cash Flow Hedges	Pension and Other Postretirement Benefits	Total
	(Thousands of Dollars)			
Balance as of January 1, 2017	$ (69,069)	$ (22,258)	$ (2,850)	$ (94,177)
Other comprehensive income (loss):				
Other comprehensive income before reclassification adjustments	2,307	39	—	2,346
Net gain on pension costs reclassified into operating expense	—	—	(286)	(286)
Net gain on pension costs reclassified into general and administrative expense	—	—	(96)	(96)
Net loss on cash flow hedges reclassified into interest expense, net	—	1,799	—	1,799
Other comprehensive income (loss)	2,307	1,838	(382)	3,763
Balance as of March 31, 2017	$ (66,762)	$ (20,420)	$ (3,232)	$ (90,414)

Allocations of Net Income
Our partnership agreement sets forth the calculation to be used to determine the amount and priority of cash distributions that the unitholders and general partner will receive. The partnership agreement also contains provisions for the allocation of net income to the unitholders and the general partner. Our net income for each quarterly reporting period is first allocated to the preferred limited partner unitholders in an amount equal to the earned distributions for the respective reporting period and then to the general partner in an amount equal to the general partner's incentive distribution calculated based upon the declared distribution for the respective reporting period. We allocate the remaining net income or loss among the common unitholders (98%) and general partner (2%), as set forth in our partnership agreement.

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

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars, Except Percentage Data)	
Net income attributable to NuStar Energy L.P.	$ 57,940	$ 57,401
Less preferred limited partner interest	4,813	—
Less general partner incentive distribution	12,912	10,805
Net income after general partner incentive distribution and preferred limited partner interest	40,215	46,596
General partner interest allocation	2%	2%
General partner interest allocation of net income	804	932
General partner incentive distribution	12,912	10,805
Net income applicable to general partner	$ 13,716	$ 11,737

Cash Distributions

General and Common Limited Partners. The following table reflects the allocation of total cash distributions to the general and common limited partners applicable to the period in which the distributions were earned:

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars, Except Per Unit Data)	
General partner interest	$ 2,343	$ 1,961
General partner incentive distribution	12,912	10,805
Total general partner distribution	15,255	12,766
Common limited partners' distribution	101,913	85,285
Total cash distributions	$ 117,168	$ 98,051
Cash distributions per unit applicable to common limited partners	$ 1.095	$ 1.095

The following table summarizes information related to our quarterly cash distributions to our general and common limited partners:

Quarter Ended	Cash Distributions Per Unit	Total Cash Distributions	Record Date	Payment Date
		(Thousands of Dollars)		
March 31, 2017 (a)	$ 1.095	$ 117,168	May 8, 2017	May 12, 2017
December 31, 2016	$ 1.095	$ 98,971	February 8, 2017	February 13, 2017

(a) The distribution was announced on April 24, 2017.

Series A Preferred Units. On March 15, 2017, we paid a distribution of $0.64930556 per Series A preferred unit to holders of record as of March 1, 2017 for distributions accumulated from the issuance date of November 25, 2016 up to the payment date, which totaled $5.9 million. On April 24, 2017, we announced a distribution of $0.53125 per Series A preferred unit to be paid on June 15, 2017 to holders of record as of June 1, 2017.

10. NET INCOME PER UNIT

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

We compute basic net income per common unit by dividing net income attributable to common units by the weighted-average number of common units outstanding during the period. We compute diluted net income per common unit by dividing net income attributable to our common limited partners 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 contingently issuable performance units awarded under our long-term incentive plan.

The following table details the calculation of net income per unit:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Thousands of Dollars, Except Unit and Per Unit Data)	
Net income attributable to NuStar Energy L.P.	$ 57,940	$ 57,401
Less: Distributions to general partner (including incentive distribution rights)	15,255	12,766
Less: Distributions to common limited partners	101,913	85,285
Less: Distributions to preferred limited partners	4,813	—
Less: Distribution equivalent rights to restricted units	715	713
Distributions in excess of earnings	$ (64,756)	$ (41,363)
Net income attributable to common units:		
Distributions to common limited partners	$ 101,913	$ 85,285
Allocation of distributions in excess of earnings	(63,461)	(40,535)
Total	$ 38,452	$ 44,750
Basic weighted-average common units outstanding	78,642,888	77,886,078
Diluted common units outstanding:		
Basic weighted-average common units outstanding	78,642,888	77,886,078
Effect of dilutive potential common units	—	70,746
Diluted weighted-average common units outstanding	78,642,888	77,956,824
Basic and diluted net income per common unit	$ 0.49	$ 0.57

11. STATEMENTS OF CASH FLOWS

Changes in current assets and current liabilities were as follows:

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars)	
Decrease (increase) in current assets:		
Accounts receivable	$ 3,544	$ 11,706
Receivable from related party	237	—
Inventories	1,658	(2,398)
Other current assets	307	5,613
Increase (decrease) in current liabilities:		
Accounts payable	(12,154)	(3,370)
Payable to related party, net	—	(1,575)
Accrued interest payable	(6,301)	(6,389)
Accrued liabilities	(21,006)	(16,859)
Taxes other than income tax	(2,752)	593
Income tax payable	(2,675)	189
Changes in current assets and current liabilities	$ (39,142)	$ (12,490)

The above changes in current assets and current liabilities differ from changes between amounts reflected in the applicable consolidated balance sheets due to changes in the amounts accrued for capital expenditures and the effect of foreign currency translation.

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

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars)	
Cash paid for interest, net of amount capitalized	$ 42,146	$ 41,079
Cash paid for income taxes, net of tax refunds received	$ 4,828	$ 2,742

12. SEGMENT INFORMATION

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

Results of operations for the reportable segments were as follows:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Thousands of Dollars)	
Revenues:		
Pipeline	$ 121,240	$ 118,873
Storage:		
Third parties	143,488	146,384
Intersegment	3,943	6,015
Total storage	147,431	152,399
Fuels marketing	222,702	140,446
Consolidation and intersegment eliminations	(3,943)	(6,015)
Total revenues	$ 487,430	$ 405,703
Operating income (loss):		
Pipeline	$ 65,028	$ 64,265
Storage	53,759	57,013
Fuels marketing	5,140	(773)
Total segment operating income	123,927	120,505
General and administrative expenses	24,595	23,785
Other depreciation and amortization expense	2,193	2,155
Total operating income	$ 97,139	$ 94,565

Total assets by reportable segment were as follows:

	March 31, 2017	December 31, 2016
	(Thousands of Dollars)	
Pipeline	$ 2,001,563	$ 2,024,633
Storage	2,534,367	2,522,586
Fuels marketing	166,702	168,347
Total segment assets	4,702,632	4,715,566
Other partnership assets	192,784	314,979
Total consolidated assets	$ 4,895,416	$ 5,030,545

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

NuStar Energy has no operations and its assets consist mainly of its 100% 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. As a result, the following condensed consolidating financial statements are presented as an alternative to providing separate financial statements for NuStar Logistics and NuPOP.

Condensed Consolidating Balance Sheets
March 31, 2017
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 746	$ 6	$ —	$ 26,453	$ —	$ 27,205
Receivables, net	—	45	—	166,877	—	166,922
Inventories	—	1,958	4,307	30,842	—	37,107
Other current assets	175	8,813	4,776	8,668	—	22,432
Intercompany receivable	—	1,342,164	—	55,969	(1,398,133)	—
Total current assets	921	1,352,986	9,083	288,809	(1,398,133)	253,666
Property, plant and equipment, net	—	1,919,752	582,944	1,220,572	—	3,723,268
Intangible assets, net	—	65,598	—	54,262	—	119,860
Goodwill	—	149,453	170,652	376,532	—	696,637
Investment in wholly owned subsidiaries	1,918,278	35,888	1,247,932	869,545	(4,071,643)	—
Deferred income tax asset	—	—	—	1,743	—	1,743
Other long-term assets, net	1,165	62,050	28,318	8,709	—	100,242
Total assets	$ 1,920,364	$ 3,585,727	$ 2,038,929	$ 2,820,172	$ (5,469,776)	$ 4,895,416
Liabilities and Partners' Equity						
Payables	$ 926	$ 16,615	$ 1,965	$ 78,971	$ —	$ 98,477
Short-term debt	—	72,000	—	—	—	72,000
Accrued interest payable	—	27,692	—	23	—	27,715
Accrued liabilities	777	6,722	12,370	19,644	—	39,513
Taxes other than income tax	—	4,259	4,555	4,095	—	12,909
Income tax payable	—	1,656	7	2,215	—	3,878
Intercompany payable	257,904	—	1,140,229	—	(1,398,133)	—
Total current liabilities	259,607	128,944	1,159,126	104,948	(1,398,133)	254,492
Long-term debt	—	2,891,290	—	60,690	—	2,951,980
Deferred income tax liability	—	1,861	13	20,571	—	22,445
Other long-term liabilities	—	35,139	10,261	50,756	—	96,156
Total partners' equity	1,660,757	528,493	869,529	2,583,207	(4,071,643)	1,570,343
Total liabilities and partners' equity	$ 1,920,364	$ 3,585,727	$ 2,038,929	$ 2,820,172	$ (5,469,776)	$ 4,895,416

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

Condensed Consolidating Balance Sheets
December 31, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 870	$ 5	$ —	$ 35,067	$ —	$ 35,942
Receivables, net	—	3,040	—	167,570	—	170,610
Inventories	—	2,216	2,005	33,724	—	37,945
Other current assets	61	120,350	1,829	10,446	—	132,686
Intercompany receivable	—	1,308,415	—	57,785	(1,366,200)	—
Total current assets	931	1,434,026	3,834	304,592	(1,366,200)	377,183
Property, plant and equipment, net	—	1,935,172	589,139	1,197,972	—	3,722,283
Intangible assets, net	—	71,033	—	56,050	—	127,083
Goodwill	—	149,453	170,652	376,532	—	696,637
Investment in wholly owned subsidiaries	1,964,736	34,778	1,221,717	874,649	(4,095,880)	—
Deferred income tax asset	—	—	—	2,051	—	2,051
Other long-term assets, net	1,255	63,586	28,587	11,880	—	105,308
Total assets	$ 1,966,922	$ 3,688,048	$ 2,013,929	$ 2,823,726	$ (5,462,080)	$ 5,030,545
Liabilities and Partners' Equity						
Payables	$ 2,436	$ 24,272	$ 7,124	$ 84,854	$ —	$ 118,686
Short-term debt	—	54,000	—	—	—	54,000
Accrued interest payable	—	34,008	—	22	—	34,030
Accrued liabilities	1,070	7,118	10,766	41,531	—	60,485
Taxes other than income tax	125	6,854	3,253	5,453	—	15,685
Income tax payable	—	1,326	5	5,179	—	6,510
Intercompany payable	257,497	—	1,108,703	—	(1,366,200)	—
Total current liabilities	261,128	127,578	1,129,851	137,039	(1,366,200)	289,396
Long-term debt	—	2,956,338	—	58,026	—	3,014,364
Deferred income tax liability	—	1,862	13	20,329	—	22,204
Other long-term liabilities	—	34,358	9,436	49,170	—	92,964
Total partners' equity	1,705,794	567,912	874,629	2,559,162	(4,095,880)	1,611,617
Total liabilities and partners' equity	$ 1,966,922	$ 3,688,048	$ 2,013,929	$ 2,823,726	$ (5,462,080)	$ 5,030,545

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

Condensed Consolidating Statements of Comprehensive Income
For the Three Months Ended March 31, 2017
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 123,629	$ 52,241	$ 311,847	$ (287)	$ 487,430
Costs and expenses	509	76,322	29,806	283,941	(287)	390,291
Operating (loss) income	(509)	47,307	22,435	27,906	—	97,139
Equity in earnings of subsidiaries	58,445	1,110	26,215	47,353	(133,123)	—
Interest income (expense), net	4	(36,914)	(1,304)	1,800	—	(36,414)
Other income, net	—	21	6	113	—	140
Income before income tax expense	57,940	11,524	47,352	77,172	(133,123)	60,865
Income tax expense	—	331	1	2,593	—	2,925
Net income	$ 57,940	$ 11,193	$ 47,351	$ 74,579	$ (133,123)	$ 57,940
Comprehensive income	$ 57,940	$ 13,031	$ 47,351	$ 76,504	$ (133,123)	$ 61,703

Condensed Consolidating Statements of Comprehensive Income
For the Three Months Ended March 31, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 126,578	$ 47,985	$ 231,476	$ (336)	$ 405,703
Costs and expenses	518	68,891	31,015	211,050	(336)	311,138
Operating (loss) income	(518)	57,687	16,970	20,426	—	94,565
Equity in earnings (loss) of subsidiaries	57,922	(3,115)	25,283	43,743	(123,833)	—
Interest (expense) income, net	—	(39,632)	1,508	8,352	(4,351)	(34,123)
Other income (expense), net	—	1	(17)	(155)	—	(171)
Income before income tax expense	57,404	14,941	43,744	72,366	(128,184)	60,271
Income tax expense	3	346	2	2,519	—	2,870
Net income	$ 57,401	$ 14,595	$ 43,742	$ 69,847	$ (128,184)	$ 57,401
Comprehensive income (loss)	$ 57,401	$ (13,161)	$ 43,742	$ 82,825	$ (128,184)	$ 42,623

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

Condensed Consolidating Statements of Cash Flows
For the Three Months Ended March 31, 2017
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 103,517	$ 35,964	$ 23,855	$ 78,004	$ (157,360)	$ 83,980
Cash flows from investing activities:						
Capital expenditures	—	(7,671)	(1,761)	(36,300)	—	(45,732)
Change in accounts payable related to capital expenditures	—	(4,908)	(1,103)	(809)	—	(6,820)
Proceeds from sale or disposition of assets	—	1,833	6	20	—	1,859
Proceeds from Axeon term loan	—	110,000	—	—	—	110,000
Net cash provided by (used in) investing activities	—	99,254	(2,858)	(37,089)	—	59,307
Cash flows from financing activities:						
Debt borrowings	—	404,166	—	6,100	—	410,266
Debt repayments	—	(451,694)	—	(3,500)	—	(455,194)
Distributions to preferred unitholders	(5,883)	(2,941)	(2,941)	(2,942)	8,824	(5,883)
Distributions to common unitholders and general partner	(99,021)	(49,511)	(49,511)	(49,514)	148,536	(99,021)
Net intercompany activity	3,196	(34,952)	31,455	301	—	—
Decrease in cash book overdrafts	—	(283)	—	—	—	(283)
Other, net	(1,933)	(2)	—	—	—	(1,935)
Net cash used in financing activities	(103,641)	(135,217)	(20,997)	(49,555)	157,360	(152,050)
Effect of foreign exchange rate changes on cash	—	—	—	26	—	26
Net (decrease) increase in cash and cash equivalents	(124)	1	—	(8,614)	—	(8,737)
Cash and cash equivalents as of the beginning of the period	870	5	—	35,067	—	35,942
Cash and cash equivalents as of the end of the period	$ 746	$ 6	$ —	$ 26,453	$ —	$ 27,205

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

Condensed Consolidating Statements of Cash Flows
For the Three Months Ended March 31, 2016
(Thousands of Dollars)

	NuStar Energy	NuStar Logistics	NuPOP	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 97,539	$ 7,958	$ 18,028	$ 129,635	$ (151,433)	$ 101,727
Cash flows from investing activities:						
Capital expenditures	—	(28,899)	(5,442)	(11,835)	—	(46,176)
Change in accounts payable related to capital expenditures	—	(7,637)	(74)	(4,952)	—	(12,663)
Net cash used in investing activities	—	(36,536)	(5,516)	(16,787)	—	(58,839)
Cash flows from financing activities:						
Debt borrowings	—	296,089	—	6,000	—	302,089
Debt repayments	—	(219,709)	—	(11,000)	—	(230,709)
Distributions to common unitholders and general partner	(98,051)	(49,026)	(49,025)	(49,031)	147,082	(98,051)
Net intercompany activity	507	2,998	36,513	(44,369)	4,351	—
Other, net	(1)	(1,774)	—	(7,029)	—	(8,804)
Net cash (used in) provided by financing activities	(97,545)	28,578	(12,512)	(105,429)	151,433	(35,475)
Effect of foreign exchange rate changes on cash	—	—	—	4,642	—	4,642
Net (decrease) increase in cash and cash equivalents	(6)	—	—	12,061	—	12,055
Cash and cash equivalents as of the beginning of the period	885	4	—	117,973	—	118,862
Cash and cash equivalents as of the end of the period	$ 879	$ 4	$ —	$ 130,034	$ —	$ 130,917

14. SUBSEQUENT EVENTS

Navigator Acquisition

On April 11, 2017, NuStar Logistics and NuStar Energy entered into a Membership Interest Purchase and Sale Agreement (the Acquisition Agreement) with FR Navigator Holdings LLC to acquire all of the issued and outstanding limited liability company interests in Navigator Energy Services, LLC (Navigator) for approximately $1.475 billion, subject to customary adjustments at and following closing. Navigator owns and operates crude oil transportation, pipeline gathering and storage assets located in the Midland Basin of West Texas consisting of: (i) more than 500 miles of crude oil gathering and transportation pipelines with approximately 92,000 barrels per day ship-or-pay volume commitments and deliverability of approximately 412,000 barrels per day; (ii) a pipeline gathering system with more than 200 connected producer tank batteries capable of more than 400,000 barrels per day of pumping capacity covering over 500,000 dedicated acres with fixed fee contracts; and (iii) approximately 1.0 million barrels of crude oil storage capacity with 440,000 barrels contracted to third parties.

We closed on the Navigator Acquisition on May 4, 2017 and funded the purchase price with the net proceeds of the equity and debt issuances described below. The Navigator Acquisition broadens our geographic footprint by marking our entry into the Permian Basin and complements our existing asset base. We believe this acquisition provides a strong growth platform that, when coupled with our assets in the Eagle Ford region, solidifies our presence in two of the most prolific basins in the United States. Since we closed on this acquisition less than a week ago, we do not yet have the information necessary to complete the initial accounting for the Navigator Acquisition, but we plan to provide a preliminary purchase price allocation and related disclosures in our consolidated financial statements for the quarter ending June 30, 2017.

Our general partner amended and restated our partnership agreement in connection with the issuance of the Series B Preferred Units described below and the Navigator Acquisition to waive up to an aggregate $22.0 million of the quarterly incentive distributions to our general partner for any NS common units issued from the date of the Acquisition Agreement (other than those attributable to NS common units issued under any equity compensation plan) for ten consecutive quarters, starting with the second quarter of 2017.

Issuance of Common Units

On April 18, 2017, we issued 14,375,000 common units representing limited partner interests at a price of $46.35 per unit. We used the net proceeds from this offering of $657.5 million, including a contribution of $13.6 million from our general partner to maintain its 2% general partner interest, to fund a portion of the purchase price for the Navigator Acquisition. Beginning with the distribution earned for the second quarter of 2017, our general partner will not receive incentive distributions with respect to these common units.

Issuance of 5.625% Senior Notes

On April 28, 2017, NuStar Logistics issued $550.0 million of 5.625% senior notes due April 28, 2027. We used the net proceeds of $543.8 million from the offering to fund a portion of the purchase price for the Navigator Acquisition and to pay related fees and expenses. The interest on the 5.625% senior notes is payable semi-annually in arrears on April 28 and October 28 of each year beginning on October 28, 2017. The 5.625% senior notes do not have sinking fund requirements. These notes rank equally with existing senior unsecured indebtedness and senior to existing subordinated indebtedness of NuStar Logistics. The 5.625% senior notes contain restrictions on NuStar Logistics' ability to incur secured indebtedness unless the same security is also provided for the benefit of holders of the senior notes. In addition, the senior notes limit NuStar Logistics' ability to incur indebtedness secured by certain liens, engage in certain sale-leaseback transactions and engage in certain consolidations, mergers or asset sales. The 5.625% senior notes are fully and unconditionally guaranteed by NuStar Energy and NuPOP.

At the option of NuStar Logistics, the 5.625% senior notes may be redeemed in whole or in part at any time at a redemption price, plus accrued and unpaid interest to the redemption date. If we undergo a change of control, followed by a ratings decline within 60 days of a change of control, each holder of the notes may require us to repurchase all or a portion of its notes at a price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest to the date of repurchase.

Issuance of Series B Preferred Units

On April 28, 2017, we issued 15,400,000 of our 7.625% Series B Preferred Units representing limited partner interests at a price of $25.00 per unit. We used the net proceeds of $372.2 million from the issuance of the Series B Preferred Units to fund a portion of the purchase price for the Navigator Acquisition and to pay related fees and expenses.

Distributions on the Series B Preferred Units are payable out of any legally available funds, accrue and are cumulative from the date of original issuance of the Series B Preferred Units and are payable on the 15^{th} day of each of March, June, September and

December of each year (beginning on September 15, 2017) to holders of record on the first day of each payment month. The initial distribution rate on the Series B Preferred Units to, but not including, June 15, 2022 is 7.625% per annum of the $25.00 liquidation preference per unit (equal to $1.90625 per unit per annum). On and after June 15, 2022, distributions on the Series B Preferred Units accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the three-month LIBOR plus a spread of 5.643%. The Series B Preferred Units rank senior to our common units with respect to distribution rights and rights upon liquidation.

At any time on or after June 15, 2022, we may redeem our Series B Preferred Units, in whole or in part, at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions to, but not including, the date of redemption, whether or not declared. We may also redeem the Series B Preferred Units upon the occurrence of certain rating events or a change of control as defined in our partnership agreement. In the case of the latter instance, if we choose not to redeem the Series B Preferred Units, the preferred unitholders may have the ability to convert the Series B Preferred Units to common units at the then applicable conversion rate. Holders of the Series B Preferred Units have no voting rights except for certain exceptions set forth in our partnership agreement.

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

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains certain estimates, predictions, projections, assumptions and other forward-looking statements that involve various risks and uncertainties. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "will," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions. Please read our Annual Report on Form 10-K for the year ended December 31, 2016, Part I, Item 1A "Risk Factors," as well as our subsequent current and quarterly reports, for a discussion of certain of those risks, uncertainties and assumptions.

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

OVERVIEW

NuStar Energy L.P. (NYSE: NS) is engaged in the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. Unless otherwise indicated, the terms "NuStar Energy," "NS," "the Partnership," "we," "our" and "us" are used in this report to refer to NuStar Energy L.P., to one or more of our consolidated subsidiaries or to all of them taken as a whole. NuStar GP Holdings, LLC (NuStar GP Holdings or NSH) (NYSE: NSH) owns our general partner, Riverwalk Logistics, L.P., and owns an approximate 13% common limited partner interest in us as of March 31, 2017. Our Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in seven sections:

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

Recent Developments

Navigator Acquisition and Financing Transactions. On May 4, 2017, we completed the acquisition of Navigator Energy Services, LLC for approximately $1.475 billion (the Navigator Acquisition), subject to customary adjustments at and following closing. In order to fund the purchase price, we issued 14,375,000 common units for net proceeds of $657.5 million, issued $550.0 million of 5.625% senior notes for net proceeds of $543.8 million and issued 15,400,000 of our 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units for net proceeds of $372.2 million. Please refer to Note 14 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for further discussion.

Axeon Term Loan. On February 22, 2017, we settled and terminated the $190.0 million term loan to Axeon Specialty Products, LLC (the Axeon Term Loan), pursuant to which we also provided credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million to Axeon Specialty Products, LLC (Axeon). We received $110.0 million in settlement of the Axeon Term Loan, and our obligation to provide ongoing credit support to Axeon ceased. Please refer to Note 5 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" further discussion of the Axeon Term Loan and credit support.

Operations

We conduct our operations through our subsidiaries, primarily NuStar Logistics, L.P. (NuStar Logistics) and NuStar Pipeline Operating Partnership L.P. (NuPOP). Our operations consist of three reportable business segments: pipeline, storage and fuels marketing. The following discussion describes assets owned as of March 31, 2017.

Pipeline. We own 3,140 miles of refined product pipelines and 1,230 miles of crude oil pipelines, as well as approximately 4.0 million barrels of storage capacity, which comprise our Central West System. In addition, we own 2,370 miles of refined product pipelines, consisting of the East and North Pipelines, and a 2,000-mile ammonia pipeline (the Ammonia Pipeline), which comprise our Central East System. The East and North Pipelines have storage capacity of approximately 6.7 million barrels. We charge tariffs on a per barrel basis for transporting refined products, crude oil and other feedstocks in our refined product and crude oil pipelines and on a per ton basis for transporting anhydrous ammonia in the Ammonia Pipeline.

Storage. We own terminals and storage facilities in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom (UK), with approximately 84.9 million barrels of storage capacity. Revenues for the storage segment include fees for tank storage agreements, whereby a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage terminal revenues), and throughput agreements, whereby a customer pays a fee per barrel for volumes moving through our terminals (throughput terminal revenues).

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

The following factors affect the results of our operations:

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

Current Market Conditions

While the price of crude oil has recovered modestly since its sharp initial decline in 2015 and subsequent historic lows during 2016, energy industry experts currently expect crude oil prices to see only a modest price recovery, with some continued volatility, in 2017.

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

RESULTS OF OPERATIONS

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

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

	Three Months Ended March 31,		
	2017	2016	Change
Statement of Income Data:			
Revenues:			
Service revenues	$ 266,462	$ 266,566	$ (104)
Product sales	220,968	139,137	81,831
Total revenues	487,430	405,703	81,727
Costs and expenses:			
Cost of product sales	207,806	128,990	78,816
Operating expenses	101,026	105,221	(4,195)
General and administrative expenses	24,595	23,785	810
Depreciation and amortization expense	56,864	53,142	3,722
Total costs and expenses	390,291	311,138	79,153
Operating income	97,139	94,565	2,574
Interest expense, net	(36,414)	(34,123)	(2,291)
Other income (expense), net	140	(171)	311
Income before income tax expense	60,865	60,271	594
Income tax expense	2,925	2,870	55
Net income	$ 57,940	$ 57,401	$ 539
Basic and diluted net income per common unit	$ 0.49	$ 0.57	$ (0.08)
Basic weighted-average common units outstanding	78,642,888	77,886,078	756,810

Overview

Net income remained flat for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. The slight increase in segment operating income of $3.4 million was partially offset by an increase of $2.3 million in interest expense. Within segment operating income, higher operating income from the fuels marketing segment was partially offset by a decrease in operating income from the storage segment.

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

	Three Months Ended March 31, 2017	2016	Change
Pipeline:			
Refined products pipelines throughput (barrels/day)	514,016	521,272	(7,256)
Crude oil pipelines throughput (barrels/day)	408,809	411,109	(2,300)
Total throughput (barrels/day)	922,825	932,381	(9,556)
Throughput revenues	$ 121,240	$ 118,873	$ 2,367
Operating expenses	33,074	33,004	70
Depreciation and amortization expense	23,138	21,604	1,534
Segment operating income	$ 65,028	$ 64,265	$ 763
Storage:			
Throughput (barrels/day)	315,010	828,327	(513,317)
Throughput terminal revenues	$ 20,690	$ 29,400	$ (8,710)
Storage terminal revenues	126,741	122,999	3,742
Total revenues	147,431	152,399	(4,968)
Operating expenses	62,139	66,003	(3,864)
Depreciation and amortization expense	31,533	29,383	2,150
Segment operating income	$ 53,759	$ 57,013	$ (3,254)
Fuels Marketing:			
Product sales and other revenue	$ 222,702	$ 140,446	$ 82,256
Cost of product sales	210,599	132,581	78,018
Gross margin	12,103	7,865	4,238
Operating expenses	6,963	8,638	(1,675)
Segment operating income (loss)	$ 5,140	$ (773)	$ 5,913
Consolidation and Intersegment Eliminations:			
Revenues	$ (3,943)	$ (6,015)	$ 2,072
Cost of product sales	(2,793)	(3,591)	798
Operating expenses	(1,150)	(2,424)	1,274
Total	$ —	$ —	$ —
Consolidated Information:			
Revenues	$ 487,430	$ 405,703	$ 81,727
Cost of product sales	207,806	128,990	78,816
Operating expenses	101,026	105,221	(4,195)
Depreciation and amortization expense	54,671	50,987	3,684
Segment operating income	123,927	120,505	3,422
General and administrative expenses	24,595	23,785	810
Other depreciation and amortization expense	2,193	2,155	38
Consolidated operating income	$ 97,139	$ 94,565	$ 2,574

Pipeline
Total revenues increased $2.4 million despite a slight decrease in total throughputs of 9,556 barrels per day for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. Revenues increased $4.6 million and throughputs increased 9,246 barrels per day on our Ammonia Pipeline mainly due to an early planting season resulting from warmer weather. The increases in Ammonia Pipeline revenues were partially offset by a decrease in revenues of $2.7 million and a decrease in throughputs of 17,575 barrels per day on our Eagle Ford System mainly due to reduced production in this sustained low crude oil price environment.

Depreciation and amortization expense increased $1.5 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016, mainly due to the completion of various pipeline projects.

Storage
Beginning January 1, 2017, our revenue agreements for our crude refinery storage tanks at Corpus Christi, TX, Texas City, TX and Benicia, CA changed from throughput-based to lease-based. Excluding the effect of the change of these agreements, throughput terminal revenues would have increased $1.8 million and throughputs would have decreased 6,643 barrels per day. This was primarily due to an increase in revenues of $4.6 million and an increase in throughputs of 23,268 barrels per day at our Corpus Christi North Beach terminal, mainly resulting from our acquisition of assets from Martin Operating Partnership L.P. in December 2016 (the Martin Terminal Acquisition). This increase in revenues was partially offset by decreased revenues of $1.6 million and decreased throughputs of 30,270 barrels per day at our Paulsboro terminal as a customer diverted barrels to other terminals.

Excluding the effect of the change of the refinery storage tank agreements described above, storage terminal revenues would have decreased $6.1 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. Revenues decreased $4.9 million at our international terminals mainly resulting from a decrease in customer base, fluctuations in foreign exchange rates and lower throughput and related handling fees. Revenues also decreased $4.7 million at our Gulf Coast Terminals, mainly due to a decrease in customer base and lower reimbursable revenues at our Texas City terminal and reduced unit train activity at our St. James terminal. These revenue decreases were partially offset by higher revenues of $3.5 million at our North East Terminals, mainly resulting from new customer contracts and rate escalations.

Operating expenses decreased $3.9 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016, primarily due to:
- a decrease of $2.4 million in compensation expenses, mainly resulting from lower employee benefit costs;
- a decrease of $1.9 million in reimbursable expenses, mainly at our Texas City terminals, consistent with the decrease in reimbursable revenues at Texas City; and
- a decrease of $1.2 million in expenses for contractors and other outside services mainly as a result of reduced unit train activity at our St. James terminal.

These decreases were partially offset by increased operating expenses of $2.1 million as a result of the Martin Terminal Acquisition.

Depreciation and amortization expense increased $2.2 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016, as a result of the Martin Terminal Acquisition and the completion of various storage projects.

Fuels Marketing
We recorded segment operating income of $5.1 million for the three months ended March 31, 2017, compared to a segment operating loss of $0.8 million for the three months ended March 31, 2016, primarily due to improved gross margins and lower operating expenses from our fuel oil trading operations.

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

General
General and administrative expenses increased $0.8 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016, primarily due to higher compensation expense associated with our long-term incentive plan.

Interest expense, net increased $2.3 million for the three months ended March 31, 2017, compared to the three months ended March 31, 2016, mainly due to decreased interest income as a result of the termination of the Axeon Term Loan in February 2017. Please refer to Note 5 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion of the Axeon Term Loan and related credit support.

TRENDS AND OUTLOOK

We have developed a business model based on strategic diversification: we provide a broad array of services to a diverse customer base in sectors across the energy industry with our portfolio of assets positioned in geographic markets around the globe. We believe our model both protects our results, even through challenging economic conditions, and best positions us for continued growth.

We believe that the fact that we provide both storage and pipeline services, for crude and refined products, to customers across the country and around the world, offers some insulation from the impact of commodity market price fluctuations on our results of operations. Since high crude oil prices have tended to benefit our producer customers, high prices have also correlated with increased demand for our crude oil pipeline services. On the other hand, depressed crude oil prices, when coupled with an industry expectation of higher prices in the future, or a contango market, has historically correlated with increased demand from trading companies for our storage services. In the locations at which our assets are integrated physically with the refineries the assets serve, we believe the results generated by those assets depend to a greater degree on the refinery’s continuing need to receive, store and transport the crude and refined products than on crude or refined product prices.

Due to the geographic diversity of our asset base, as compared, for example, to certain of our peers with assets portfolios concentrated in the U.S. shale play regions, our results of operations have not been as hard hit by the significant reduction in drilling activity in domestic shale play regions that was driven by sustained low crude oil prices during the past few years. Before the Navigator Acquisition, our domestic shale play region assets consisted of our pipeline and storage system in the Eagle Ford, which generated only 12% of our total pipeline and storage segment revenue in 2016.

The Navigator Acquisition broadens our geographic footprint by marking our entry into the Permian Basin, one of the most prolific domestic shale basins, and complements our existing asset base. The Permian Basin, which is one of the fastest-growing basins in the United States, represents approximately forty percent of all onshore rig activity in the United States. In addition, this fully integrated crude system is located in some of the most economic and resilient areas of the basin, resulting in some of the lowest break-even values in the United States, and provides customers with access to multiple downstream end markets. We believe this acquisition provides a strong growth platform that, when coupled with our assets in the Eagle Ford region, solidifies our presence in two of the most prolific basins in the United States.

Like our Eagle Ford system, the Navigator system is crude-focused, which could increase the potential impact of crude oil prices on our results of operations; however, we believe our contracts, many of which are long-term, take-or-pay arrangements for committed storage or throughput capacity, should help to blunt the impact of volatility of crude oil prices on our results of operations. Although our assets in the Eagle Ford region have experienced lower throughputs as production has slowed, the fact that we have minimum volume throughput contracts with large, creditworthy customers has limited the negative impact of that slowdown on our results of operations. In addition to acreage dedication agreements for over 500,000 acres, the Navigator system’s contracts include several long-term ship-or-pay contracts with minimum volume commitments from, as well as storage contracts with, creditworthy customers, which should serve as a buffer for our results of operations from declines in Permian Basin production.

We expect volumes in our pipeline segment to increase over the remainder of 2017, mainly due to our acquisition of the Navigator crude oil pipeline system’s approximately 92,000 barrels per day ship-or-pay volume commitments, as well as its approximately 412,000 barrels per day of delivery capacity and over 500,000 contractually dedicated acres. Although we expect full-year earnings in 2017 to benefit from the Navigator Acquisition, the second quarter of 2017 will be burdened with professional fees incurred in connection with closing this acquisition.

In order to fund the purchase price for the Navigator Acquisition, we issued common units and a new series of preferred units, as well as long-term debt. Accordingly, our financing costs, specifically common and preferred unit distributions and interest expense, will be higher than previously expected as a result of the acquisition.

We expect our storage segment to benefit in 2017 from favorable storage contract renewals, the Martin Terminal Acquisition and lower operating expenses.

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary cash requirements are for distributions to our partners, debt service, capital expenditures, acquisitions and operating expenses. Our partnership agreement requires that we distribute all "Available Cash" to our common limited partners and general partner each quarter, and this term 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.

Each year, our objective is to fund our total annual reliability capital expenditures and distribution requirements with our net cash provided by operating activities during that year. If we do not generate sufficient cash from operations to meet that objective, we utilize cash on hand or other sources of cash flow, which in the past have primarily included borrowings under our revolving credit agreement, sales of non-strategic assets and, to the extent necessary, funds raised through equity or debt offerings under our shelf registration statements. We have typically funded our strategic capital expenditures and acquisitions from external sources, primarily borrowings under our revolving credit agreement or funds raised through equity or debt offerings. However, our ability to raise funds by issuing debt or equity depends on many factors beyond our control. Our risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016 describe the risks inherent to these sources of funding and the availability thereof.

During periods when our cash flow from operations is less than our distribution and reliability capital requirements, we may maintain our distribution level because we can utilize other sources of Available Cash, as provided in our partnership agreement, including borrowings under our revolving credit agreement and proceeds from the sales of assets. Our risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016 describe the risks inherent in our ability to maintain or grow our distribution.

For 2017, we expect an increase in total cash distributed to our unitholders and higher interest costs due to the recent equity and debt issuances in April 2017. As a result, we currently do not expect to generate cash from operations in excess of our distribution and reliability capital requirements for 2017.

Cash Flows for the Three Months Ended March 31, 2017 and 2016

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

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars)	
Net cash provided by (used in):		
Operating activities	$ 83,980	$ 101,727
Investing activities	59,307	(58,839)
Financing activities	(152,050)	(35,475)
Effect of foreign exchange rate changes on cash	26	4,642
Net (decrease) increase in cash and cash equivalents	$ (8,737)	$ 12,055

Net cash provided by operating activities for the three months ended March 31, 2017 was $84.0 million, compared to $101.7 million for the three months ended March 31, 2016, primarily due to an increase in our working capital of $39.1 million for the three months ended March 31, 2017, compared to an increase of $12.5 million for the three months ended March 31, 2016. See "Working Capital Requirements" below.

For the three months ended March 31, 2017, net cash provided by operating activities and a portion of the proceeds from the termination of the Axeon Term Loan of $110.0 million were used to fund our distributions to unitholders and our general partner in the aggregate amount of $104.9 million and reliability capital expenditures of $5.0 million. The remaining proceeds from the termination of the Axeon Term Loan were used to fund our strategic capital expenditures of $40.7 million and pay down a portion of our long-term debt.

For the three months ended March 31, 2016, the majority of net cash provided by operating activities was used to fund our distributions to unitholders and our general partner in the aggregate amount of $98.1 million. The proceeds from debt borrowings, net of repayments, combined with a portion of net cash provided by operating activities, were used to fund our reliability capital and strategic capital expenditures.

Revolving Credit Agreement
As of March 31, 2017, our consolidated debt coverage ratio (as defined in our revolving credit agreement) cannot exceed 5.50-to-1.00. The requirement not to exceed a maximum consolidated debt coverage ratio may limit the amount we can borrow under our revolving credit agreement to an amount less than the total amount available for borrowing. As of March 31, 2017, our consolidated debt coverage ratio was 4.3x, and we had $717.2 million available for borrowing. Letters of credit issued under our revolving credit agreement totaled $8.1 million as of March 31, 2017. Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion on our revolving credit agreement.

Other Sources of Liquidity
Other sources of liquidity as of March 31, 2017 consist of the following:
- $365.4 million in revenue bonds pursuant to the Gulf Opportunity Zone Act of 2005 (the GoZone Bonds), with $42.4 million remaining in the trust as of March 31, 2017, supported by $370.2 million in letters of credit;
- a $125.0 million receivables financing agreement between NuStar Energy, NuStar Finance LLC and third-party lenders (the Receivables Financing Agreement), with the amount available for borrowing based on the availability of eligible receivables and other customary factors and conditions; and
- two short-term line of credit agreements with an uncommitted borrowing capacity of up to $85.0 million, with $72.0 million of borrowings outstanding as of March 31, 2017.

We are also a party to a $100.0 million uncommitted letter of credit agreement, which provides for standby letters of credit or guarantees with a term of up to one year (LOC Agreement). As of March 31, 2017, we had no letters of credit issued under the LOC Agreement. Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of certain of our debt agreements.

Subsequent Events
In April 2017, in order to fund the purchase price of the Navigator Acquisition, we issued 14,375,000 common units for net proceeds of $657.5 million, issued $550.0 million of 5.625% senior notes for net proceeds of $543.8 million and issued 15,400,000 of our 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units for net proceeds of $372.2 million. Please refer to Note 14 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for further discussion.

Capital Requirements
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 existing 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, and the amount we expect to spend for 2017:

	Strategic Capital Expenditures	Reliability Capital Expenditures	Total
		(Thousands of Dollars)	
For the three months ended March 31:			
2017	$ 40,710	$ 5,022	$ 45,732
2016	$ 40,159	$ 6,017	$ 46,176
Expected for the year ended December 31, 2017 (a)	$ 380,000 - 420,000	$ 35,000 - 55,000	$ 415,000 - 475,000

(a) Excludes capital expenditures related to the Navigator Acquisition.

We continue to evaluate our capital spending forecast and make changes as economic conditions warrant, and our actual capital expenditures for 2017 may increase or decrease from our current projections. We believe we can fund our currently expected capital expenditures with cash on hand, combined with the sources of liquidity previously described. Our internal growth projects can be accelerated or scaled back depending on market conditions or customer demand.

Working Capital Requirements

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

Axeon Term Loan and Credit Support

On February 22, 2017, we settled and terminated the $190.0 million Axeon Term Loan, pursuant to which we also provided credit support, such as guarantees, letters of credit and cash collateral, as applicable, of up to $125.0 million to Axeon. We received $110.0 million in settlement of the Axeon Term Loan, and our obligation to provide ongoing credit support to Axeon ceased. Please refer to Note 5 of the Condensed Notes to Consolidated Financial Statements in Item 1. “Financial Statements” for a discussion of the Axeon Term Loan and credit support.

Distributions

General and Common Limited Partners. The following table reflects the allocation of total cash distributions to the general and common limited partners applicable to the period in which the distributions were earned:

	Three Months Ended March 31,	
	2017	2016
	(Thousands of Dollars, Except Per Unit Data)	
General partner interest	$ 2,343	$ 1,961
General partner incentive distribution	12,912	10,805
Total general partner distribution	15,255	12,766
Common limited partners’ distribution	101,913	85,285
Total cash distributions	$ 117,168	$ 98,051
Cash distributions per unit applicable to common limited partners	$ 1.095	$ 1.095

Distribution payments to our general and common limited partners are made within 45 days after the end of each quarter as of a record date that is set after the end of each quarter. The following table summarizes information related to our quarterly cash distributions to our general and common limited partners:

Quarter Ended	Cash Distributions Per Unit	Total Cash Distributions	Record Date	Payment Date
		(Thousands of Dollars)		
March 31, 2017 (a)	$ 1.095	$ 117,168	May 8, 2017	May 12, 2017
December 31, 2016	$ 1.095	$ 98,971	February 8, 2017	February 13, 2017

(a) The distribution was announced on April 24, 2017.

Series A Preferred Units. On March 15, 2017, we paid a distribution of $0.64930556 per Series A preferred unit to holders of record as of March 1, 2017 for distributions accumulated from the issuance date of November 25, 2016 up to the payment date, which totaled $5.9 million. On April 24, 2017, we announced a distribution of $0.53125 per Series A preferred unit to be paid on June 15, 2017 to holders of record as of June 1, 2017.

Debt Obligations
As of March 31, 2017, we were a party to the following debt agreements:

- Revolving credit agreement due October 29, 2019, with $774.6 million of borrowings outstanding as of March 31, 2017;
- 7.65% senior notes due April 15, 2018 with a face value of $350.0 million; 4.80% senior notes due September 1, 2020 with a face value of $450.0 million; 6.75% senior notes due February 1, 2021 with a face value of $300.0 million; 4.75% senior notes due February 1, 2022 with a face value of $250.0 million; and 7.625% subordinated notes due January 15, 2043 with a face value of $402.5 million;
- $365.4 million in GoZone Bonds due from 2038 to 2041;
- Line of credit agreements with $72.0 million of borrowings outstanding as of March 31, 2017; and
- Receivables Financing Agreement due June 15, 2018, with $61.0 million of borrowings outstanding as of March 31, 2017.

Management believes that, as of March 31, 2017, we are in compliance with the ratios and covenants contained in our debt instruments. A default under certain of our debt agreements would be considered an event of default under other of our debt instruments. Please refer to Note 3 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a discussion of certain of our debt agreements.

Credit Ratings
The following table reflects the current outlook and ratings that have been assigned to our debt:

	Standard & Poor's Ratings Services	Moody's Investor Service Inc.	Fitch, Inc.
Ratings	BB+	Ba1	BB
Outlook	Stable	Ratings Under Review	Stable

Following the announcement of the Navigator Acquisition, Standard & Poor's Ratings Services and Fitch, Inc. affirmed their ratings and outlook, and Moody's Investor Service Inc. announced that it was reviewing NuStar Energy and NuStar Logistics for a downgrade. The interest rates payable on the 7.65% senior notes due 2018 and the revolving credit agreement are subject to adjustment if our debt rating is downgraded (or upgraded) by certain credit rating agencies.

Interest Rate Swaps
As of March 31, 2017 and December 31, 2016, we were a party to forward-starting interest rate swap agreements for the purpose of hedging interest rate risk. As of March 31, 2017 and December 31, 2016, the aggregate notional amount of these forward-starting interest rate swaps was $600.0 million. Please refer to Note 6 of the Condensed Notes to Consolidated Financial Statements in Item 1. "Financial Statements" for a more detailed discussion of our interest rate swaps.

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

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

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

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Our critical accounting policies are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

NEW ACCOUNTING PRONOUNCEMENTS

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

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

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

	March 31, 2017							
	Expected Maturity Dates							
	2017	2018	2019	2020	2021	There-after	Total	Fair Value
	(Thousands of Dollars, Except Interest Rates)							
Long-term Debt:								
Fixed-rate	$ —	$ 350,000	$ —	$ 450,000	$ 300,000	$ 652,500	$ 1,752,500	$ 1,813,864
Weighted-average interest rate	—	8.2%	—	4.8%	6.8%	6.5%	6.4%	
Variable-rate	$ —	$ 61,000	$ 774,644	$ —	$ —	$ 365,440	$ 1,201,084	$ 1,201,745
Weighted-average interest rate	—	1.8%	2.6%	—	—	0.9%	2.1%	

	December 31, 2016							
	Expected Maturity Dates							
	2017	2018	2019	2020	2021	There-after	Total	Fair Value
	(Thousands of Dollars, Except Interest Rates)							
Long-term Debt:								
Fixed-rate	$ —	$ 350,000	$ —	$ 450,000	$ 300,000	$ 652,500	$ 1,752,500	$ 1,821,261
Weighted-average interest rate	—	8.2%	—	4.8%	6.8%	6.5%	6.4%	
Variable-rate	$ —	$ 58,400	$ 838,992	$ —	$ —	$ 365,440	$ 1,262,832	$ 1,263,501
Weighted-average interest rate	—	1.6%	2.5%	—	—	0.7%	1.9%	

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

Notional Amount			Weighted-Average Fixed Rate		Fair Value	
March 31, 2017	December 31, 2016	Period of Hedge	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
(Thousands of Dollars)					(Thousands of Dollars)	
$ 350,000	$ 350,000	04/2018 - 04/2028	2.6%	2.6%	$ (1,504)	$ (1,333)
250,000	250,000	09/2020 - 09/2030	2.8%	2.8%	225	15
$ 600,000	$ 600,000		2.7%	2.7%	$ (1,279)	$ (1,318)

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

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

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

	March 31, 2017			
		Weighted Average		
	Contract Volumes	Pay Price	Receive Price	Fair Value of Current Asset (Liability)
	(Thousands of Barrels)			(Thousands of Dollars)
Fair Value Hedges:				
Futures – short:				
(refined products)	63	N/A	$ 63.77	$ (149)
Swaps – short:				
(refined products)	285	N/A	$ 41.55	$ (704)
Economic Hedges and Other Derivatives:				
Futures – long:				
(refined products)	87	$ 64.12	N/A	$ 175
Futures – short:				
(refined products)	85	N/A	$ 64.07	$ (175)
Swaps – long:				
(refined products)	204	$ 42.38	N/A	$ 335
Swaps – short:				
(refined products)	104	N/A	$ 42.40	$ (168)
Forward purchase contracts:				
(crude oil)	300	$ 49.43	N/A	$ 629
Forward sales contracts:				
(crude oil)	300	N/A	$ 49.43	$ (627)
Total fair value of open positions exposed to commodity price risk				$ (684)

	December 31, 2016			
	Contract Volumes	Weighted Average		Fair Value of Current Asset (Liability)
		Pay Price	Receive Price	
	(Thousands of Barrels)			(Thousands of Dollars)
Fair Value Hedges:				
Futures – long:				
(crude oil and refined products)	47	$ 55.53	N/A	$ 2
Futures – short:				
(crude oil and refined products)	107	N/A	$ 58.79	$ (243)
Swaps – long:				
(refined products)	84	$ 45.99	N/A	$ 141
Swaps – short:				
(refined products)	573	N/A	$ 41.87	$ (3,322)
Economic Hedges and Other Derivatives:				
Futures – long:				
(crude oil and refined products)	18	$ 72.06	N/A	$ 10
Futures – short:				
(crude oil and refined products)	9	N/A	$ 71.88	$ (7)
Swaps – long:				
(refined products)	869	$ 42.20	N/A	$ 4,737
Swaps – short:				
(refined products)	874	N/A	$ 41.40	$ (5,459)
Forward purchase contracts:				
(crude oil)	310	$ 52.78	N/A	$ 499
Forward sales contracts:				
(crude oil)	310	N/A	$ 52.76	$ (507)
Total fair value of open positions exposed to commodity price risk				$ (4,149)

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, 2017.

(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
2.01	Membership Interest Purchase and Sale Agreement, dated April 11, 2017, by and between NuStar Logistics, L.P., NuStar Energy L.P. and FR Navigator Holdings LLC (incorporated by reference to Exhibit 2.1 to NuStar Energy L.P.'s Current Report on Form 8-K filed April 11, 2017 (File No. 001-16417))
3.01	Fifth Amended and Restated Agreement of Limited Partnership of NuStar Energy L.P., dated as of April 28, 2017 (incorporated by reference to Exhibit 3.1 to NuStar Energy L.P.'s Current Report on Form 8-K filed April 28, 2017 (File No. 001-16417))
4.01	Eighth Supplemental Indenture, dated as of April 28, 2017, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee (incorporated by reference to Exhibit 4.4 to NuStar Energy L.P.'s Current Report on Form 8-K filed April 28, 2017 (File No. 001-16417))
*10.01	Form of Performance Unit Award Agreement for 2017 under the NuStar GP, LLC Fifth Amended and Restated 2000 Long-Term Incentive Plan
*10.02	Amendment to the NuStar Excess Thrift Plan, effective as of January 1, 2017
*10.03	Ninth Amendment to Letter of Credit Agreement, dated as of April 17, 2017, among NuStar Logistics, L.P., NuStar Energy L.P., the Lenders party thereto and Mizuho Bank, Ltd., as Issuing Bank and Administrative Agent
*12.01	Statement of Computation of Ratio of Earnings to Fixed Charges
*31.01	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal executive officer
*31.02	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal financial officer
**32.01	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal executive officer
**32.02	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal financial officer
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

NUSTAR ENERGY L.P.
(Registrant)

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

By:	**/s/ Bradley C. Barron**
	Bradley C. Barron
	President and Chief Executive Officer
	May 9, 2017
By:	**/s/ Thomas R. Shoaf**
	Thomas R. Shoaf
	Executive Vice President and Chief Financial Officer
	May 9, 2017
By:	**/s/ Jorge A. del Alamo**
	Jorge A. del Alamo
	Senior Vice President and Controller
	May 9, 2017

Exhibit 10.01

PERFORMANCE UNIT AWARD AGREEMENT

This Performance Unit agreement ("**Agreement**"), effective as of February 23, 2017 ("**Grant Date**"), is between NuStar GP, LLC (the "**Company**"), NuStar Services Company LLC and the recipient of this Agreement ("**Participant**"), a participant in the **NuStar GP, LLC Fifth Amended and Restated 2000 Long-Term Incentive Plan**, as the same may be amended (the "**Plan**"), pursuant to and subject to the provisions of the Plan. All capitalized terms contained in this Agreement shall have the same definitions as are set forth in the Plan unless otherwise defined herein. The terms governing this Award are set forth below. Certain provisions applicable to this Agreement are set forth on Appendix A.

1. **Grant of Performance Units**. The Compensation Committee of the Board of Directors of the Company (the "**Committee**") hereby grants, pursuant to Section 6.4 of the Plan, to Participant the number of Performance Units under the Plan communicated to the Participant by the Participant's manager, which represents the target number of Performance Units subject to this Agreement, which grant is subject to the terms and conditions of this Agreement and the Plan. A "**Performance Unit**" is an unfunded, unsecured contractual right (commonly referred to as a "phantom unit") which, upon vesting, entitles Participant to receive a Unit of NuStar Energy L.P. No DERs are granted in connection with this Award of Performance Units.

2. **Performance Period**. Except as provided below with respect to a Change of Control, the performance period for any Performance Units eligible to vest on any given Normal Vesting Date (as defined below) shall be the calendar year ending on the December 31 immediately preceding such Normal Vesting Date (each, a "**Performance Period**" and specifically, with respect to each of the 2017, 2018 and 2019 calendar years, the "**Year 1 Performance Period**," the "**Year 2 Performance Period**," and the "**Year 3 Performance Period,**" respectively).

3. **Vesting and Settlement**.

   A. **Vesting**. Except as otherwise provided in this Agreement, the Performance Units granted hereunder shall vest, subject to Section 4, over a period of three years in equal, one-third increments (provided, however, that if such increments would otherwise result in a fractional Performance Unit with respect to the applicable Annual Tranche, such fractional Performance Unit shall be rounded to the nearest whole number) (each increment, an "**Annual Tranche**" and specifically, with respect to the applicable Performance Period for each of the 2017, 2018 and 2019 calendar years, the "**Year 1 Annual Tranche**," the "**Year 2 Annual Tranche**," and the "**Year 3 Annual Tranche,**" respectively). Except as otherwise provided in this Agreement, the applicable portion, if any, of the Year 1 Annual Tranche, the Year 2 Annual Tranche and the Year 3 Annual Tranche shall vest on the respective dates that the Committee certifies the attainment of the Performance Goals applicable to this Award ("**Performance Measures**") for the applicable Performance Period in accordance with Section 4 following completion of the applicable Performance Period (each of these three vesting dates is referred to as a "**Normal Vesting Date**"). In no event shall the Normal Vesting Date for a Performance Period be later than March 15th of the calendar year following the calendar year in which the applicable Performance Period ends. In no event shall any Performance Units granted hereunder that form part of a particular Annual Tranche be eligible to vest following the Normal Vesting Date applicable to such Annual Tranche. Any Performance Units granted hereunder that form part of a particular Annual Tranche and that do not vest as of the Normal Vesting Date applicable to such Annual Tranche shall be automatically and immediately forfeited for no consideration. In no event shall a number of Performance Units greater than 200% of the number set forth in Section 1 vest under any circumstances.

B. **Settlement**. Except as provided otherwise in Section 6, any Performance Units that vest pursuant to this Agreement shall be settled as soon as reasonably practical after the applicable Normal Vesting Date and in all events no later than March 15 of the calendar year following the end of the applicable Performance Period. This Agreement and the Award evidenced hereby are intended to comply with or otherwise be exempt from, and shall be administered consistently in all respects with, Section 409A of the Code and the regulations promulgated thereunder. If necessary in order to attempt to ensure such compliance, this Agreement may be reformed, to the extent possible, unilaterally by the Company consistent with guidance issued by the Internal Revenue Service. Participant agrees that the Units to which Participant will be entitled in connection with the vesting, if any, of each Performance Unit may be in uncertificated form and recorded with the Company's or its Affiliates' service provider.

4. **Performance Measures**.

A. **Performance Unit Vesting for the Year 1 Performance Period.** The Year 1 Annual Tranche shall vest based on the distribution coverage ratio achieved by NuStar Energy L.P. ("**DCR**") during the Year 1 Performance Period as follows:

Level	**DCR**	**Percentage of Year 1 Annual Tranche Vesting (Year 1 Performance Multiplier)**
Below Threshold	Below 1.00 : 1	0%
Threshold	1.00 : 1	90%
Target	1.01 : 1	100%
Exceeds Target	1.05 : 1	150%
Maximum	1.10 : 1	200%

If actual performance is between performance levels, the Year 1 Performance Multiplier will be interpolated on a straight line basis for achievement between performance levels. Notwithstanding the foregoing, the Committee has full discretion to vest between 0%

and 200% of the Year 1 Annual Tranche, regardless of the DCR for the Year 1 Performance Period.

B. **Performance Unit Vesting for Year 2 and Year 3**. The Committee will designate the Performance Measures that will apply for the Year 2 Performance Period and the Year 3 Performance Period (the "**Year 2 Performance Measures**" and the "**Year 3 Performance Measures**," respectively) in the first quarter of the applicable calendar year based on the Company's approved budget for such applicable year. Within the Committee's discretion, the Year 2 Performance Measures and the Year 3 Performance Measures may result in the vesting of greater than 100% (up to 200%) of the Year 2 Annual Tranche and the Year 3 Annual Tranche, respectively. The Year 2 Performance Measures and the Year 3 Performance Measures shall be applied to the Year 2 Annual Tranche and the Year 3 Annual Tranche, respectively, to determine the Performance Units that vest with respect to the applicable Performance Period. Notwithstanding the foregoing, the Committee has full discretion to vest between 0% and 200% of the applicable Annual Tranche, regardless of the level of Performance Measures achieved by NuStar Energy L.P. for that year.

5. **Termination of Employment**.

A. **Voluntary Termination and Termination for Cause.** Except for a Change of Control, if Participant's employment is voluntarily terminated by Participant (other than through Participant's death), or is terminated by the Company or an Affiliate for Cause, any Annual Tranche for a Performance Period not completed as of the date of termination shall be automatically forfeited for no consideration; provided, however, that a Participant who remains continuously employed with the Company or an Affiliate from the Grant Date through the last day of a Performance Period will be entitled to the Performance Units for such completed Performance Period in accordance with Section 4, whether or not Participant remains employed by the Company or an Affiliate until the Normal Vesting Date applicable to the completed Performance Period.

B. **Death, Disability and Termination by the Company Other Than for Cause**. Except for a Change of Control, if Participant experiences a Disability (as defined below) or if Participant's employment with the Company or an Affiliate is terminated by the Company or an Affiliate other than for Cause (at a time when Participant is otherwise willing and able to continue providing services) or as a result of Participant's death (each, a "**Triggering Event**"), and the then-current Performance Period will be completed in fewer than 30 days after such Triggering Event, the Annual Tranche applicable to the then-current Performance Period shall vest and be settled in accordance with Sections 3 and 4 as if Participant had remained employed through the last day of the Performance Period. Any Performance Units that fail to vest for the then-current Performance Period after the application of the previous sentence, including any Performance Units for any Performance Periods that would otherwise have commenced following the Triggering Date, shall be automatically and immediately forfeited for no consideration. Any Performance Units that vest pursuant to this Section 5B shall be settled as soon as administratively practicable after the applicable Normal Vesting Date and in all events no later than March 15 of the calendar year following the end of the calendar year in which the applicable Triggering Event occurs. For purposes of this Agreement, "**Disabled**" or "**Disability**" means (i) the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or (ii) the receipt of income replacements by Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, for a period of not less than three (3) months under the accident and health plan of the Company or an applicable Affiliate thereof.

6. **Change of Control**. Upon a Change of Control, with respect to then-outstanding Performance Units, all applicable Performance Goals will be deemed achieved at maximum levels and all such Performance Units shall automatically vest in full. Any Performance Units that vest pursuant to this Section 6 shall be settled as soon as administratively practicable after the Change of Control and in all events no later than March 15 of the calendar year following the end of the calendar year in which the Change of Control occurs.

7. **Withholding**. The Company or one of its Affiliates will withhold any taxes due from Participant's grant as the Company or an applicable Affiliate determines is required by law, which, in the sole discretion of the Committee, may include withholding a number of Performance Units or the Units issuable thereunder otherwise payable to Participant.

8. **Acceptance and Acknowledgement**. Participant hereby accepts and agrees to be bound by all of the terms, provisions, conditions and limitations of the Plan and any subsequent amendment or amendments thereto, as if it had been set forth verbatim in this Award. Participant shall be deemed to have timely accepted this Agreement and the terms hereof if Participant has not explicitly rejected this Agreement in writing to the Company within sixty (60) days after the Grant Date. Participant hereby acknowledges receipt of a copy of the Plan, this Agreement and Appendix A. Participant has read and understands the terms and provisions thereof, and accepts the Performance Units subject to all of the terms and conditions of the Plan and this Agreement. Participant acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Performance Units or disposition of the underlying Units and that Participant has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

9. **Plan and Appendix Incorporated by Reference**. The Plan and Appendix A are incorporated into this Agreement by this reference and are made a part hereof for all purposes; provided, however, that, in the event of a conflict between the Plan and this Agreement or between the Plan and Appendix A, the Plan shall control.

10. **Restrictions**. This Agreement and Participant's interest in the Performance Units granted by this Agreement are of a personal nature and, except as expressly provided in this Agreement or the Plan, Participant's rights with respect thereto may not be sold, mortgaged, pledged, assigned, alienated, transferred, conveyed or otherwise disposed of or encumbered in any manner by Participant. Any such attempted sale, mortgage, pledge, assignment, alienation, transfer, conveyance, disposition or encumbrance shall be void, and the Company and its Affiliates shall not be bound thereby.

NUSTAR GP, LLC

By: /s/ Bradley C. Barron

Bradley C. Barron
President & Chief Executive

Officer

NUSTAR SERVICES COMPANY LLC

By: /s/ Bradley C. Barron

Bradley C. Barron
President & Chief Executive

Officer

APPENDIX A

1. **No Guarantee of Tax Consequences**. None of the Board, the Company or any Affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to Participant (or to any person claiming through or on behalf of Participant) or assumes any liability or responsibility with respect to taxes and penalties and interest thereon arising hereunder with respect to Participant (or to any person claiming through or on behalf of Participant).

2. **Successors and Assigns**. The Company and NuStar Services Company LLC may assign any of their respective rights under this Agreement. This Agreement shall be binding and inure to the benefit of the successors and assigns of the Company and NuStar Services Company LLC. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon Participant and Participant's beneficiaries, executors, administrators and the person(s) to whom the Performance Units may be transferred by will or the laws of descent or distribution.

3. **Governing Law**. The validity, construction and effect of this Agreement shall be determined by the laws of the State of Delaware without regard to conflict of laws principles.

4. **No Rights as Unitholder**. Neither Participant nor any person claiming by, through or under Participant with respect to the Performance Units shall have any rights as a unitholder of NuStar Energy L.P. (including, without limitation, voting rights) unless and until the Performance Units vest and are settled by the issuance of Units.

5. **Amendment**. The Committee has the right to amend, alter, suspend, discontinue or cancel this Agreement and/or the Performance Units; provided, that no such amendment shall adversely affect Participant's material rights under this Agreement without Participant's consent.

6. **No Right to Continued Service**. Neither the Plan nor this Agreement shall confer upon Participant any right to be retained in any position, as an Employee or Director of the Company or any Affiliate thereof. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company or any Affiliate thereof to terminate Participant's service at any time, with or without Cause.

7. **Notices**. Any notice required to be delivered to the Company or NuStar Services Company LLC under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal offices. Any notice required to be delivered to Participant under this Agreement shall be in writing and addressed to Participant at Participant's address as then shown in the records of the Company. Any party hereto may designate another address in writing (or by such other method approved by the Company) from time to time.

8. **Interpretation**. Any dispute regarding the interpretation of this Agreement shall be submitted by such party to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the parties hereto.

9. **Severability**. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

Exhibit 10.02

AMENDMENT
TO THE
NUSTAR EXCESS THRIFT PLAN

WHEREAS, NuStar Services Company LLC ("NuStar") sponsors and maintains the NuStar Excess Thrift Plan (the "Plan") for the benefit of eligible Employees; and

WHEREAS, NuStar wishes to amend the Plan to permit the Employer to make special discretionary Employer contributions under the Plan to such Plan Participants and in such amounts as the Employer may determine from time to time in its sole and absolute discretion; and

WHEREAS, NuStar has reserved the right to amend the Plan pursuant to Section 9.1 thereof.

NOW, THEREFORE, the Plan is hereby amended, effective as of January 1, 2017, as follows:

1. **Discretionary Employer Contributions**. The Plan is hereby amended by adding the following language as a new Section 6, and by renumbering the remaining sections of the Plan accordingly. As amended, the newly added Section 6 of the Plan shall be and read in full as follows:

> "**SECTION 6. DISCRETIONARY EMPLOYER CONTRIBUTIONS.**
>
> In addition to the benefits provided for under the §415(c) Benefit Plan Component and the §417(a)(17) Benefit Plan Component described above, the Employer may make special Employer discretionary contribution credits from time to time to such Participants and in such amounts, as the Employer may, in its sole and absolute discretion, determine. Such Employer discretionary contribution credits, if any, shall be subject to such vesting and forfeiture provisions as the Employer may determine. Additionally, such Employer discretionary contribution credits, if any, shall be credited with earnings and/or losses pursuant to the provisions of Sections 7.2 and 7.3 hereof, and shall be paid in the form and at the time provided for under Section 7.5 hereof, subject to the 6-month delay provision of Section 7.6 hereof."

2. **Defined Terms**. Unless otherwise defined herein, each of the capitalized terms used herein shall have the meaning given to such term in the Plan.

3. **<u>No Further Amendments</u>**. Except as otherwise amended hereby, the Plan shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, NuStar has caused this Amendment to be signed on its behalf by its duly authorized representative this 11th day of January, 2017, to be effective as set forth above.

NUSTAR SERVICES COMPANY LLC

By: /s/ Robert K. Grimes

Title: VP Human Resources

Exhibit 10.03

—

NINTH AMENDMENT

TO

LETTER OF CREDIT AGREEMENT

dated as of

April 17, 2017

among

NUSTAR LOGISTICS, L.P.,

NUSTAR ENERGY L.P.,

The Lenders Party Hereto

and

MIZUHO BANK, LTD.,

as Issuing Bank and Administrative Agent

—

NINTH AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS NINTH AMENDMENT TO LETTER OF CREDIT AGREEMENT (this "Ninth Amendment") dated as of April 17, 2017, is among **NUSTAR LOGISTICS, L.P.**, a Delaware limited partnership (the "Borrower"); **NUSTAR ENERGY L.P.,** a Delaware limited partnership (the "MLP"); **NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.**, a Delaware limited partnership (the "Subsidiary Guarantor" and, together with the Borrower and the MLP, the "Obligors"); **MIZUHO BANK, LTD.** (formerly known as Mizuho Corporate Bank, Ltd.), as administrative agent (in such capacity, the "Administrative Agent") and as Issuing Bank; and the undersigned Lender (collectively, the "Lenders").

RECITALS

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

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

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

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

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

Section 2. Amendments to Reimbursement Agreement.

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

"***Maturity Date*** means June 5, 2018."

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

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

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

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

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

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

Section 4. Miscellaneous.

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

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

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

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

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

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

[SIGNATURES BEGIN ON NEXT PAGE]

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

NUSTAR LOGISTICS, L.P.

By: NuStar GP, Inc., its General Partner

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

NUSTAR ENERGY L.P.

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

By: NuStar GP, LLC, its General Partner

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

NUSTAR PIPELINE OPERATING PARTNERSHIP L.P.
By: NuStar Pipeline Company, LLC, its General Partner

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

SIGNATURE PAGE TO NINTH AMENDMENT TO LETTER OF CREDIT AGREEMENT

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

By: /s/ Bertram Tang
Name: Bertram Tang
Title: Authorized Signatory

SIGNATURE PAGE TO NINTH AMENDMENT TO LETTER OF CREDIT AGREEMENT

SCHEDULE 3.12

Subsidiaries

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

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

Exhibit 12.01

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

	Three Months Ended March 31,	Years Ended December 31,				
	2017	2016	2015	2014	2013	2012
Earnings:						
Income (loss) from continuing operations before provision for income taxes and income from equity investees	$ 60,865	$ 161,976	$ 320,658	$ 220,174	$ (132,786)	$ (132,173)
Add:						
Fixed charges	40,097	154,085	150,661	153,236	149,090	122,286
Amortization of capitalized interest	448	1,722	1,573	1,385	1,216	1,012
Distributions from joint ventures	—	—	2,500	7,587	7,956	6,364
Less:						
Interest capitalized	(645)	(3,414)	(5,549)	(5,667)	(4,501)	(7,737)
Total earnings	$ 100,765	$ 314,369	$ 469,843	$ 376,715	$ 20,975	$ (10,248)
Fixed charges:						
Interest expense, net	$ 36,414	$ 138,350	$ 131,868	$ 132,281	$ 127,119	$ 90,535
Interest capitalized	645	3,414	5,549	5,667	4,501	7,737
Rental expense interest factor (a)	3,038	12,321	13,244	15,288	17,470	24,014
Total fixed charges	$ 40,097	$ 154,085	$ 150,661	$ 153,236	$ 149,090	$ 122,286
Preferred unit distributions (b)	$ 4,813	$ 1,925				
Total fixed charges plus preferred unit distributions (b)	$ 44,910	$ 156,010				
Ratio of earnings to fixed charges	2.5x	2.0x	3.1x	2.5x	(c)	(d)
Ratio of earnings to fixed charges plus preferred unit distributions (b)	2.2x	2.0x				

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

(b) For the years ended December 31, 2015, 2014, 2013 and 2012, we had no preferred units outstanding.

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

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

Exhibit 31.01

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

I, Bradley C. Barron, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2017

/s/ Bradley C. Barron

Bradley C. Barron
President and Chief Executive Officer

Exhibit 31.02

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

I, Thomas R. Shoaf, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2017

/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, 2017, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Bradley C. Barron, President and Chief Executive Officer of NuStar GP, LLC, the general partner of the general partner of the Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Bradley C. Barron

Bradley C. Barron
President and Chief Executive Officer
May 9, 2017

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, 2017, 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 9, 2017