

NuStar Energy L.P.
Form 424B3
August 09, 2010
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The information in this preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933 but is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED AUGUST 9, 2010

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 13, 2010)

\$

NuStar Logistics, L.P.

% Senior Notes due

Fully and Unconditionally Guaranteed by

NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P.

We are offering \$ aggregate principal amount of our % senior notes due . We will pay interest on the notes on and of each year, beginning , 2011. Interest on the notes will accrue from , 2010. The notes will mature on ,

We may redeem some or all of the notes at any time or from time to time at a redemption price that includes a make-whole premium, as described under the caption Description of the Notes Optional Redemption.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future unsecured senior indebtedness. The notes are irrevocably and unconditionally guaranteed on a senior unsecured basis by our parent, NuStar Energy L.P., or NuStar Energy, and one of our affiliates, NuStar Pipeline Operating Partnership L.P., or NuPOP, jointly and severally. NuPOP will be released from its guarantee when it no longer guarantees any obligations of NuStar Energy or any of its subsidiaries, including us, under any bank credit facility or public debt instrument. The guarantee by our parent will rank equally in right of payment to all of NuStar Energy's existing and future unsecured and unsubordinated indebtedness. The guarantee by NuPOP will rank equally in right of payment to all of NuPOP's existing and future unsecured and unsubordinated indebtedness.

Investing in the notes involves risks. Please read Risk Factors beginning on page S-11 of this prospectus supplement and on page 4 of the accompanying base prospectus for information regarding risks you should consider before investing in the notes.

	Initial Public Offering Price (1)	Underwriting Discount	Proceeds, before Expenses, to NuStar Logistics, L.P.
Per note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from the date of original issuance.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or the adequacy of this prospectus supplement or the accompanying base prospectus. Any representation to the contrary is a criminal offense.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on or about August , 2010.

Joint Book-Running Managers

BofA Merrill Lynch

BNP PARIBAS

J.P. Morgan

Mizuho Securities USA Inc.

The date of this prospectus supplement is August , 2010.

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This map depicts our operations as of June 30, 2010.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of notes. Generally, when we refer only to the prospectus, we are referring to both parts combined. If information varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference into this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. Please read *Where You Can Find More Information* on page S-33 of this prospectus supplement and *Where You Can Find More Information* and *Incorporation by Reference* in the accompanying base prospectus.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus relating to this offering. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus, any free writing prospectus or the information we have previously filed with the Securities and Exchange Commission that is incorporated by reference herein is accurate as of any date other than its respective date. This prospectus supplement, the accompanying base prospectus and any free writing prospectus do not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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SUMMARY

This summary highlights information from this prospectus supplement and the accompanying base prospectus. It does not contain all the information that you should consider before investing in the notes. This prospectus supplement and the accompanying base prospectus include specific terms of the offering of the notes, information about our business and our financial data. We urge you to read carefully the entire prospectus supplement, the accompanying base prospectus and the documents we have incorporated by reference, and our financial statements and the notes to those statements, before making an investment decision. You should also read the risk factors on page S-11 of this prospectus supplement and on page 4 of the accompanying base prospectus for more information about important risks you should consider before making a decision to purchase notes in this offering. Additionally, you should read the Risk Factors and our discussions of other risks and uncertainties in our periodic filings with the SEC under the Exchange Act, particularly in our Annual Report on Form 10-K for our fiscal year ended December 31, 2009, which is incorporated herein by reference.

NuStar Energy L.P. (NuStar Energy) conducts substantially all of its business through its operating subsidiaries NuStar Logistics, L.P. (NuStar Logistics) and NuPOP and their respective subsidiaries. Accordingly, in the summary section of this prospectus supplement that describes the business of NuStar Energy and its subsidiaries, unless the context otherwise indicates, references to NuStar Energy, us, we, our, and like terms refer to NuStar Energy, together with its subsidiaries, including NuStar Logistics and NuPOP. NuStar Logistics is the borrower on substantially all of the consolidated company s credit facilities and is the issuer of an aggregate of \$680 million of senior notes, all of which are fully and unconditionally guaranteed by each of NuStar Energy and NuPOP, and NuPOP is the issuer of an aggregate of \$500 million of senior notes, all of which are fully and unconditionally guaranteed by each of NuStar Energy and NuStar Logistics. All financial results presented in this prospectus supplement are those of NuStar Energy and its subsidiaries, including NuStar Logistics and NuPOP, on a consolidated basis.

The notes are solely obligations of NuStar Logistics and, to the extent described in this prospectus supplement, are guaranteed by each of NuStar Energy and NuPOP. Accordingly, in the other sections of this prospectus supplement, including The Offering and Description of the Notes, unless the context otherwise indicates, references to NuStar Logistics, the Partnership, us, we, our, and like terms refer to NuStar Logistics and do not include any of its subsidiaries or its affiliates. Likewise, in such sections, unless the context otherwise indicates, NuStar Energy refers to NuStar Energy and not its subsidiaries and NuPOP refers to NuPOP and not its subsidiaries or affiliates.

NuStar Logistics, L.P.

NuStar Logistics is a wholly owned subsidiary of NuStar Energy (NYSE: NS), a publicly traded Delaware limited partnership. The notes issued by NuStar Logistics will be guaranteed by each of NuStar Energy and NuPOP, NuStar Energy s other operating subsidiary partnership. NuPOP will be released from its guarantee when it no longer guarantees any obligations of NuStar Energy or any of its subsidiaries, including NuStar Logistics, under any bank credit facility or public debt instrument.

NuStar Energy and its subsidiaries are engaged in the terminalling and storage of petroleum products, the transportation of petroleum products and anhydrous ammonia, and asphalt and fuels marketing. We conduct our operations through our wholly owned subsidiaries, primarily NuStar Logistics and NuPOP. Our sources of revenue include:

tariffs for transporting crude oil, refined products and anhydrous ammonia through our pipelines;

fees for the use of our terminals and crude oil storage tanks and related ancillary services; and

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sales of asphalt and other refined petroleum products.

We have three reportable segments: storage, transportation, and asphalt and fuels marketing.

As of June 30, 2010, our assets included:

62 terminal facilities in the United States, the Netherlands Antilles, Canada, Mexico, the Netherlands and the United Kingdom providing approximately 68.0 million barrels of storage capacity;

60 crude oil and intermediate feedstock storage tanks and related assets providing storage capacity of 12.5 million barrels;

5,605 miles of refined product pipelines with 21 associated terminals providing storage capacity of 4.6 million barrels and two tank farms providing storage capacity of 1.2 million barrels;

2,000 miles of anhydrous ammonia pipelines;

812 miles of crude oil pipelines as well as associated crude oil storage facilities providing storage capacity of 1.9 million barrels; and

two asphalt refineries with a combined throughput capacity of 104,000 barrels per day and related terminal facilities with a combined storage capacity of 5.0 million barrels.

Storage Segment

Our storage segment includes terminal facilities that provide storage and handling services on a fee basis for petroleum products, specialty chemicals, crude oil and other liquids and crude oil storage tanks used to store and deliver crude oil. In addition, our terminals located on the island of St. Eustatius, the Netherlands Antilles and Point Tupper, Nova Scotia provide services such as pilotage, tug assistance, line handling, launch service, emergency response services and other ship services. As of June 30, 2010, we owned and operated:

52 terminals in the United States, with a total storage capacity of approximately 38.1 million barrels;

a terminal on the island of St. Eustatius, the Netherlands Antilles with a tank capacity of 13.0 million barrels and a transshipment facility;

a terminal located in Point Tupper, Nova Scotia with a tank capacity of 7.4 million barrels and a transshipment facility;

six terminals located in the United Kingdom and one terminal located in Amsterdam, the Netherlands, having a total storage capacity of approximately 9.5 million barrels;

a terminal located in Nuevo Laredo, Mexico; and

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60 crude oil and intermediate feedstock storage tanks and related assets in Texas and California with aggregate storage capacity of approximately 12.5 million barrels.

Revenues for the storage segment include fees for tank storage agreements, in which a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage lease revenues), and throughput

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agreements, in which a customer pays a fee per barrel for volumes moving through our terminals (throughput revenues). Our terminals also provide blending, additive injections, handling and filtering services. We charge a fee for each barrel of crude oil and certain other feedstocks that we deliver to Valero Energy Corporation's Benicia, Corpus Christi West and Texas City refineries from our crude oil storage tanks.

Transportation Segment

Our pipeline operations consist primarily of the transportation of refined petroleum products and crude oil. Our common carrier, refined product pipelines in Texas, Oklahoma, Colorado, New Mexico, Kansas, Nebraska, Iowa, South Dakota, North Dakota and Minnesota cover approximately 5,605 miles, consisting of the Central West System, the East Pipeline and the North Pipeline. The East and North Pipelines also include 21 terminals providing storage capacity of 4.6 million barrels, and the East Pipeline includes two tank farms providing storage capacity of 1.2 million barrels. In addition, we own a 2,000-mile anhydrous ammonia pipeline located in Louisiana, Arkansas, Missouri, Illinois, Indiana, Iowa and Nebraska. As of June 30, 2010, we owned and operated:

23 refined product pipelines with an aggregate length of 3,255 miles that connect Valero Energy Corporation's McKee, Three Rivers, Corpus Christi and Ardmore refineries to certain of NuStar Energy's terminals, or to interconnections with third-party pipelines or terminals for further distribution, including a 25-mile hydrogen pipeline;

a 1,910-mile refined product pipeline originating in southern Kansas and terminating at Jamestown, North Dakota, with a western extension to North Platte, Nebraska and an eastern extension into Iowa;

a 440-mile refined product pipeline originating at Tesoro Corporation's Mandan, North Dakota refinery and terminating in Minneapolis, Minnesota; and

a 2,000-mile anhydrous ammonia pipeline originating at the Louisiana delta area that travels north through the midwestern United States forking east and west to terminate in Nebraska and Indiana.

As of June 30, 2010, we owned eleven crude oil pipelines in Texas, Oklahoma, Kansas, Colorado and Illinois with an aggregate length of 812 miles and crude oil storage facilities providing 1.9 million barrels of storage capacity in Texas and Oklahoma that are located along the crude oil pipelines.

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.

Asphalt and Fuels Marketing Segment

Our asphalt and fuels marketing segment includes our asphalt refining operations and our fuels marketing operations. As of June 30, 2010, our assets included two asphalt refineries with a combined throughput capacity of 104,000 barrels per day and related terminal facilities providing storage capacity of approximately 5.0 million barrels. We market the asphalt and certain other refined products produced by our refineries.

Our asphalt and fuels marketing segment also includes our fuels marketing operations, which provide us the opportunity to generate additional margin while complementing the activities of our storage and transportation segments. Specifically, we purchase gasoline, distillates and refinery feedstocks to take advantage of arbitrage opportunities and contango markets (when the price for future deliveries exceeds current prices). During a contango market, we can utilize storage at strategically located terminals, including our own terminals,

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to deliver products at favorable prices. Additionally, we may take advantage of geographic arbitrage opportunities by utilizing transportation and storage assets, including our own terminals and pipelines, to deliver products from one geographic region to another with more favorable pricing.

In addition, we sell bunker fuel from our terminal locations at St. Eustatius and Point Tupper where we also store bunker fuel for third parties. The strategic location of these two facilities and their storage capabilities provide us with a reliable supply of product and the ability to capture incremental sales margin. Also, the St. Eustatius terminal facility has six mooring locations that can supply bunkers to vessels up to 520,000 deadweight tons, and the Point Tupper facility has two mooring locations that can supply bunkers to vessels up to 400,000 deadweight tons. In 2009, we began limited bunkering operations at certain of our U.S. terminals.

The results of operations for the asphalt and fuels marketing segment depend largely on the margin between our cost and the sales price 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 storage and transportation segments. We enter into derivative contracts to mitigate the effect of commodity price fluctuations on our operations.

Business Strategies

Our business strategy is to increase per unit cash distributions to our partners through:

continuous improvement of our operations by improving safety and environmental stewardship, cost controls and asset reliability and integrity;

internal growth through enhancing the utilization of our existing assets by expanding our business with current and new customers as well as investments in strategic expansion projects;

external growth from acquisitions that meet our financial and strategic criteria;

complementary operations such as our product marketing and trading organization, which we created to capitalize on opportunities to optimize the use and profitability of our assets; and

growth and improvement of our asphalt operations to benefit from anticipated decreases in overall asphalt supply and higher asphalt margins.

Competitive Strengths

We believe we are well positioned to execute our business strategies successfully because of the following competitive strengths:

our ability to grow and expand our customer base through acquisitions;

the strategic location of our assets in areas with high demand for our services and products;

the geographic diversity of our assets, which encompass important aspects of crude oil and refined product storage and transportation;

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the extensive industry experience of our senior management team and board of directors of our general partner; and

our established reputation in the petroleum industry as a reliable and cost-effective operator, and the expected benefits we and our customers will receive from our scale and operational expertise.

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Partnership Structure and Management

Management of NuStar Energy L.P.

NuStar Energy's operations are conducted through its wholly owned subsidiaries, NuStar Logistics and NuPOP. The general partner of Riverwalk Logistics, L.P., which is NuStar Energy's general partner, and its executive officers manage the operations and activities of NuStar Energy and its subsidiaries.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 2330 North Loop 1604 West, San Antonio, Texas 78248, and our telephone number is (210) 918-2000. Our website is located at <http://www.nustarenergy.com>. We make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

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Ownership Chart

The following chart depicts our ownership structure as of August 1, 2010.

¹ Includes 1,239,871 common units owned by William E. Greehey, the Chairman of the board of directors of NuStar GP, LLC.

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on the ability of NuStar Logistics and its subsidiaries to incur secured indebtedness unless the same security is also provided for the benefit of holders of the notes.

Subsidiary Guarantees

We will cause any of our future subsidiaries that guarantees or becomes a co-obligor in respect of any of our funded debt to equally and ratably guarantee the notes.

Covenants and Events of Default

We will issue the notes under an indenture with Wells Fargo Bank, National Association, as trustee. The indenture will contain limitations on, among other things, our ability to:

permit to exist certain liens on our assets to secure indebtedness; and

engage in certain sale and leaseback transactions.

The indenture will provide for certain events of default, including default on certain other indebtedness.

Optional Redemption

We may redeem some or all of the notes at any time at a redemption price, which includes a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date, as described in **Description of the Notes** beginning on page S-16 of this prospectus supplement.

Risk Factors

Please read **Risk Factors** beginning on page S-11 and on page 4 of the accompanying base prospectus for a discussion of factors you should carefully consider before investing in the notes.

Additional Notes

We may from time to time, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes.

Governing Law

The indenture and the notes provide that they will be governed by, and construed in accordance with, the laws of the state of New York.

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Ratio of Earnings to Fixed Charges

The following table sets forth NuStar Energy's ratio of earnings to fixed charges for the periods indicated.

	For the Year Ended December 31,					For the Six Months Ended
	2005	2006	2007	2008	2009	June 30, 2010
Ratio of earnings to fixed charges	3.5x	3.0x	2.6x	3.2x	3.3x	3.5x

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized), amortization of debt costs and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of income from continuing operations (before adjustment for minority interest, extraordinary loss and equity earnings), fixed charges and distributions from equity investment, less capitalized interest.

Table of Contents**NuStar Energy Summary Consolidated Historical Financial and Operating Data**

The following tables set forth, for the periods and at the dates indicated, summary consolidated historical financial and operating data for NuStar Energy. The financial data was derived from our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2009 and from our unaudited consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010. The financial data set forth below should be read in conjunction with those consolidated financial statements and the notes thereto, which are incorporated by reference into this prospectus supplement and the accompanying base prospectus and have been filed with the SEC.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2007	2008	2009	2009	2010
(Dollars in thousands, except per unit amounts)					
Statement of Income Data:					
Revenues:					
Service revenues	\$ 696,623	\$ 740,630	\$ 745,349	\$ 358,694	\$ 384,382
Product sales	778,391	4,088,140	3,110,522	1,263,152	1,686,088
Total revenues	1,475,014	4,828,770	3,855,871	1,621,846	2,070,470
Costs and expenses:					
Costs of product sales	742,972	3,864,310	2,883,187	1,148,656	1,561,809
Operating expenses	357,235	442,248	458,892	213,827	241,280
General and administrative expenses	67,915	76,430	94,733	48,316	49,464
Depreciation and amortization	114,293	135,709	145,743	71,537	76,114
Total costs and expenses	1,282,415	4,518,697	3,582,555	1,482,336	1,928,667
Operating income	192,599	310,073	273,316	139,510	141,803
Equity earnings from joint ventures	6,833	8,030	9,615	5,324	5,117
Interest expense, net	(76,516)	(90,818)	(79,384)	(40,735)	(37,476)
Other income, net	38,830	37,739	31,859	27,844	15,117
Income before income tax expense	161,746	265,024	235,406	131,943	124,561
Income tax expense	11,448	11,006	10,531	8,853	5,436
Net income	150,298	254,018	224,875	123,090	119,125
Net income per unit applicable to limited partners	\$ 2.73	\$ 4.22	\$ 3.47	\$ 1.96	\$ 1.64
Weighted average number of basic and diluted units outstanding	47,158,790	53,182,741	55,232,467	54,460,549	61,255,853
Balance sheet data:					
Total assets	\$ 3,783,087	\$ 4,459,597	\$ 4,774,673	\$ 4,861,857	\$ 5,050,666
Total debt	1,446,289	1,894,848	1,849,763	2,130,834	1,846,276
Total partners equity	1,994,832	2,206,997	2,484,968	2,209,464	2,694,908
Other financial data:					
Net cash provided by (used in) operating activities	\$ 222,672	\$ 485,181	\$ 180,582	\$ (68,638)	\$ 13,653
Net cash used in investing activities	(238,396)	(956,517)	(167,705)	(29,694)	(150,278)
Net cash provided by (used in) financing activities	37,060	440,063	(2,672)	104,963	107,802
Selected operating income (loss) by segment:					
Storage	\$ 114,635	\$ 141,079	\$ 171,245	\$ 87,049	\$ 85,753
Transportation	126,508	135,086	139,869	64,969	68,492
Asphalt and Fuels Marketing	21,111	112,506	60,629	37,188	39,656

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Consolidation and intersegmental eliminations	(133)	1,352	1,170	828	277
Total segments operating income	262,121	390,023	372,913	190,034	194,178
Less general and administrative expenses	67,915	76,430	94,733	48,316	49,464
Less other depreciation and amortization expense	1,607	3,520	4,864	2,208	2,911
Total operating income	\$ 192,599	\$ 310,073	\$ 273,316	\$ 139,510	\$ 141,803

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RISK FACTORS

Before you make a decision to invest in the notes, you should read the risk factors discussed below. You should also read and consider the risks, uncertainties and factors that are discussed on page 4 of the accompanying base prospectus and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2009 that is incorporated herein by reference, together with all the other information included in this prospectus supplement, the accompanying base prospectus and the documents incorporated herein by reference in evaluating an investment in our notes.

Risk Related to the Notes

Our significant indebtedness and the restrictions in our debt agreements may adversely affect our future financial and operating flexibility.

As of June 30, 2010, our consolidated debt was \$1.8 billion. This amount does not reflect the use of the proceeds from this offering to repay a portion of such debt nor the issuance of notes in this offering. Our substantial amount of indebtedness and the additional debt we expect to incur in the future for our capital expenditure program and potential acquisitions may adversely affect our liquidity and therefore our ability to make interest payments on the notes and distributions to our unitholders.

Among other things, our significant indebtedness may be viewed negatively by credit rating agencies, which could result in increased costs for us to access the capital markets. Any future downgrade of the debt issued by these wholly owned subsidiaries could significantly increase our capital costs or adversely affect our ability to raise capital in the future.

Debt service obligations, restrictive covenants in our credit facilities and the indentures governing our outstanding senior notes and maturities resulting from this leverage may adversely affect our ability to finance future operations, pursue acquisitions and fund other capital needs and our ability to pay cash distributions to unitholders. In addition, this leverage may make our results of operations more susceptible to adverse economic or operating conditions.

Additionally, we may not be able to access the capital markets in the future at economically attractive terms, which may adversely affect our future financial and operating flexibility and our ability to pay cash distributions at current levels.

Your ability to transfer the notes at a time or price you desire may be limited by the absence of an active trading market, which may not develop.

The notes are a new issue of securities for which there is no established public market. Although we have registered the notes under the Securities Act of 1933, we do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system. In addition, although the underwriters have informed us that they intend to make a market in the notes, as permitted by applicable laws and regulations, they are not obliged to make a market in the notes, and they may discontinue their market-making activities at any time without notice. An active market for the notes may not develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

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The tax treatment of publicly traded partnerships could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, may be modified by administrative, legislative or judicial interpretation at any time. Any modification to the U.S. federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes that is not taxable as a corporation, or qualifying income exception, affect or cause us to change our business activities, affect the tax considerations of an investment in us and change the character or treatment of portions of our income. For example, in response to certain recent developments, members of Congress are considering substantive changes to the definition of qualifying income under Section 7704(d) of the Internal Revenue Code. It is possible that these legislative efforts could result in changes to the existing U.S. tax laws that affect publicly traded partnerships, including us. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could cause a material reduction in our anticipated cash flow, which could materially and adversely affect our ability to make payments on the notes and our other debt obligations and could cause a reduction in the value of the notes.

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USE OF PROCEEDS

We will use the net proceeds from this offering (after payment of offering expenses) of approximately \$ million to repay a portion of the outstanding principal balance under our revolving credit facility.

As of August 6, 2010, the outstanding balance of borrowings under the revolving credit facility was \$552.9 million and the weighted interest rate under the revolving credit facility was 0.90%. Our revolving credit facility is currently scheduled to mature on December 10, 2012. Within the last year, other than short term working capital borrowings, we have used borrowings from our revolving credit facility to fund the May 21, 2010 acquisition of three asphalt storage terminals for \$44.1 million. Affiliates of the underwriters in this offering are lenders under our revolving credit facility and, accordingly, will receive a portion of the net proceeds of the offering. Please read Underwriting.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth NuStar Energy's ratio of earnings to fixed charges for the periods indicated.

	For the Year Ended December 31,					For the Six Months Ended
	2005	2006	2007	2008	2009	June 30, 2010
Ratio of earnings to fixed charges	3.5x	3.0x	2.6x	3.2x	3.3x	3.5x

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized), amortization of debt costs and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of income from continuing operations (before adjustment for minority interest, extraordinary loss and equity earnings), fixed charges and distributions from equity investment, less capitalized interest.

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The following table shows:

NuStar Energy's historical capitalization as of June 30, 2010;

NuStar Energy's historical capitalization as adjusted to show the issuance on July 15, 2010 of the NuStar Logistics Gulf Opportunity Zone revenue bonds due 2040; and

NuStar Energy's capitalization as further adjusted to show the application of the net proceeds we expect to receive in this offering in the manner described under "Use of Proceeds."

This table should be read together with the consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement.

	As of June 30, 2010 (unaudited)		
	Actual	As Adjusted (Dollars in thousands)	As Further Adjusted
Cash	\$ 34,554	\$ 34,554	\$ 34,554
Long term debt:			
NuStar Logistics 6.05% senior notes due 2013	238,094	238,094	238,094
NuStar Logistics 6.875% senior notes due 2012	103,345	103,345	103,345
NuStar Logistics 7.65% senior notes due 2018	349,416	349,416	349,416
NuStar Logistics % senior notes due			
NuPOP 7.75% senior notes due 2012	262,684	262,684	262,684
NuPOP 5.875% senior notes due 2013	256,229	256,229	256,229
NuStar Logistics \$1.2 billion revolving credit agreement	546,148	546,148	
NuStar Logistics Gulf Opportunity Zone revenue bonds due 2038	55,440	55,440	55,440
NuStar Logistics Gulf Opportunity Zone revenue bonds due 2040 (1)		100,000	100,000
UK term loan	31,401	31,401	31,401
Port Authority of Corpus Christi note payable	3,519	3,519	3,519
Total long-term debt	1,846,276	1,946,276	
Less current portion	(770)	(770)	(770)
Long-term debt, less current portion	1,845,506	1,945,506	
Partners' equity:			
Limited Partners (64,610,549 common units outstanding as of June 30, 2010)	2,636,632	2,636,632	2,636,632
General partner	58,242	58,242	58,242
Accumulated other comprehensive income	34	34	34
Total partner's equity	2,694,908	2,694,908	2,694,908
Total capitalization	\$ 4,541,184	\$ 4,641,184	\$

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- (1) On July 15, 2010, the Parish of St. James, State of Louisiana (the Parish) issued \$100 million of tax exempt revenue bonds due July 1, 2040 under the Gulf Opportunity Zone Act of 2005. In connection with this and as a form of security thereto, we entered into a Lease Agreement with the Parish, pursuant to which the Parish agreed to make available to us the proceeds from the sale of the bonds and we agreed to lease from the Parish certain of the assets to be constructed with the bond proceeds. Payments under the Lease Agreement are tied to a variable interest rate of the bonds, which initially is 0.27%. Following the issuance, the proceeds were deposited with a trustee and will be disbursed to us upon our request for reimbursement of expenditures related to our St. James terminal expansion.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes (which represent a new series of, and are referred to in the accompanying base prospectus as, our senior debt securities) supplements and, to the extent inconsistent, replaces the description of the general terms and provisions of our senior debt securities set forth in the accompanying base prospectus.

We will issue the notes under the senior indenture among us, NuStar Energy, as guarantor, and Wells Fargo Bank, National Association, as trustee, dated as of July 15, 2002, which is described in the accompanying base prospectus, as supplemented by a supplemental indenture pursuant to which our affiliate, NuPOP, provided an unconditional guarantee of all debt securities issued under such senior indenture, including the notes. The terms of the notes include those set forth in the senior indenture and those made a part of the senior indenture by reference to the Trust Indenture Act of 1939. The senior indenture will be further amended and supplemented pursuant to a supplemental indenture setting forth the specific terms applicable to the notes. When we use the term indenture in this prospectus supplement, we refer to the senior indenture, as modified and supplemented by the supplemental indenture that sets forth the NuPOP guarantee and the supplemental indenture establishing the specific terms of the notes, unless the context requires otherwise.

The following description and the description in the accompanying base prospectus are a summary of the material provisions of the notes and the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as a holder of notes. Copies of the indenture are available upon request from us or the trustee.

Brief Description of the Notes and the Guarantees

The Notes

The notes:

are our general unsecured obligations;

are unconditionally guaranteed on a senior unsecured basis by our parent, NuStar Energy, and by our affiliate, NuPOP, which guarantee will be released when NuPOP no longer guarantees any obligation of NuStar Energy or any of its subsidiaries under any bank credit facility or public debt instrument;

rank equally in right of payment with all our other existing and future senior debt;

effectively rank junior to any of our secured debt, to the extent of the security for that debt;

rank senior in right of payment to all of our future subordinated debt; and

are non-recourse to our general partner.

Subject to the exceptions, and subject to compliance with the applicable requirements, set forth in the indenture, we may discharge our obligations under the indenture with respect to the notes as described under Description of NuStar Logistics Debt Securities Discharging NuStar Logistics Obligations in the accompanying base prospectus.

The Guarantees

The notes are guaranteed by our parent, NuStar Energy, and NuPOP, NuStar Energy's other operating subsidiary.

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The guarantee by NuStar Energy:

is a general unsecured obligation of NuStar Energy;

ranks equally in right of payment with all other existing and future senior debt of NuStar Energy;

effectively ranks junior to any secured debt of NuStar Energy, to the extent of the security for that debt;

ranks senior in right of payment to any future subordinated debt of NuStar Energy; and

is non-recourse to the general partner of NuStar Energy.

The guarantee by NuPOP:

is a general unsecured obligation of NuPOP;

ranks equally in right of payment with all other existing and future senior debt of NuPOP;

effectively ranks junior to any secured debt of NuPOP, to the extent of the security for that debt;

ranks senior in right of payment to any future subordinated debt of NuPOP; and

is non-recourse to the general partner of NuPOP.

If at any time NuPOP does not guarantee any obligations of NuStar Energy or any of its subsidiaries (including NuStar Logistics) under any bank credit facility or any public debt instrument (other than pursuant to its guarantee of the notes), then NuPOP shall be released from its guarantee of the notes in accordance with the terms of the indenture. However, if at any time after NuPOP is released from its guarantee, NuPOP guarantees any obligations of NuStar Energy or any of its subsidiaries (including NuStar Logistics) under any bank credit facility or any public debt instrument other than the notes, then NuPOP will provide a guarantee of the notes in accordance with the terms of the indenture.

Principal, Maturity and Interest

We will issue notes initially in an aggregate principal amount of \$ _____ million. The notes will be in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will mature on _____, _____. We may issue additional notes of this series from time to time, without the consent of the holders of the notes, in compliance with the terms of the indenture.

Interest on the notes will:

accrue at the rate of _____ % per annum;

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accrue from the date of issuance or the most recent interest payment date;

be payable in cash semi-annually in arrears on each and , commencing on , 2011;

be payable to the holders of record on and immediately preceding the related interest payment date;

be computed on the basis of a 360-day year comprised of twelve 30-day months; and

be payable, to the extent lawful, on overdue interest to the extent permitted by law at the same rate as interest is payable on principal.

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If any interest payment date, maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. Unless we default on a payment, no interest will accrue for the period from and after the maturity date or redemption date.

Payment and Transfer

Initially, the notes will be issued only in global form. Beneficial interests in notes in global form will be shown on, and transfers of interests in notes in global form will be made only through, records maintained by the depository and its participants. Notes in definitive form, if any, may be registered, exchanged or transferred at the office or agency maintained by us for such purpose (which initially will be the corporate trust office of the trustee located at 1445 Ross Avenue, 2nd Floor, Dallas, TX 75202). Payment of principal, or premium, if any, and interest on notes in global form registered in the name of or held by the depository or its nominee will be made in immediately available funds to the depository or its nominee, as the case may be, as the registered holder of such global note. If any of the notes are no longer represented by global notes, all payments on such notes will be made at the corporate trust office of the trustee in Dallas, Texas, located initially at the corporate trust office of the trustee located at 1445 Ross Avenue, 2nd Floor, Dallas, TX 75202; however, any payment of interest on such notes may be made, at our option, by check mailed directly to registered holders at their registered addresses or, at the option of a registered holder, by wire transfer to an account designated in writing by the holder.

No service charge will be made for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith. We are not required to transfer or exchange any note selected for redemption or any other note for a period of 15 days before any mailing of notice of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

Optional Redemption

The notes will be redeemable by us, in whole or in part, at any time at a redemption price equal to the greater of:

100% of the principal amount of the notes then outstanding to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) from the redemption date to the maturity date computed by discounting such payments to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate equal to the sum of _____ basis points plus the Adjusted Treasury Rate on the third business day prior to the redemption date;
plus, in each case, unpaid interest accrued to the date of redemption.

Adjusted Treasury Rate means:

the yield, under the heading which represents the average for the week immediately preceding the week of publication, appearing in the then most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which contains yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

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if such release (or any successor release) is not published during the week including or immediately preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes or, if, in the reasonable judgment of the Independent Investment Banker, there is no such security, then the Comparable Treasury Issue will mean the U.S. Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity or maturities comparable to the remaining term of the notes.

Comparable Treasury Price means (1) the average of five Reference Treasury Dealer Quotations for the third business day prior to the applicable redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means any of Banc of America Securities LLC, BNP Paribas Securities Corp. and J.P. Morgan Securities Inc. and any successor firm selected by us, or if any such firm is unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by us.

Reference Treasury Dealer means each of up to five dealers to be selected by the Partnership; provided that if any of the foregoing ceases to be, and has no affiliate that is, a primary U.S. governmental securities dealer (a Primary Treasury Dealer), the Partnership will substitute for it another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means the average, as determined by the Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and the trustee at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

The redemption price will be calculated by the Independent Investment Banker. If the Independent Investment Banker is unwilling or unable to make the calculation, we will appoint an independent investment banking institution of national standing to make the calculation.

We will mail notice of redemption at least 30 days but not more than 60 days before the applicable redemption date to each holder of the notes to be redeemed. Any notice to holders of notes of such redemption will include the appropriate calculation of the redemption price, but need not include the redemption price itself. The actual redemption price, calculated as provided above, will be set forth in an officer's certificate delivered to the trustee no later than two business days prior to the redemption date.

Upon the payment of the redemption price, plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the notes or portions thereof called for redemption.

In the case of any partial redemption, selection of the notes for redemption will be made by the trustee on a pro rata basis, by lot or by such other method as the trustee in its sole discretion shall deem to be fair and appropriate.

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Notes will only be redeemed in multiples of \$1,000 in principal amount. If any note is to be redeemed in part only, the notice of redemption will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued upon the cancellation of the original note.

No Sinking Fund

We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Covenants

Except to the extent described below, the indenture does not limit the amount of indebtedness or other obligations that we may incur. The indenture contains two principal negative covenants:

Limitation on Liens. This covenant limits our ability, and that of our subsidiaries, to permit liens to exist on our assets to secure debt; and

Limitations of Sale-Leaseback Transactions. This covenant limits our ability, and that of our subsidiaries, to sell or transfer our assets and then lease back those assets.

For a detailed description of these two principal negative covenants, please read "Description of NuStar Logistics Debt Securities Provisions only in the NuStar Logistics Senior Indenture" beginning on page 28 of the accompanying base prospectus.

Future Subsidiary Guarantors

We will cause any of our future subsidiaries that become guarantors or co-obligors of our Funded Debt, as defined below, to fully and unconditionally guarantee, as guarantors, our payment obligations on the notes. In particular, the supplemental indenture will require those subsidiaries who become guarantors or borrowers under our revolving credit facility to equally guarantee the notes.

The term "subsidiary" means, with respect to any person:

any corporation, association or other business entity of which more than 50% of the total voting power of the equity interests entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that person or one or more of the other subsidiaries of that person or a combination thereof; or

any partnership of which more than 50% of the partner's equity interests, considering all partners' equity interests as a single class, is at the time owned or controlled, directly or indirectly, by that person or one or more of the other subsidiaries of that person or a combination thereof.

Funded Debt means all debt:

maturing one year or more from the date of its creation;

directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating to the debt, to a date one year or more from the date of its creation; or

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under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

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Addition and Release of Guarantors

The supplemental indenture will provide that if any of our subsidiaries is a guarantor or obligor of any of our Funded Debt at any time on or subsequent to the date on which the notes are originally issued, then we will cause the notes to be equally and ratably guaranteed by that subsidiary. We also will do so if the subsidiary becomes a guarantor or obligor of any of our Funded Debt following any release of the subsidiary from its guarantee as described below. Under the terms of the supplemental indenture, a guarantor may be released from its guarantee if the guarantor is not a guarantor or obligor of any of our Funded Debt, *provided* that no default or event of default with respect to the notes has occurred or is continuing.

Each future guarantor would be obligated under its guarantee only up to an amount that would not constitute a fraudulent conveyance or fraudulent transfer under federal, state or foreign law.

Events of Default

In addition to the Events of Default described in the accompanying base prospectus under the caption Description of NuStar Logistics Debt Securities Events of Default and Remedies, Events of Default with respect to the notes will include the failure to pay any indebtedness of NuStar Logistics for borrowed money in excess of \$50 million, whether at final maturity (after the expiration of any applicable grace periods) or upon acceleration of the maturity thereof, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 days after written notice is given to NuStar Logistics by the trustee or to NuStar Logistics and the trustee by the holders of at least 25% in principal amount of the outstanding notes, specifying such default and requiring it to be remedied and stating that such notice is a Notice of Default under the indenture.

Concerning the Trustee

Wells Fargo Bank, National Association is the trustee under the indenture and has been appointed by us as registrar and paying agent with regard to the notes.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax consequences, as of the date of this prospectus supplement, of the purchase, ownership and disposition of the notes. This discussion applies only to holders who purchase the notes upon original issuance at their issue price, which will equal the first price to the public (not including bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), and hold the notes as capital assets for U.S. federal income tax purposes (generally property held for investment). This discussion does not describe all of the tax consequences that may be relevant to a holder in light of its particular circumstances. For example, this discussion does not address:

tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, partnerships or other pass-through entities for U.S. federal income tax purposes (or investors in such entities), regulated investment companies, expatriates, real estate investment trusts, tax-exempt entities, banks or insurance companies;

tax consequences to persons holding the notes as part of a hedging, constructive sale or conversion, straddle or other integration or risk reducing transaction;

tax consequences to U.S. holders, as defined below, whose functional currency is not the U.S. dollar;

the U.S. federal estate, gift or alternative minimum tax consequences, if any, to holders of the notes; or

any state, local or foreign tax consequences.

This discussion does not address the tax consequences resulting to a holder of the notes that is an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes or any investors or equity holders in such entities. The tax treatment of an investor in such an entity will generally depend upon the status of such investor and the activities of the partnership or other pass-through entity. A holder of notes that is a partnership or other pass-through entity for U.S. federal income tax purposes and partners, investors, members and other equity holders in such entities are urged to consult their tax advisors about the tax consequences relating to the purchase, ownership and disposition of the notes.

This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), its legislative history, Treasury regulations promulgated thereunder, published rulings and judicial decisions as of the date of this prospectus supplement. The foregoing authorities are subject to change or differing interpretations at any time with possible retroactive effect. No advance tax ruling has been sought or obtained from the Internal Revenue Service (the IRS) regarding the U.S. federal income tax consequences described below. If the IRS contests a conclusion set forth herein, no assurance can be given that a holder would ultimately prevail in a final determination by a court.

If you are considering a purchase of the notes, we encourage you to consult your own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of the notes in light of your particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction.

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U.S. Holders

The following is a summary of certain material U.S. federal income tax consequences to U.S. holders of the purchase, ownership and disposition of the notes. For purposes of this discussion, a U.S. holder is a beneficial owner of the notes who or that is for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States (including certain former citizens and former long-term residents);

a corporation, or other entity taxable as a corporation for U.S. federal tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust (i) that is subject to the primary supervision of a court within the United States and the control of one or more United States persons as defined in section 7701(a)(30) of the Code or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

Payments of Interest

It is expected and assumed for purposes of this discussion that the notes will be issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes and therefore will not be treated as being issued with original issue discount. Thus, a U.S. holder will generally be taxed on the stated interest on the notes as ordinary income at the time any interest is paid or accrued in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes.

We may be required to pay additional amounts in excess of stated interest or principal on the notes to a U.S. holder in certain circumstances. See Description of the Notes Optional Redemption. Because we believe the likelihood that we will be obligated to make any such additional payments on the notes is remote, we intend to take the position (and this discussion assumes) that the notes will not be treated as contingent payment debt instruments. Our determination that these contingencies are remote is binding on a U.S. holder, unless the holder discloses a contrary position in the manner required by applicable Treasury regulations. If, contrary to our expectations, we make additional payments on the notes, U.S. holders will be required to recognize any such amount as income at the time it is paid or accrued in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes. In the event we make such additional payments, or if the IRS takes the position that certain of the payments described above were not remote, it would affect the amount, timing and character of the income recognized by a U.S. holder.

Sale, Exchange or Redemption of the Notes

Upon the sale, taxable exchange or redemption of a note, a U.S. holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or redemption and such U.S. holder's adjusted tax basis in the note. The amount realized will not include any amount attributable to accrued but unpaid interest, which will constitute ordinary income to the extent not previously included in income. A U.S. holder's adjusted tax basis in a note will generally equal the amount that the U.S. holder paid for the note.

The gain or loss recognized by a U.S. holder will generally be capital gain or loss and will generally be long-term capital gain or loss if at the time of the sale, exchange or redemption the U.S. holder's holding period for the note is more than one year. Long-term capital gains of non-corporate taxpayers are currently taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

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Non-U.S. Holders

The following summarizes the material U.S. federal income tax consequences to non-U.S. holders of the purchase, ownership and disposition of the notes. For purposes of this discussion, the term *non-U.S. holder* means a beneficial owner of the notes who is an individual, corporation, estate or trust and is not a U.S. holder for U.S. federal income tax purposes.

Special rules not discussed below may apply to certain non-U.S. holders subject to special tax treatment such as controlled foreign corporations or passive foreign investment companies. Such non-U.S. holders should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them in light of their particular circumstances.

Taxation of Interest

Any payment to a non-U.S. holder of interest on the notes will be exempt from withholding of U.S. federal income tax under the portfolio interest exemption, *provided* that:

the payment is not effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business;

the non-U.S. holder does not actually or constructively own 10% or more of the capital or profits interest in us;

the non-U.S. holder is not a controlled foreign corporation within the meaning of the Code that is directly or indirectly related to us through sufficient stock ownership (as provided in the Code);

the non-U.S. holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

in all cases, (i) the non-U.S. holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person (which certification may be made on an IRS Form W-8BEN or other applicable form), or (ii) the non-U.S. holder holds its notes through certain foreign intermediaries and such intermediary satisfies the certification requirements of applicable Treasury regulations.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest on the notes will be subject to a 30% U.S. federal withholding tax unless the non-U.S. holder provides us, our paying agent or the person who would otherwise be required to withhold tax with a properly executed (i) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding tax under the benefit of an applicable tax treaty or (ii) IRS Form W-8ECI (or other applicable form) stating that interest paid on the notes is not subject to withholding tax because it is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business.

Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals, particularly entities treated as partnerships for U.S. federal income tax purposes and certain other pass through entities, and to non-U.S. holders acting as (or holding notes through) intermediaries.

If a non-U.S. holder is engaged in a U.S. trade or business and interest on the notes is effectively connected with the conduct of such U.S. trade or business (and, if an income tax treaty applies, such interest is attributable to a U.S. permanent establishment maintained by the non-U.S. holder within the U.S.), the non-U.S. holder will be subject to U.S. federal income tax on such interest on a net income basis (although exempt from the 30% U.S. federal withholding tax provided the certification requirements discussed above are

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satisfied) in generally the same manner as if the non-U.S. holder were a U.S. holder, subject to any modification provided under an applicable income tax treaty. In addition, if a non-U.S. holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a U.S. trade or business. For this purpose, interest will be included in the earnings and profits of such foreign corporation.

Under certain circumstances, we may be required to make additional payments to holders of the notes. Such payments may be treated as interest, subject to the rules described above, as gain realized on the sale, exchange or other disposition of a note or as other income subject to United States federal withholding tax. **Non-U.S. holders should consult their own tax advisors as to the tax considerations relating to debt instruments that provide for one or more contingent payments, in particular as to the availability of the portfolio interest exemption, and the ability of non-U.S. holders to claim the benefits of income tax treaty exemptions from United States withholding tax in respect of any such additional payments.**

Sale, Exchange or Redemption of Notes

Any gain realized by a non-U.S. holder upon the sale, taxable exchange or redemption of the notes will generally not be subject to U.S. federal income tax or withholding tax unless:

that gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder within the U.S.);

such gain represents accrued but unpaid interest not previously included in income and the non-U.S. holder does not meet the conditions for exemption from U.S. federal withholding tax, as described above; or

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale, exchange or redemption, and certain other conditions are met.

If a non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year of the sale, exchange or redemption of a note, and certain other requirements are met, such non-U.S. holder will generally be subject to U.S. federal income tax at a flat rate of 30% (unless a lower applicable treaty rate applies) on any such realized gain.

If a non-U.S. holder is engaged in a U.S. trade or business and gain on the notes is effectively connected with the conduct of such U.S. trade or business (and, if an income tax treaty applies, such gain is attributable to a U.S. permanent establishment maintained by the non-U.S. holder), the non-U.S. holder will be subject to U.S. federal income tax on such gain on a net income basis generally in the same manner as if the non-U.S. holder were a U.S. holder subject to any modification provided under an applicable income tax treaty. In addition, if a non-U.S. holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a U.S. trade or business. For this purpose, gain will be included in the earnings and profits of such foreign corporation.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with the payments on the notes and the proceeds from the sale or other disposition of the notes. In addition, copies of these information returns may also be made available under the provisions of a specific treaty or other agreement to tax authorities of the country in which a non-U.S. holder resides.

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A U.S. holder may be subject to U.S. backup withholding tax (currently at a rate of 28%) on these payments if the U.S. holder fails to provide its taxpayer identification number to the paying agent and comply with certification procedures or otherwise establish an exemption from U.S. backup withholding tax.

A non-U.S. holder will generally not be subject to U.S. backup withholding tax on these payments *provided* that the non-U.S. holder provides the required certification that it is a non-U.S. holder and, in addition, the payor does not have actual knowledge or reason to know that such non-U.S. holder is a United States person as defined in the Code.

U.S. backup withholding tax is not an additional tax. The amount of any U.S. backup withholding tax from a payment will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, *provided* that the required information is timely furnished to the IRS.

New Legislation

For taxable years beginning after December 31, 2012, newly enacted legislation is scheduled to impose a 3.8% tax on the net investment income of certain U.S. individuals, and on the undistributed net investment income of certain estates and trusts. Among other items, net investment income would generally include gross income from interest, less certain deductions.

Prospective holders of notes should consult their own tax advisors with respect to the tax consequences of the new legislation described above.

If you are considering a purchase of the notes, we encourage you to consult with your own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of the notes in light of your particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction.

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), by plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-United States or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws), and by entities whose underlying assets are considered to include plan assets (within the meaning of ERISA and any Similar Laws) of such employee benefit plans, accounts and arrangements (each, a Plan).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties or disqualified persons. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, exclusive benefit, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. In addition, a fiduciary should determine whether the investment will result in the recognition of unrelated business taxable income by such Plan.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by an ERISA Plan with respect to which we or the underwriters are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the United States Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance company pooled separate accounts, PTCE 91-38, respecting bank collective investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied. In addition, the Pension Protection Act of 2006 added a new statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code that would exempt the acquisition and holding of the notes by a Plan under certain circumstances.

Because of the foregoing, the notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

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Governmental plans and certain church plans (as defined under Sections 3(32) and 3(33) of ERISA, respectively) are not subject to the prohibited transaction provisions of ERISA and the Code. Such Plans may, however, be subject to Similar Laws which may affect their investment in the notes. Any fiduciary of such a governmental or church plan considering an investment in the notes should determine the need for, and the availability, if necessary, of any exemptive relief under federal, state, local, non-United States laws or other laws or regulations.

Representation

Accordingly, by acceptance of a note, each purchaser and subsequent transferee will be deemed to have represented and warranted to us on each day from and including the date of its purchase of such notes through and including the date of its disposition of such notes that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any Plan or (ii) the purchase and holding of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. In addition, such discussion assumes that the notes will constitute indebtedness as opposed to equity interests under the United States Department of Labor's plan asset regulations or Similar Law. Although such characterization of the notes would appear appropriate, we can offer you no assurance that this will be the case. Accordingly, because of the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions or fiduciary breaches, it is particularly important that any fiduciary or other person considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with its counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such transactions and the consequences under ERISA, the Code or other Similar Law of the acquisition and ownership of the notes. Purchasers of the notes have exclusive responsibility for ensuring that their purchase and holder of the notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. The sale of the notes to a Plan is in no respect a representation by us that such an investment meets all relevant legal requirements with respect to investment by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

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UNDERWRITING

We and Banc of America Securities LLC, BNP Paribas Securities Corp. and J.P. Morgan Securities Inc., as representatives of the several underwriters, have entered into an underwriting agreement with respect to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of notes indicated in the following table.

Underwriters	Principal Amount of Notes
Banc of America Securities LLC	\$
BNP Paribas Securities Corp.	
J.P. Morgan Securities Inc.	
Mizuho Securities USA Inc.	
Total	\$

The underwriting agreement provides that the underwriters' obligations to purchase notes in the offering depend on the satisfaction of the conditions contained in the underwriting agreement. The underwriters are committed to take and pay for all of the notes being offered, if any are taken.

We, NuStar Energy, NuPOP and certain of our and their affiliates have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that may be required to be made in respect of these liabilities.

Commissions and Discounts

Notes sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the public offering price of up to % of the principal amount of notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the public offering price of up to % of the principal amount of notes. If all the notes are not sold at the public offering price, the underwriters may change the public offering price and the other selling terms.

The expenses of the offering, not including the underwriting discount, are estimated to be \$0.3 million and are payable by us.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

Lock-Up Agreement

We have agreed with each of the underwriters that during the period beginning on the date of this prospectus supplement and continuing to and including the date 30 days after the date of this prospectus supplement, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose, except as provided under the terms of the underwriting agreement, any securities that are substantially similar to the notes without the prior written consent of the representatives.

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Price Stabilization, Short Positions and Penalty Bids

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this notes offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific amount of notes for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus supplement forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

The underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and our affiliates, for which they received or will receive customary fees and expense reimbursement. Affiliates of each of the underwriters are lenders under our revolving credit facility and, accordingly, will receive a portion of the net proceeds of this offering from the repayment by us of amounts outstanding under such facility.

Selling Restrictions

United Kingdom

This prospectus supplement and the accompanying prospectus have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000 (FSMA) and are, accordingly, only being distributed in the United Kingdom to, and are only directed at (i) investment professionals falling within the description of persons in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Financial Promotion Order); or (ii) high net worth companies and other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order; or (iii) to any other person to whom they may otherwise lawfully be communicated or made in accordance with the Financial Promotion Order (all such persons together being referred to as relevant persons).

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The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any notes which are the subject of the offering contemplated by this prospectus will only be communicated or caused to be communicated in circumstances in which Section 21(1) of FSMA does not apply to the Issuer or the Guarantors.

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LEGAL MATTERS

Andrews Kurth LLP, Houston, Texas, will issue opinions about the validity of the notes and various legal matters in connection with the offering on our behalf. Certain legal matters in connection with the notes offered hereby will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements of NuStar Energy L.P. as of December 31, 2009 and 2008, and for each of the years in the three-year period ended December 31, 2009, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2009, and the balance sheets of NuStar GP Holdings, LLC as of December 31, 2009 and 2008, included as Exhibit 99.02 to NuStar Energy L.P.'s Annual Report on Form 10-K for the year ended December 31, 2009, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus and the documents incorporated herein by reference, excluding historical information, contain certain estimates, predictions, assumptions and other forward-looking statements that involve 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 prospectus.

Forward-looking statements can generally be identified by words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, plans, projects, should and will or similar expressions. Similarly, statements that describe our future plans, objectives or goals are all forward-looking statements.

Although we believe these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this prospectus or the documents incorporated herein by reference. These risks and uncertainties include, among other things:

any significant decrease in the amount of crude oil, refined products and anhydrous ammonia transported in our pipelines;

any significant decrease in the throughput volumes in our terminals and storage facilities;

the exposure to trading losses and hedging losses as a result of the marketing and trading of refined products, and any non-compliance with our risk management policies;

any significant decrease in the demand for crude oil, refined products and anhydrous ammonia;

the effect of worldwide energy conservation measures;

any significant increase in our operating costs;

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any changes in laws and regulations to which we are subject, including federal, state and local tax laws, safety, environmental and employment laws;

the volatility of commodity prices;

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the seasonality of our East Coast Asphalt Operations and the intense competition in the asphalt industry;

our significant leverage, the significant working capital needs associated with the East Coast Asphalt Operations, restrictions in our debt agreements and recent disruptions in the financial markets;

any substantial costs related to environmental risks, including increased costs of compliance;

terrorist attacks, threat of war or terrorist attacks or political or other disruptions that limit crude oil production; and

accidents, shutdowns or closures affecting our pipelines, terminals, machinery or equipment.

Additional information about risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statements is contained under the caption "Risk Factors" in this prospectus supplement and the accompanying base prospectus, in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2009 and in our other filings with the SEC that are incorporated herein by reference. The forward-looking statements included in this prospectus supplement and the documents incorporated herein by reference are only made as of the date of such documents and, except as required by securities laws, we undertake no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances.

WHERE YOU CAN FIND MORE INFORMATION

NuStar Energy, NuStar Logistics and NuPOP have filed a registration statement with the SEC under the Securities Act of 1933, as amended, that registers the offer and sale of the notes covered by this prospectus supplement. The registration statement, including the attached exhibits, contains additional relevant information about us. In addition, NuStar Energy files annual, quarterly and other reports and other information with the SEC. You may read and copy any document NuStar Energy files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the SEC's Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. NuStar Energy's SEC filings are available on the SEC's web site at <http://www.sec.gov>. You also can obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede the previously filed information. We incorporate by reference the documents listed below and any future filings made by NuStar Energy with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, other than any portions of the respective filings that are furnished, pursuant to Item 2.02 or Item 7.01 of Current Report on Form 8-K (including exhibits related thereto) or other applicable SEC rules, rather than filed, prior to the termination of the offering under this prospectus supplement.

Annual Report on Form 10-K (File No. 001-16417) for the year ended December 31, 2009;

Quarterly Reports on Form 10-Q (File No. 001-16417) for the quarters ended March 31, 2010 and June 30, 2010; and

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Current Reports on Form 8-K (File No. 001-16417) filed on February 2, 2010, March 2, 2010, May 19, 2010, July 21, 2010 and August 9, 2010.

Each of these documents is available from the SEC's website and public reference rooms described above. Through our website <http://www.nustarenergy.com>, you can access electronic copies of documents NuStar Energy files with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments to those reports. Information on NuStar Energy's website is not incorporated by reference in this prospectus supplement. Access to those electronic filings is available as soon as practical after filing with the SEC. You may also request a copy of those filings, excluding exhibits, at no cost by writing or telephoning Investor Relations, NuStar Energy L.P., at our principal executive office, which is: 2330 North Loop 1604 West, San Antonio, Texas 78248; Telephone (210) 918-2000.

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PROSPECTUS

NUSTAR ENERGY L.P.

Common Units Representing Limited Partner Interests

NUSTAR LOGISTICS, L.P.

Debt Securities

NUSTAR PIPELINE OPERATING PARTNERSHIP, L.P.

Debt Securities

NuStar Energy L.P. may, in one or more offerings, offer and sell common units representing limited partner interests in NuStar Energy L.P. NuStar Energy L.P. common units are listed for trading on the New York Stock Exchange under the symbol NS.

NuStar Logistics, L.P. may, in one or more offerings, offer and sell its debt securities, which will be fully and unconditionally guaranteed by one or more of us or NuStar Pipeline Operating Partners, L.P.

NuStar Pipeline Operating Partners, L.P. may, in one or more offerings, offer and sell its debt securities, which will be fully and unconditionally guaranteed by one or more of us or NuStar Logistics, L.P.

We will provide information in the related prospectus supplement for the trading market, if any, for any debt securities NuStar Logistics, L.P. or NuStar Pipeline Operating Partners, L.P. may offer.

We will offer the securities in amounts and at prices and on terms to be determined by market conditions and other factors at the time of our offerings. This prospectus describes only the general terms of these securities and the general manner in which we will offer the securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The prospectus supplement will describe the specific manner in which we will offer the securities, and also may add, update or change information contained in this prospectus.

You should read this prospectus and the applicable prospectus supplement and the documents incorporated by reference herein and therein carefully before you invest in our securities. This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

Investing in these securities involves a high degree of risk. Limited partnerships are inherently different from corporations. For a discussion of the factors you should consider before deciding to purchase these securities, please see Risk Factors, beginning on page 4 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 13, 2010.

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You should rely only on the information contained in this prospectus, any prospectus supplement and the documents we have incorporated by reference. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or any prospectus supplement, as well as the information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date.

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ABOUT THIS PROSPECTUS

The information contained in this prospectus is not complete and may be changed. You should rely only on the information provided in or incorporated by reference in this prospectus, any prospectus supplement, or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different information. We are not making an offer of any securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date of the document in which such information is contained or such other date referred to in such document, regardless of the time of any sale or issuance of a security.

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may, over time, offer and sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities offered by us in that offering. The prospectus supplement may also add, update or change information in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the headings *Where You Can Find More Information* and *Incorporation by Reference*.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of some of the documents referred to herein have been filed or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below in the section entitled *Where You Can Find More Information*.

In this prospectus, references to *NuStar Energy*, *we*, *us* and *our* mean NuStar Energy L.P. and its consolidated subsidiaries, unless otherwise noted. References to *NuStar Logistics* mean NuStar Logistics, L.P. References to *NPOP* mean NuStar Pipeline Operating Partnership, L.P.

ABOUT NUSTAR ENERGY L.P., NUSTAR LOGISTICS, L.P. AND NUSTAR PIPELINE OPERATING PARTNERSHIP, L.P.

NuStar Energy is a publicly held Delaware limited partnership engaged in the terminalling and storage of petroleum products, the transportation of petroleum products and anhydrous ammonia, and asphalt and fuels marketing. We conduct our operations through our wholly owned subsidiaries, primarily NuStar Logistics and NPOP.

Our operations are managed by NuStar GP, LLC, the general partner of Riverwalk Logistics, L.P., our general partner. NuStar GP, LLC is a wholly owned subsidiary of NuStar GP Holdings, LLC, a publicly traded limited liability company (NYSE: NSH).

Our principal executive offices are located at 2330 North Loop 1604 West, San Antonio, Texas 78248, and our telephone number is (210) 918-2000.

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WHERE YOU CAN FIND MORE INFORMATION

We, NuStar Logistics and NPOP have filed with the Securities and Exchange Commission a registration statement on Form S-3 under the Securities Act of 1933, as amended (the Securities Act), regarding the common units and debt securities. This prospectus does not contain all of the information found in the registration statement. For further information regarding us and the securities offered by this prospectus, you may desire to review the full registration statement, including its exhibits and schedules, filed under the Securities Act. The registration statement of which this prospectus forms a part, including its exhibits and schedules, may be inspected and copied at the public reference room maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of the materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

The SEC maintains a website on the Internet at <http://www.sec.gov>. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC's website and can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

NuStar Logistics and NPOP are not reporting companies under the Securities Exchange Act of 1934, as amended. However, we file with or furnish to the SEC periodic reports and other information. These reports and other information may be inspected and copied at the public reference facilities maintained by the SEC or obtained from the SEC's website as provided above. NuStar Energy's website on the Internet is located at <http://www.nustarenergy.com> and NuStar Energy makes its periodic reports and other information filed with or furnished to the SEC available, free of charge, through its website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on NuStar Energy's website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

NuStar Energy intends to furnish or make available to its unitholders annual reports containing our audited financial statements and furnish or make available to its unitholders quarterly reports containing our unaudited interim financial information, including the information required by Form 10-Q, for the first three quarters of each fiscal year.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this document. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede the previously filed information. We incorporate by reference the documents filed by NuStar Energy that are listed below and any future filings made by NuStar Energy with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, excluding information deemed to be furnished and not filed with the SEC, until all the securities are sold, prior to the termination of the offerings under this prospectus:

Registration Statement on Form 8-A (File No. 001-16417) filed on March 30, 2001;

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Annual Report on Form 10-K (File No. 001-16417) for the year ended December 31, 2009, filed on February 26, 2010;

Quarterly Report on Form 10-Q (File No. 001-16417) for the quarter ended March 31, 2010, filed on May 6, 2010; and

Current Reports on Form 8-K (File No. 001-16417) filed on February 2, 2010 and March 2, 2010.

Each of these documents is available from the SEC's website and public reference rooms described above. Through our website, <http://www.nustarenergy.com>, you can access electronic copies of documents we file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments to those reports. Information on our website is not incorporated by reference in this prospectus. Access to those electronic filings is available as soon as practical after filing with the SEC. You may also request a copy of those filings, excluding exhibits, at no cost by writing or telephoning Investor Relations, NuStar Energy L.P., at our principal executive office, which is: 2330 North Loop 1604 West, San Antonio, Texas 78248; Telephone (210) 918-2000.

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RISK FACTORS

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Before you invest in our securities, you should carefully consider the risk factors included in our most-recent annual report on Form 10-K, in our quarterly reports on Form 10-Q and in our current reports on Form 8-K that are incorporated herein by reference and those that may be included in the applicable prospectus supplement, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of the risks discussed in the foregoing documents were actually to occur, our business, financial condition, results of operations, or cash flow could be materially adversely affected. In that case, our ability to make distributions to our unitholders or pay interest on, or the principal of, any debt securities, may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

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FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Some of the information contained in or incorporated by reference in this prospectus may contain forward-looking statements. These statements can be identified by the use of forward-looking terminology including may, believe, will, expect, anticipate, estimate, continue, intend, project, potential or other similar words. These statements discuss future expectations, contain projections of results of operations or of financial condition, or state other forward-looking information. These forward-looking statements involve risks and uncertainties. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus or incorporated by reference herein, including those described in the Risk Factors section of our most recent annual report on Form 10-K and, to the extent applicable, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any prospectus supplement. The risk factors and other factors noted in this prospectus or incorporated by reference herein could cause our actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that certain statements contained in or incorporated by reference in this prospectus as well as some statements in periodic press releases and some oral statements made by our officials and our subsidiaries during presentations about us, are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those anticipated or projected. You are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements speak only as of the date of this prospectus or, in the case of forward-looking statements contained in any document incorporated by reference, the date of such document and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated.

	Fiscal Years					Three Months ended March 31,
	2005	2006	2007	2008	2009	2010
Ratio of earnings to fixed charges	3.5x	3.0x	2.6x	3.2x	3.3x	2.0x

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized and amortization of debt costs) and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of pre-tax income from continuing operations (before adjustment for income from equity investees), fixed charges, amortization of capitalized interest and distributions from equity investees, less capitalized interest.

USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, NuStar Energy, NuStar Logistics and NPOP expect to use the net proceeds from the sale of NuStar Energy common units and NuStar Logistics and NPOP debt securities, as the case may be, for general partnership purposes, which may include, among other things:

the repayment of outstanding indebtedness;

working capital;

capital expenditures; and

acquisitions.

The actual application of proceeds we receive from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering.

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DESCRIPTION OF NUSTAR ENERGY COMMON UNITS

Number of Units

As of May 1, 2010, we had 60,210,549 common units outstanding, of which 10,223,020 are held by our general partner and its affiliates. The common units represent an aggregate 98% limited partner interest in NuStar Energy and the general partner has a 2% general partner interest in NuStar Energy.

Under our partnership agreement we may issue, without further unitholder action, an unlimited number of additional limited partner interests and other equity securities with such rights, preferences and privileges as may be established by our general partner in its sole discretion.

Voting

Each holder of common units is entitled to one vote for each common unit on all matters submitted to a vote of the unitholders; provided that, if at any time any person or group, except our general partner, owns beneficially 20% or more of all common units, the common units so owned may not be voted on any matter and may not be considered to be outstanding when sending notices of a meeting of unitholders (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under our partnership agreement.

Removal of our general partner requires:

a vote of not less than a majority of all outstanding common units, excluding the common units held by affiliates of our general partner; and

the election of a successor general partner by the holders of a majority of the outstanding common units, excluding the units held by affiliates of our general partner.

Listing

Our outstanding common units are listed on The New York Stock Exchange (NYSE) under the symbol NS. Any additional common units we issue will also be listed on the NYSE.

Transfer Agent and Registrar

Our transfer agent and registrar for the common units is Computershare, LLC.

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CASH DISTRIBUTIONS

Distributions of Available Cash

General

Within 45 days after the end of each quarter, NuStar Energy will distribute all of its available cash to its partners of record on the applicable record date.

Definition of Available Cash

Available cash is defined in NuStar Energy's partnership agreement and generally means, with respect to any fiscal quarter, the sum of all cash and cash equivalents on hand at the end of such quarter, plus any working capital borrowings made subsequent to the end of such quarter, less the amount of any cash reserves that NuStar Energy's general partner deems necessary or appropriate to:

provide for the proper conduct of NuStar Energy's business, including reserves for future capital expenditures and anticipated credit needs;

comply with applicable law or any debt instrument or other agreement or obligation; or

provide funds for distributions with respect to any one or more of the next four fiscal quarters.

Intent to Distribute the Minimum Quarterly Distribution

NuStar Energy's policy is, to the extent it has sufficient available cash from operating surplus, as defined below, to distribute to each common unit at least the minimum quarterly distribution of \$0.60 per quarter or \$2.40 per year. However, there is no guarantee that NuStar Energy will pay the minimum quarterly distribution on the common units in any quarter and NuStar Energy may be prohibited from making any distributions to unitholders if it would cause an event of default under the terms of NuStar Energy's indebtedness.

Operating Surplus and Capital Surplus

General

Cash distributions are characterized as distributions from either operating surplus or capital surplus. NuStar Energy distributes available cash from operating surplus differently than available cash from capital surplus.

Definition of Operating Surplus

Operating surplus is defined in NuStar Energy's partnership agreement and generally means, with respect to any period ending prior to the dissolution of NuStar Energy:

\$10 million plus all cash and cash equivalents on hand as of the close of business on April 16, 2001, the closing date of its initial public offering of its common units;

plus all cash receipts since April 16, 2001, other than from interim capital transactions such as borrowings that are not working capital borrowings, sales of equity and debt securities and sales or other dispositions of assets for cash, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of normal retirements or replacements of

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assets;

plus all cash receipts resulting from working capital borrowings after the end of such period but on or before the date of determination of the operating surplus for such period;

less all operating expenditures since April 16, 2001; and

less the amount of cash reserves that NuStar Energy's general partner deems necessary or advisable to provide funds for future operating expenditures.

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Definition of Capital Surplus

Capital surplus of NuStar Energy will generally be generated only by:

borrowings other than working capital borrowings;

sales of debt and equity securities; and

sales or other dispositions of assets for cash, other than inventory, accounts receivable and other current assets sold in the ordinary course of business or as part of normal retirements or replacements of assets.

Characterization of Cash Distributions

To avoid the difficulty of trying to determine whether the available cash that NuStar Energy distributes is from operating surplus or from capital surplus, all available cash that NuStar Energy distributes on any date from any source is treated as a distribution of cash from operating surplus until the sum of all available cash theretofore distributed equals the operating surplus calculated as of the end of the fiscal quarter with respect to which such distribution is being made. Any remaining amounts of available cash distributed on such date will be treated as cash from capital surplus and will be distributed accordingly.

If at any time (i) a hypothetical holder of a common unit acquired on April 16, 2001 has received distributions of available cash from capital surplus in an aggregate amount equal to the \$24.50 initial public offering price of the common units, and (ii) each common unit then outstanding has received an amount equal to any cumulative arrearage existing with respect to the common units, then the distinction between operating surplus and capital surplus will cease, and all subsequent distributions of available cash will be treated as distributions of cash from operating surplus and will be distributed accordingly. To date there have been no distributions from capital surplus, and NuStar Energy does not anticipate that there will be significant distributions from capital surplus in the future.

Distributions of Available Cash from Operating Surplus

NuStar Energy will make distributions of available cash from operating surplus as follows:

First, 98% to the unitholders, pro rata, and 2% to the general partner, until NuStar Energy has distributed for each outstanding unit an amount equal to the minimum quarterly distribution of \$0.60 for that quarter;

Second, 90% to all unitholders, pro rata, 8% to the holders of the incentive distribution rights, and 2% to the general partner, until NuStar Energy has distributed with respect to each unit then outstanding an amount equal to the excess of the first target distribution (\$0.66 per unit) over the minimum quarterly distribution; and

Thereafter, 75% to all unitholders, pro rata, 23% to the holders of the incentive distribution rights, and 2% to the general partner. If the minimum quarterly distribution and the first target distribution have been reduced to zero under the terms of the partnership agreement, then any distribution of available cash from operating surplus will be made solely in accordance with the final bullet point above.

The minimum quarterly distribution and the first target distribution are subject to adjustment as described below in [Adjustment of the Minimum Quarterly Distribution and Target Distribution Levels](#).

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Distributions of Available Cash from Capital Surplus

How Distributions from Capital Surplus are Made

NuStar Energy makes distributions of available cash from capital surplus in the following manner:

First, 98% to all unitholders, pro rata, and 2% to the general partner, until a hypothetical holder of a common unit acquired on April 16, 2001 has received an aggregate amount equal to the \$24.50 initial public offering price of the common units;

Second, 98% to the common unitholders, pro rata, and 2% to the general partner, until there has been distributed with respect to each common unit then outstanding an amount equal to any cumulative arrearage existing with respect to the common units; and

Thereafter, all distributions of available cash from capital surplus will be distributed as if they were from operating surplus.

Effect of a Distribution from Capital Surplus

NuStar Energy's partnership agreement treats a distribution of cash from capital surplus on a common unit as the repayment of the initial public offering price of such common unit, which is a return of capital. The initial public offering price less any distributions of cash from capital surplus per common unit is referred to as unrecovered initial unit price or unrecovered capital. Each time a distribution of cash from capital surplus is made on a common unit, the minimum quarterly distribution and the first target distribution for all units will be reduced in the same proportion as the corresponding reduction in the unrecovered capital. Because distributions of cash from capital surplus will reduce the minimum quarterly distribution, after any of these distributions are made, it may be easier for NuStar Energy's general partner to receive incentive distributions. However, any distribution by NuStar Energy of capital surplus before the unrecovered capital is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

If at any time NuStar Energy makes a distribution of cash from capital surplus in an amount equal to the then current unrecovered capital, the minimum quarterly distribution and the first target distribution will be reduced to zero. As a result, all future distributions will be made from operating surplus, with 75% being paid to all unitholders, pro rata, 23% to the general partner as the holder of incentive distribution rights, pro rata, and 2% to the general partner.

Incentive Distribution Rights

Incentive distribution rights are non-voting limited partner interests that were issued to NuStar Energy's general partner in connection with the transfer of its general partnership interest in the operating partnership to NuStar Energy. Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution has been achieved. The general partner as the holder of incentive distribution rights is paid in the manner described in Distributions of Available Cash from Operating Surplus above.

Prior to March 31, 2011, the general partner may not transfer (other than to affiliates, in a merger or the sale of all assets) the incentive distribution rights without the approval of the majority of the common units (excluding the general partner's common units) then outstanding.

Adjustment of the Minimum Quarterly Distribution and Target Distribution Levels

NuStar Energy's minimum quarterly distribution is \$0.60 per unit, subject to adjustment. NuStar Energy's first target distribution is \$0.66 per unit, subject to adjustment. NuStar Energy has no other target distribution levels.

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In addition to reductions of the minimum quarterly distribution and first target distribution level made upon a distribution of available cash from capital surplus, as described above, if NuStar Energy distributes units to its unitholders, combines its units into fewer units or subdivides its units into a greater number of units, NuStar Energy will proportionately adjust:

the minimum quarterly distribution;

the first target distribution level;

any common unit arrearage;

any cumulative common unit arrearage; and

the unrecovered capital.

For example, in the event of a two-for-one split of the common units (assuming no prior adjustments), the minimum quarterly distribution, the first target distribution level, any common unit arrearage, any cumulative common unit arrearage and the unrecovered capital of the common units would each be reduced to 50% of its initial level.

In addition, if legislation is enacted or if existing law is modified or interpreted in a manner that causes NuStar Energy and/or the operating partnership to become taxable as a corporation or otherwise subject to taxation as an entity for federal, state or local income tax purposes, then NuStar Energy will reduce the then-applicable minimum quarterly distribution and the first target distribution level by multiplying the same by one minus the sum of (a) the highest marginal federal corporate (or other) income tax rate that could apply plus (b) any increase in the effective overall state and local income tax rates. For example, if NuStar Energy became subject to a maximum effective federal, state and local income tax rate of 35%, then the minimum quarterly distribution and the first target distribution level would each be reduced to 65% of their previous levels.

Distributions of Cash upon Liquidation

If NuStar Energy dissolves in accordance with its partnership agreement, it will sell or otherwise dispose of its assets in a process called a liquidation, and the partner's capital account balances will be adjusted to reflect any resulting gain or loss. NuStar Energy will first apply the proceeds of liquidation to the payment of its creditors (including partners) in the order of priority provided in the partnership agreement and by law and, thereafter, it will distribute any remaining proceeds to its partners in accordance with, and to the extent of, the positive balances in their respective capital accounts, as adjusted. The manner of adjustment of capital accounts is set forth in NuStar Energy's partnership agreement.

Manner of Adjustments for Gain

Upon its liquidation, NuStar Energy will allocate any net gain (or unrealized gain attributable to assets distributed in kind to the partners) in the following manner:

first, to each partner having a negative balance in its capital account, in the proportion that such negative balance bears to the total negative balances of all partners, until each partner has been allocated net gain equal to its negative balance;

second, 98% to the common unitholders, pro rata, and 2% to the general partner, until the capital account for each common unit then outstanding is equal to the sum of:

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the unrecovered capital with respect to such common unit;

the amount of any unpaid minimum quarterly distribution for the quarter during which the liquidation occurs; and

the amount of any cumulative arrearage existing with respect to the common units;

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third, 90% to all unitholders, pro rata, 8% to the holders of the incentive distribution rights, pro rata, and 2% to the general partner, until the capital account for each common unit then outstanding is equal to the sum of:

the unrecovered capital with respect to each common unit;

the amount of any unpaid minimum quarterly distribution for the quarter during which the liquidation occurs;

the amount of any cumulative arrearage existing with respect to the common units; and

the excess of (a) the first target distribution less the minimum quarterly distribution for each quarter of the partnership's existence, over (b) the cumulative per unit amount of any distributions of available cash from operating surplus that were distributed 90% to all unitholders, pro rata, 8% to the holders of incentive distribution rights, pro rata, and 2% to the general partner; and

thereafter, 75% to all unitholders, pro rata, 23% to the holders of incentive distribution rights, pro rata, and 2% to the general partner.

Manner of Adjustments for Losses

Upon its liquidation, NuStar Energy will allocate any loss in the following manner:

first, 98% to the common unitholders, pro rata, and 2% to the general partner, until the capital account for each common unit has been reduced to zero; and

thereafter, 100% to the general partner.

Adjustments to Capital Accounts

In addition, interim adjustments to capital accounts will be made at the time NuStar Energy issues additional partnership interests or makes distributions of property. Such adjustments will be based on the fair market value of the partnership interests or the property distributed and any gain or loss resulting therefrom will be allocated to the partners in the same manner as gain or loss is allocated upon liquidation. In the event that positive interim adjustments are made to the capital accounts, any subsequent negative adjustments to the capital accounts resulting from the issuance of additional partnership interests in NuStar Energy, distributions of property by NuStar Energy, or upon NuStar Energy's liquidation, will be allocated in a manner which results, to the extent possible, in the capital account balances of the general partner equaling the amount that would have been the general partner's capital account balances if no prior positive adjustments to the capital accounts had been made.

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THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of the NuStar Energy partnership agreement. NuStar Energy's partnership agreement is included as an exhibit to the registration statement of which this prospectus constitutes a part.

Organization and Duration

NuStar Energy was organized in December 1999 and will continue until dissolved under the terms of its partnership agreement.

Purpose

NuStar Energy's stated purposes under its partnership agreement are to serve as a partner of its operating partnerships and to engage in any business activities that may be engaged in by its operating partnerships or that are approved by the general partner, provided that the general partner must reasonably determine that such activity generates or enhances the operations of an activity that generates qualifying income, as this term is defined in Section 7704 of the Internal Revenue Code.

NuStar Energy's general partner is authorized in general to perform all acts deemed necessary to carry out NuStar Energy's purposes and to conduct NuStar Energy's business.

Power of Attorney

Each limited partner, and each person who acquires a unit from a unitholder and executes and delivers a transfer application, grants to the general partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for the qualification, continuance or dissolution of NuStar Energy. The power of attorney also grants the general partner and the liquidator the authority to amend the partnership agreement, and to make consents and waivers under the partnership agreement.

Capital Contributions

NuStar Energy's unitholders are not obligated to make additional capital contributions, except as described below under Limited Liability.

Limited Liability

Assuming that a limited partner does not participate in the control of NuStar Energy's business within the meaning of the Delaware Revised Uniform Limited Partnership Act, which we refer to in this prospectus as the Delaware law, and that he otherwise acts in conformity with the provisions of NuStar Energy's partnership agreement, his liability under the Delaware law will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to NuStar Energy for his common units plus his share of any undistributed profits and assets. If it were determined, however, that the right or exercise of the right by the NuStar Energy limited partners as a group:

to remove or replace the general partner;

to approve some amendments to the partnership agreement; or

to take other action under the partnership agreement;

constituted participation in the control of NuStar Energy's business for the purposes of the Delaware law, then the limited partners could be held personally liable for NuStar Energy's obligations under the laws of Delaware, to the same extent as the general partner. This liability would extend to persons who transact business with NuStar Energy who reasonably believe that the limited partner is a general partner.

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Neither NuStar Energy's partnership agreement nor the Delaware law specifically provides for legal recourse against the general partner if a limited partner were to lose limited liability through any fault of the general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware law, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware law provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware law provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware law shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware law, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except the assignee is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

NuStar Energy's operating subsidiaries conduct business or own assets in the United States, Canada, Mexico, the Netherland Antilles, the Netherlands and the United Kingdom. Maintenance of NuStar Energy's limited liability as a limited partner or member, respectively, of its operating subsidiaries, may require compliance with legal requirements in the jurisdictions in which the operating subsidiary conducts business. Limitations on the liability of limited partners or members for the obligations of a limited partner or member have not been clearly established in many jurisdictions. If it were determined that NuStar Energy was, by virtue of NuStar Energy's ownership interest in the operating subsidiaries or otherwise, conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace NuStar Energy's general partner, to approve some amendments to the partnership agreement, or to take other action under the partnership agreement constituted participation in the control of NuStar Energy's business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for NuStar Energy's obligations under the law of that jurisdiction to the same extent as the general partner under the circumstances. NuStar Energy will operate in a manner that the general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Issuance of Additional Securities

NuStar Energy's partnership agreement authorizes NuStar Energy to issue an unlimited number of additional limited partner interests and other equity securities for the consideration and on the terms and conditions established by the general partner in its sole discretion without the approval of any limited partners.

It is possible that NuStar Energy will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units NuStar Energy issues will be entitled to share equally with the then-existing holders of common units in NuStar Energy's distributions of available cash. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing holders of common units in NuStar Energy's net assets.

There are no restrictions under the partnership agreement on the ability of the general partner to issue common units or common units junior or senior to the common units.

In accordance with Delaware law and the provisions of the partnership agreement, NuStar Energy may also issue additional partnership securities that, in the sole discretion of the general partner, may have special voting rights to which the common units are not entitled.

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Upon issuance of additional partnership securities, the general partner will be required to make additional capital contributions to the extent necessary to maintain its combined 2% general partner interest in NuStar Energy and NuStar Logistics. Moreover, the general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that NuStar Energy issues those securities to persons other than the general partner and its affiliates, to the extent necessary to maintain its percentage interest, including its interest represented by common units, that existed immediately prior to each issuance. The holders of common units will not have preemptive rights to acquire additional common units or other partnership interests.

Amendment of the Partnership Agreement

General

Amendments to the partnership agreement may be proposed only by or with the consent of the general partner, which consent may be given or withheld in its sole discretion. In order to adopt a proposed amendment, other than the amendments discussed below, the general partner is required to seek written approval of the holders of the number of common units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a majority of the common units.

We refer to the voting provision described above as a unit majority.

Prohibited Amendments

No amendment may be made that would:

enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected;

enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by NuStar Energy to the general partner or any of its affiliates without the consent of the general partner, which may be given or withheld in its sole discretion;

change the term of NuStar Energy;

provide that NuStar Energy is not dissolved upon an election to dissolve NuStar Energy by the general partner that is approved by the holders of a majority of the outstanding common units; or

give any person the right to dissolve NuStar Energy other than the general partner's right to dissolve NuStar Energy with the approval of the holders of a majority of the outstanding common units.

The provision of the partnership agreement preventing the amendments having the effects described in the five bullets above can be amended upon the approval of the holders of at least 90% of the outstanding common units voting together as a single class.

No Unitholder Approval

The general partner may generally make amendments to the partnership agreement without the approval of any limited partner or assignee to reflect:

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a change in the name of NuStar Energy, the location of the principal place of business of NuStar Energy, the registered agent or the registered office of NuStar Energy;

the admission, substitution, withdrawal or removal of partners in accordance with the partnership agreement;

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a change that, in the sole discretion of the general partner, is necessary or advisable to qualify or continue the qualification of NuStar Energy as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither NuStar Energy nor NuStar Logistics will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

an amendment that is necessary, in the opinion of counsel to NuStar Energy, to prevent NuStar Energy, the general partner, NuStar GP, LLC, or any of the directors, officers, agents or trustees of NuStar GP, LLC from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or plan asset regulations adopted under ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

subject to the limitations on the issuance of additional common units or other limited or general partner interests described above, an amendment that in the discretion of the general partner is necessary or advisable for the authorization of additional limited or general partner interests;

any amendment expressly permitted in the partnership agreement to be made by the general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of the partnership agreement;

any amendment that, in the discretion of the general partner, is necessary or advisable for the formation by NuStar Energy of, or its investment in, any corporation, partnership or other entity, as otherwise permitted by the partnership agreement;

a change in the fiscal year or taxable year of NuStar Energy and related changes; and

any other amendments substantially similar to any of the matters described above.

In addition, the general partner may make amendments to the partnership agreement without the approval of any limited partner or assignee if those amendments, in the discretion of the general partner:

do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;

are necessary or advisable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or advisable to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading, compliance with any of which the general partner deems to be in the best interests of NuStar Energy and the limited partners;

are necessary or advisable for any action taken by the general partner relating to splits or combinations of common units under the provisions of the partnership agreement; or

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are required to effect the intent expressed in this prospectus or the intent of the provisions of the partnership agreement or are otherwise contemplated by the partnership agreement.

Opinion of Counsel and Unitholder Approval

The general partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners or result in NuStar Energy being treated as an entity for federal income tax purposes if one of the amendments described above under **Amendment of the Partnership Agreement** should occur. No other amendments to the partnership agreement will become effective without the approval of holders of at least 90% of the common units unless NuStar Energy obtains an opinion of counsel to

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the effect that the amendment will not affect the limited liability under applicable law of any limited partner in NuStar Energy or cause NuStar Energy or its operating subsidiaries to be taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously taxed as such).

Any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding common units in relation to other classes of common units will require the approval of at least a majority of the type or class of common units so affected. Any amendment that reduces the voting percentage required to take any action is required to be approved by the affirmative vote of limited partners constituting not less than the voting requirement sought to be reduced.

Merger/Consolidation

A merger or consolidation of NuStar Energy requires the prior approval of NuStar Energy's general partner. The general partner must also approve the merger agreement, which must include certain information as set forth in NuStar Energy's partnership agreement. Once approved by the general partner, the merger agreement must be submitted to a vote of NuStar Energy's limited partners, and the merger agreement will be approved upon receipt of the affirmative vote or consent of the holders of a unit majority (unless the affirmative vote of the holders of a greater percentage is required under the merger agreement or Delaware law).

Unit Majority. A unit majority consists of at least a majority of the outstanding common units.

Disposal of Assets

Except in connection with a dissolution and liquidation of the partnership or a duly approved merger, NuStar Energy's general partner may not (a) sell, exchange or otherwise dispose of all or substantially all of NuStar Energy's assets in a single transaction or a series of related transactions, or (b) approve on behalf of the partnership the sale, exchange or other disposition of all or substantially all of the assets of the operating partnership without the approval of the holders of a unit majority. However, the general partner may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the partnership or operating partnership without the approval of the unitholders. In addition, the general partner may sell any or all of the assets of the partnership or operating partnership in a forced sale pursuant to the foreclosure of, or other realization upon, any such encumbrance without the approval of the unitholders.

Termination and Dissolution

NuStar Energy will continue in existence as a limited partnership until terminated under its partnership agreement. NuStar Energy will dissolve upon:

the election of the general partner to dissolve NuStar Energy, if approved by the holders of common units representing a unit majority;

the sale, exchange or other disposition of all or substantially all of the assets and properties of NuStar Energy;

the entry of a decree of judicial dissolution of NuStar Energy; or

the withdrawal or removal of the general partner or any other event that results in its ceasing to be the general partner other than by reason of a transfer of its general partner interest in accordance with the partnership agreement or withdrawal or removal following approval and admission of a successor.

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Upon a dissolution under the last clause above, the holders of common units representing a unit majority may also elect, within specific time limitations, to reconstitute NuStar Energy and continue its business on the same terms and conditions described in the partnership agreement by forming a new limited partnership on terms identical to those in the partnership agreement and having as general partner an entity approved by the holders of common units representing a unit majority, subject to receipt by NuStar Energy of an opinion of counsel to the effect that:

the action would not result in the loss of limited liability of any limited partner; and

neither NuStar Energy, the reconstituted limited partnership, nor any operating subsidiary would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon its dissolution, unless NuStar Energy is reconstituted and continued as a new limited partnership, the liquidator authorized to wind up NuStar Energy's affairs will, acting with all of the powers of the general partner that the liquidator deems necessary or desirable in its judgment, liquidate NuStar Energy's assets and apply the proceeds of the liquidation as provided in Cash Distribution Policy of NuStar Energy Distributions of Cash upon Liquidation. The liquidator may defer liquidation or distribution of NuStar Energy's assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to the partners.

Withdrawal or Removal of the General Partner

Except as described below, NuStar Energy's general partner has agreed not to withdraw voluntarily as general partner of NuStar Energy or as the general partner of any operating subsidiary prior to March 31, 2011 without obtaining the approval of the holders of at least a majority of the outstanding common units, excluding common units held by the general partner and its affiliates, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after March 31, 2011, NuStar Energy's general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of the partnership agreement. Notwithstanding the information above, NuStar Energy's general partner may withdraw without unitholder approval upon 90 days' notice to the limited partners if at least 50% of the outstanding common units are held or controlled by one person and its affiliates other than the general partner and its affiliates. In addition, the partnership agreement permits the general partner in some instances to sell or otherwise transfer all of its general partner interest in NuStar Energy without the approval of the unitholders. Please read Transfer of General Partner Interests.

Upon the withdrawal of the general partner under any circumstances, other than as a result of a transfer of all or a part of its general partner interest in NuStar Energy, the holders of common units representing a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, NuStar Energy will be dissolved, wound up and liquidated, unless within 180 days after that withdrawal, the holders of a majority of the outstanding common units agree in writing to continue the business of NuStar Energy and to appoint a successor general partner. Please read Termination and Dissolution.

If the general partner withdraws under circumstances where such withdrawal does not violate the partnership agreement, and a successor general partner is elected under the terms of the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests and incentive distribution rights for cash. If the general partner withdraws under circumstances where such withdrawal does violate the partnership agreement, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests and incentive distribution rights of the departing general partner. If such general partner interests and incentive distribution rights are not purchased by the successor general partner, they will be converted into common units.

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The general partner may not be removed unless that removal is approved by the vote of the holders of not less than a majority of the outstanding common units, and NuStar Energy receives an opinion of counsel regarding limited liability and tax matters. Any removal of the general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units.

If the general partner is removed under circumstances where cause does not exist, and a successor general partner is elected under the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests and incentive distribution rights for cash. If the general partner is removed under circumstances where cause does exist, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests and incentive distribution rights of the departing general partner. If the general partner interests and incentive distribution rights are not purchased by the successor general partner, they will be converted into common units.

Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence, or willful or wanton misconduct in its capacity as the general partner.

Withdrawal or removal of the general partner of NuStar Energy also constitutes withdrawal or removal of the general partner of NuStar Logistics.

In addition, NuStar Energy will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner for the benefit of NuStar Energy.

Transfer of General Partner Interests

Prior to March 31, 2011, NuStar Energy's general partner may not transfer all or any part of its general partner interest unless such transfer (a) has been approved by the prior written consent or vote of the holders of at least a majority of the outstanding common units (excluding any common units held by the general partner or its affiliates) or (b) is of all, but not less than all, of its general partner interest to (i) an affiliate of the general partner or (ii) another person in connection with the merger or consolidation of the general partner with or into such person or the transfer by the general partner of all or substantially all of its assets to such person.

On or after March 31, 2011, NuStar Energy's general partner may transfer all or any part of its general partner interest in NuStar Energy without unitholder approval.

No transfer by NuStar Energy's general partner of all or any part of its general partner interest is permitted unless (a) the transferee agrees to assume the rights and duties of the general partner and be bound by the partnership agreement and (b) the partnership receives an opinion of counsel regarding limited liability and tax matters.

Change of Management Provisions

NuStar Energy's partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove the general partner or otherwise change management, including the following:

Any units held by a person that owns 20% or more of any class of units then outstanding, other than the general partner and its affiliates, cannot be voted on any matter.

The partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about the partnership's operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

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Limited Call Right

If at any time NuStar Energy's general partner and its affiliates own 80% or more of the issued and outstanding limited partner interests of any class, the general partner will have the right (which right it may assign and transfer to the partnership or any affiliate of the general partner) to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-affiliated persons. The record date for determining ownership of the limited partner interests to be purchased by the general partner will be selected by the general partner, and the general partner must mail notice of its election to purchase the interests to the holders of such interests at least 10 but not more than 60 days prior to the purchase date. The purchase price in the event of a purchase under these provisions would be the greater of (a) the current market price (as defined in the partnership agreement) of the limited partner interests of that class as of the date three days prior to the date the general partner mails notice of its election to purchase the interests and (b) the highest price paid by the general partner or any of its affiliates for any limited partner interest of that class purchased within the 90 days preceding the date the general partner mails notice of its election to purchase the interests.

Meetings; Voting

Special meetings of NuStar Energy's limited partners may be called by the general partner or by limited partners owning 20% or more of the outstanding limited partner interests of the class or classes for which a meeting is proposed. The general partner must send notice of any meeting to the limited partners, and a meeting may not be held less than 10 days nor more than 60 days after the mailing of the notice. For the purpose of determining the limited partners entitled to notice of, and to vote at, a meeting of the limited partners (or to give written approvals without a meeting as described below), the general partner will set a record date, which may not be less than 10 nor more than 60 days before the date of the meeting (or the date by which the limited partners are requested to submit written approvals). Only record holders of limited partner interests on such record date are entitled to notice of, and to vote at, a meeting of the limited partners (or to vote on any action to be taken without a meeting).

If authorized by the general partner, any action that may be taken at a meeting of limited partners may be taken without a meeting by obtaining approval in writing of the necessary percentage of the limited partners that would be required to authorize or take the action at a meeting of the limited partners.

Each record holder of a limited partner interest has a vote according to his percentage interest in the partnership. Limited partner interests held for a person's account by another person (such as a broker, dealer, or bank), in whose name such limited partner interests are registered, will be voted by such other person in favor of, and at the direction of, the beneficial owner unless the arrangement between such persons provides otherwise. Representation in person or by proxy of a majority of the outstanding limited partner interests of the class or classes for which a meeting has been called will constitute a quorum at such meeting (unless a particular action by the limited partners requires approval by a greater percentage of limited partner interests, in which case the quorum shall be such greater percentage). At any meeting at which a quorum is present, the act of the limited partners holding a majority of the outstanding limited partner interests entitled to vote at the meeting will be deemed to be the act of all the limited partners, unless a greater or different percentage is required under the partnership agreement, in which case the act of the limited partners holding such greater or different percentage of the outstanding limited partner interests will be required.

NuStar Energy unitholders have no right to elect NuStar Energy's general partner on an annual or other continuing basis. NuStar Energy's partnership agreement explicitly authorizes the general partner to issue limited partner interests having special or superior voting rights without the consent of the limited partners.

Transfer of Units and Status as a Limited Partner or Assignee

No transfer of NuStar Energy limited partner interests will be recognized by the partnership unless certificate(s) representing those limited partnership interests are surrendered and such certificates are accompanied by a duly executed transfer application. Each transferee of NuStar Energy limited partner interests

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must execute a transfer application whereby the transferee, among other things, requests admission as a substituted limited partner, makes certain representations, executes and agrees to comply with and be bound by the partnership agreement, and gives the consents and approvals and makes the waivers contained in the partnership agreement. Transferees may hold common units in nominee accounts.

Once a transferee has executed and delivered a transfer application in accordance with the partnership agreement, the transferee becomes an assignee. An assignee becomes a limited partner upon the consent of the general partner and the recordation of the name of the assignee on NuStar Energy's books and records. Such consent may be withheld in the sole discretion of the general partner. An assignee, pending its admission as a substituted limited partner, is entitled to an interest in NuStar Energy equivalent to that of a limited partner with respect to the right to share in allocations and distributions, including liquidating distributions. NuStar Energy's general partner will vote and exercise, at the written direction of the assignee, other powers attributable to limited partner interests owned by an assignee who has not become a substituted limited partner.

Transferees who do not execute and deliver transfer applications will be treated neither as assignees nor as record holders of limited partner interests and will not receive distributions, federal income tax allocations or reports furnished to record holders of limited partner interests. The only right such transferees will have is the right to admission as a substituted limited partner upon execution of a transfer application, subject to the approval of the general partner. A nominee or broker who has executed a transfer application with respect to limited partner interests held in street name or nominee accounts will receive distributions and reports pertaining to such limited partner interests.

Non-Citizen Assignees; Redemption

If NuStar Energy is or becomes subject to federal, state or local laws or regulations that, in the reasonable determination of the general partner, create a substantial risk of cancellation or forfeiture of any property that NuStar Energy has an interest in because of the nationality, citizenship or other related status of any limited partner or assignee, NuStar Energy may redeem the common units held by the limited partner or assignee at their current market price. In order to avoid any cancellation or forfeiture, the general partner may require each limited partner or assignee to furnish information about his nationality, citizenship or related status. If a limited partner or assignee fails to furnish information about this nationality, citizenship or other related status within 30 days after a request for the information or the general partner determines after receipt of the information that the limited partner or assignee is not an eligible citizen, the limited partner or assignee may be treated as a non-citizen assignee. In addition to other limitations on the rights of an assignee who is not a substituted limited partner, a non-citizen assignee does not have the right to direct the voting of his common units and may not receive distributions in kind upon NuStar Energy's liquidation.

Indemnification

Under the partnership agreement, in most circumstances, NuStar Energy will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events:

the general partner;

any departing general partner;

any person who is or was an affiliate of the general partner or any departing general partner;

any person who is or was a partner, officer, director, employee, agent, or trustee of the general partner, NuStar GP, LLC, or departing general partner or any affiliate of the general partner, NuStar GP, LLC, or departing general partner; or

any person who is or was serving at the request of the general partner or departing general partner or any affiliate of the general partner or departing general partner as an officer, director, employee, member, partner, agent, or trustee of another person.

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Any indemnification under these provisions will only be out of NuStar Energy's assets. Unless it otherwise agrees in its sole discretion, the general partner shall not be personally liable for any of NuStar Energy's indemnification obligations, nor have any obligation to contribute or loan funds or assets to NuStar Energy to enable NuStar Energy to effectuate indemnification. NuStar Energy is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for its activities, regardless of whether NuStar Energy would have the power to indemnify the person against liabilities under the partnership agreement.

Books and Reports

The general partner is required to keep appropriate books of NuStar Energy's business at NuStar Energy's principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, NuStar Energy's fiscal year is the calendar year.

NuStar Energy will furnish or make available to record holders of common units, within 120 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by its registered public accounting firm. Except for its fourth quarter, NuStar Energy will also furnish or make available summary financial information within 90 days after the close of each quarter.

NuStar Energy will furnish each record holder of a unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. NuStar Energy's ability to furnish this summary information to unitholders will depend on the cooperation of unitholders in supplying it with specific information. Every unitholder will receive information to assist him in determining his federal and state tax liability and filing his federal and state income tax returns, regardless of whether he supplies NuStar Energy with information.

Right to Inspect NuStar Energy's Books and Records

The partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable demand and at his own expense, have furnished to him:

a current list of the name and last known address of each partner;

a copy of NuStar Energy's tax returns;

information as to the amount of cash, and a description and statement of the agreed value of any other property or services, contributed or to be contributed by each partner and the date on which each became a partner;

copies of the partnership agreement, the certificate of limited partnership of the partnership, related amendments and powers of attorney under which they have been executed;

information regarding the status of NuStar Energy's business and financial condition; and

any other information regarding NuStar Energy's affairs as is just and reasonable.

The general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which the general partner believes in good faith is not in NuStar Energy's best interests or which NuStar Energy is required by law or by agreements with third parties to keep confidential.

Registration Rights

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Under the partnership agreement, NuStar Energy has agreed to register for resale under the Securities Act of 1933, as amended, and applicable state securities laws any common units or other partnership securities proposed to be sold by the general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of Riverwalk Logistics, L.P. as the general partner of NuStar Energy. NuStar Energy is obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

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CONFLICTS OF INTEREST AND FIDUCIARY RESPONSIBILITIES

Conflicts of Interest

Riverwalk Logistics, L.P., the general partner of NuStar Energy, has a legal duty to manage NuStar Energy in a manner beneficial to NuStar Energy's unitholders. This legal duty originates in statutes and judicial decisions and is commonly referred to as a fiduciary duty. However, because Riverwalk Logistics is indirectly owned by NuStar GP Holdings, LLC (NuStar GP Holdings), the officers and directors of Riverwalk Logistics' general partner, NuStar GP, LLC, also have fiduciary duties to manage the business of Riverwalk Logistics in a manner beneficial to NuStar GP Holdings and its public unitholders. As a result of this relationship, conflicts of interest may arise between NuStar Energy's general partner and its affiliates, including NuStar GP Holdings' public unitholders, on the one hand, and NuStar Energy and its limited partners, including the public unitholders, on the other hand.

NuStar Energy's partnership agreement contains provisions that allow the general partner to take into account the interests of parties in addition to NuStar Energy in resolving conflicts of interest. In effect, these provisions limit the general partner's fiduciary duties to the unitholders. The partnership agreement also restricts the remedies available to unitholders for actions taken that might, without those limitations, constitute breaches of fiduciary duty. Whenever a conflict arises between the general partner or its affiliates, on the one hand, and NuStar Energy or any other partner, on the other hand, the general partner will resolve that conflict.

Resolution of Conflicts of Interest

The general partner will not be in breach of its obligations under the partnership agreement or its duties to NuStar Energy or the unitholders if the resolution of the conflict is considered to be fair and reasonable to NuStar Energy. Any resolution is considered to be fair and reasonable to NuStar Energy if that resolution is:

approved by a conflicts committee consisting of three independent directors of NuStar GP, LLC, although no party is obligated to seek approval and the general partner may adopt a resolution or course of action that has not received approval;

on terms no less favorable to NuStar Energy than those generally being provided to or available from unrelated third parties; or

fair to NuStar Energy, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to NuStar Energy.

In resolving a conflict, the general partner may, unless the resolution is specifically provided for in the partnership agreement, consider:

the relative interests of the parties involved in the conflict or affected by the action;

any customary or accepted industry practices or historical dealings with a particular person or entity; and

generally accepted accounting principles and other factors it considers relevant, if applicable.

Conflicts of interest could arise in the situations described below, among others.

Actions taken by the general partner may affect the amount of cash available for distribution to unitholders or accelerate the right to convert subordinated units.

The amount of cash that is available for distribution to unitholders is affected by decisions of the general partner regarding:

amount and timing of asset purchases and sales;

cash expenditures;

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borrowings;

issuance of additional units; and

the creation, decrease or increase of reserves in any quarter.

In addition, borrowings by NuStar Energy do not constitute a breach of any duty owed by the general partner to the unitholders, including borrowings that have the purpose or effect of enabling the general partner to receive distributions or the incentive distribution rights.

The partnership agreement provides that NuStar Energy may borrow funds from the general partner and its affiliates. The general partner and its affiliates may not borrow funds from NuStar Energy.

We do not have any employees and rely on the employees of the general partner and its affiliates.

We do not have any officers or employees and rely solely on officers and employees of NuStar GP, LLC, and its affiliates. Affiliates of the general partner may conduct businesses and activities of their own in which we have no economic interest. In the future, if these separate activities were significantly greater than our activities, there could be material competition for the time and effort of the officers and employees who provide services to the general partner and NuStar GP, LLC.

We reimburse NuStar GP LLC for expenses and costs incurred on our behalf.

Under NuStar Energy's partnership agreement, we reimburse NuStar Energy's general partner and its affiliates for costs incurred in managing and operating NuStar Energy and its subsidiaries. The partnership agreement provides that the general partner will determine the expenses that are allocable to it in any reasonable manner determined by the general partner in its sole discretion.

The general partner intends to limit its liability regarding NuStar Energy's obligations.

The general partner intends to limit its liability under contractual arrangements so that the other party has recourse only to all or particular assets of NuStar Energy, and not against the general partner or its assets. NuStar Energy's partnership agreement provides that any action taken by the general partner to limit its liability is not a breach of the general partner's fiduciary duties, even if we could have obtained more favorable terms without the limitation on liability.

Common unitholders will have no right to enforce obligations of the general partner and its affiliates under agreements with NuStar Energy.

Any agreements between NuStar Energy on the one hand, and the general partner and its affiliates, on the other, will not grant to the unitholders, separate and apart from NuStar Energy, the right to enforce the obligations of the general partner and its affiliates in favor of NuStar Energy. Therefore, the general partner, in its capacity as the general partner of NuStar Energy, will be primarily responsible for enforcing these obligations.

Contracts between NuStar Energy, on the one hand, and the general partner and its affiliates, on the other, are not the result of arm's-length negotiations.

Neither the NuStar Energy partnership agreement nor any of the other agreements, contracts and arrangements between NuStar Energy, on the one hand, and the general partner and its affiliates, on the other, are or will be the result of arm's-length negotiations.

Common units are subject to the general partner's limited call right.

The general partner may exercise its right to call and purchase common units as provided in NuStar Energy's partnership agreement or assign this right to one of its affiliates or to us. The general partner may use

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its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right. As a consequence, a common unit