

NuStar Energy L.P.  
Form 424B3  
April 11, 2017  
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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 jurisdiction where the offer or sale is not permitted.**

**Filed pursuant to Form 424(b)(3)  
Registration No. 333-212338**

**PRELIMINARY PROSPECTUS  
SUPPLEMENT**

**Subject to Completion**

**Dated April 11, 2017**

(To Prospectus dated June 30, 2016)

**10,500,000 Common Units**

## **Representing Limited Partner Interests**

We are offering 10,500,000 common units representing limited partner interests in NuStar Energy L.P., including up to \$15 million aggregate purchase price of common units to William E. Greehey, the Chairman of the Board of Directors of NuStar GP, LLC. Other members of the Board of Directors of NuStar GP, LLC or members of the Board of Directors of NuStar GP Holdings, LLC may purchase common units directly from the underwriter.

Our common units are listed on the New York Stock Exchange, or NYSE, under the symbol NS. The last reported sales price of our common units on the New York Stock Exchange on April 10, 2017 was \$51.42 per common unit.

**Investing in our common units involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement and page 4 of the accompanying base prospectus for information regarding risks you should consider before investing in our common units.**

The underwriter has agreed to purchase common units from us at a price of \$        per unit, which will result in \$        million of net proceeds to us before expenses, or \$        million assuming full exercise of the underwriter's option to purchase additional common units.

The underwriter may offer the common units from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The underwriter will receive no underwriting discount or commission on the sale of common units to Mr. Greehey or any other member of the Board of Directors of NuStar GP, LLC or the Board of Directors of NuStar GP Holdings, LLC.

We have granted the underwriter an option for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 1,575,000 common units from us on the same terms and conditions as set forth above.

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

The underwriter is offering the common units as set forth in    Underwriting.    The underwriter expects to deliver the common units on or about        , 2017.

**UBS Investment Bank**

April    , 2017

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**We have not, and the underwriter has not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus supplement, the accompanying base prospectus or in any free writing prospectuses we have prepared. Neither we nor the underwriter takes responsibility for, and can provide no assurance as to the reliability of, any other information that others**

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**may give you. We are not, and the underwriter is not, making an offer to sell our common units in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying base prospectus is accurate as of any date other than the date of such document or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.**

We provide information to you about this offering of our common units in two separate documents that are bound together: (1) this prospectus supplement, which describes the specific details regarding this offering, and (2) the accompanying base prospectus, which provides general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both documents combined. If information in this prospectus supplement is inconsistent with the accompanying base prospectus, you should rely on this prospectus supplement.

You should carefully read this prospectus, including the information incorporated by reference herein and therein, before you invest. These documents contain information you should consider when making your investment decision. None of NuStar Energy L.P., the underwriter or any of their respective representatives is making any representation to you regarding the legality of an investment in the common units by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the common units.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein or in any prospectus supplement were made solely for the benefit of the parties to such agreement for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Except where we or the context otherwise indicate, the information in this prospectus assumes no exercise of the underwriter's option to purchase additional common units described on the cover page of this prospectus.

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### **Summary**

*This summary highlights information included or incorporated by reference into this prospectus. It does not contain all the information that you should consider before investing in our common units. We urge you to read carefully the entire prospectus, the documents we have incorporated by reference and our financial statements and the notes to those statements, before making an investment decision. Please also read **Risk Factors** in this prospectus supplement, the accompanying base prospectus, our Annual Report on Form 10-K for the year ended December 31, 2016 and our subsequent filings with the Securities and Exchange Commission ( **SEC** ) that are incorporated by reference herein.*

*In this prospectus, references to **NuStar Energy**, **we**, **us**, **our** and the **Partnership** mean NuStar Energy L.P., one or more of our consolidated subsidiaries or all of them taken as a whole, unless otherwise noted.*

### **NuStar Energy L.P.**

NuStar Energy is a publicly traded Delaware limited partnership engaged in the transportation of petroleum products and anhydrous ammonia, the terminalling and storage of petroleum products and the marketing of petroleum products. We conduct substantially all of our business through our wholly owned operating subsidiaries, NuStar Logistics, L.P. ( **NuStar Logistics** ) and NuStar Pipeline Operating Partnership L.P., and their respective subsidiaries.

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). We divide our operations into the following three reportable business segments: pipeline, storage and fuels marketing. As of December 31, 2016, our assets included approximately 8,700 miles of pipeline and 79 terminal and storage facilities that provide approximately 95 million barrels of storage capacity.

### ***Pipeline Segment***

Our pipeline operations consist of the transportation of refined petroleum products, crude oil and anhydrous ammonia. As of December 31, 2016, we owned and operated:

- refined product pipelines with an aggregate length of 3,140 miles and crude oil pipelines with an aggregate length of 1,230 miles in Texas, Oklahoma, Kansas, Colorado and New Mexico;
- a 1,920-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 450-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 (the Ammonia Pipeline).

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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.

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### ***Storage Segment***

Our storage segment consists of facilities that provide storage, handling and other services for petroleum products, crude oil, specialty chemicals and other liquids. As of December 31, 2016, we owned and operated:

- 40 terminal and storage facilities in the United States and one terminal in Nuevo Laredo, Mexico, with total storage capacity of 53.2 million barrels;
- A terminal on the island of St. Eustatius with tank capacity of 14.4 million barrels and a transshipment facility;
- A terminal located in Point Tupper, Canada with tank capacity of 7.8 million barrels and a transshipment facility; and
- Six terminals located in the United Kingdom and one terminal located in Amsterdam, the Netherlands, with total storage capacity of approximately 9.5 million barrels.

Revenues for the storage segment include fees for tank storage agreements, where a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage terminal revenues), and throughput agreements, where a customer pays a fee per barrel for volumes moving through our terminals (throughput terminal revenues). Our terminals also provide blending, additive injections, handling and filtering services for which we charge additional fees. We previously charged 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 refinery storage tanks. Effective January 1, 2017, we lease these refinery storage tanks in exchange for a fixed fee. Certain of our facilities charge fees to provide marine services such as pilotage, tug assistance, line handling, launch service, emergency response services and other ship services.

### ***Fuels Marketing Segment***

Our fuels marketing operations involve the purchase of crude oil, fuel oil, bunker fuel, fuel oil blending components and other refined products for resale. These operations provide us the opportunity to generate additional gross margin while complementing the activities of our storage segment. We utilize storage assets, including our own terminals and rail unloading facilities, at our St. James, Texas City and St. Eustatius terminals. Rates charged by our storage segment to the fuels marketing segment are consistent with rates charged to third parties.

### **Recent Developments**

#### ***Preliminary Financial Results for the First Quarter of 2017 (unaudited)***

The information presented below has not been reviewed by our independent auditors and is subject to revision as we prepare our unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2017. This information is not a comprehensive statement of our financial results for the quarterly period ended March 31, 2017, and our actual results may differ materially from these estimates as a result of the completion of our financial closing process, final adjustments (if any) and other developments arising between now and the time that our financial results for the three months ended March 31, 2017 are finalized. The following information should be read in



conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2016 and our financial statements and notes to financial statements as set forth in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this prospectus supplement.

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Based on preliminary analysis of the financial results for the three months ended March 31, 2017, we expect net income to be between \$55.0 million and \$62.0 million and earnings before interest, taxes, depreciation and amortization ( EBITDA ) to be between \$149.0 million and \$159.0 million. Additionally, we expect distributable cash flow ( DCF ) to be between \$100.7 million and \$108.2 million. For more information on EBITDA and DCF, see Non-GAAP Financial Measures.

### *Non-GAAP Financial Measures*

We utilize financial measures, such as EBITDA, DCF and distribution coverage ratio, which are not defined in U.S. generally accepted accounting principles ( GAAP ). Management believes these financial measures provide useful information to investors and other external users of our financial information because (i) they provide additional information about the operating performance of the Partnership's assets and the cash the business is generating and (ii) investors and other external users of our financial statements benefit from having access to the same financial measures being utilized by management and our board of directors when making financial, operational, compensation and planning decisions.

Our board of directors and management use EBITDA and/or DCF when assessing the following: (i) the performance of our assets, (ii) the viability of potential projects, (iii) our ability to fund distributions, (iv) our ability to fund capital expenditures and (v) our ability to service debt. In addition, our board of directors uses a distribution coverage ratio, which is calculated based on DCF, as the metric for determining the company-wide bonus and the vesting of performance units awarded to management as our board of directors believes DCF appropriately aligns management's interest with our unitholders' interest in increasing distributions in a prudent manner. DCF is a widely accepted financial indicator used by the master limited partnership ( MLP ) investment community to compare partnership performance. DCF is used by the MLP investment community, in part, because the value of a partnership unit is partially based on its yield, and its yield is based on the cash distributions that a partnership can pay its unitholders.

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None of these financial measures are presented as an alternative to net income. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. The following is a reconciliation of our non-GAAP financial measures to net income:

<b>Three Months Ended March 31, (Unaudited, Thousands of Dollars, Except Ratio Data) 2017 (Estimated)</b>			
	<b>Low</b>	<b>High</b>	<b>2016</b>
Net income	\$ 55,000	\$ 62,000	\$ 57,401
Interest expense, net	36,000	37,000	34,123
Income tax expense	2,000	3,000	2,870
Depreciation and amortization expense	56,000	57,000	53,142
EBITDA	149,000	159,000	147,536
Interest expense, net	(36,000)	(37,000)	(34,123)
Reliability capital expenditures	(5,000)	(6,000)	(6,017)
Income tax expense	(2,000)	(3,000)	(2,870)
Mark-to-market impact of hedge transactions(a)	(2,000)	(3,000)	4,684
Unit-based compensation(b)	2,000	2,500	1,086
Preferred unit distributions	(4,800)	(4,800)	
Other items(c)	(500)	500	(503)
DCF	\$ 100,700	\$ 108,200	\$ 109,793
Less DCF available to general partner	12,900	12,900	12,766
DCF available to common limited partners	\$ 87,800	\$ 95,300	97,027
Distributions applicable to common limited partners(d)	\$ 86,172	\$ 86,172	\$ 85,285
Distribution coverage ratio(d)(e)	1.02x	1.11x	1.14x

- (a) DCF excludes the impact of unrealized mark-to-market gains and losses that arise from valuing certain derivative contracts, as well as the associated hedged inventory. The gain or loss associated with these contracts is realized in DCF when the contracts are settled.
- (b) In connection with the employee transfer from NuStar GP, LLC on March 1, 2016, we assumed obligations related to awards issued under a long-term incentive plan, and we intend to satisfy the vestings of equity-based awards with the issuance of our common units. As such, the expenses related to these awards are considered non-cash and added back to DCF. Certain awards include distribution equivalent rights (DERs). Payments made in connection with DERs are deducted from DCF.
- (c) Other items primarily consist of adjustments for throughput deficiency payments and construction reimbursements for all periods presented.
- (d) Does not reflect distributions that will be paid on the common units offered hereby. Assuming an estimated distribution per unit of \$1.095 paid to the common units offered hereby, distributions applicable to common limited partners would be higher by \$11,498,000 and the distribution coverage ratio would be lower by 0.14x.

- (e) Distribution coverage ratio is calculated by dividing DCF available to common limited partners by distributions applicable to common limited partners.

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***Navigator Energy Acquisition***

***Acquisition Overview***

On April 11, 2017, we and NuStar Logistics, L.P. entered into a Membership Interest Purchase and Sale Agreement (the Acquisition Agreement) with FR Navigator Holdings LLC (the Seller), pursuant to which we agreed to acquire (the Acquisition) all of the issued and outstanding limited liability company interests in Navigator Energy Services, LLC (Navigator). Under the Acquisition Agreement, we will acquire Navigator for consideration of approximately \$1.475 billion, subject to customary adjustments at and following closing. The Acquisition is expected to close in the second quarter of 2017, subject to customary closing conditions, including the receipt of regulatory approvals.

Navigator owns and operates crude oil transportation, pipeline gathering and storage assets located in the Midland Basin of West Texas consisting of:

- more than 500 miles of crude oil gathering and transportation pipelines with approximately 74,000 barrels per day ship-or-pay volume commitments and deliverability of approximately 412,000 barrels per day;
- a pipeline gathering system with more than 200 connected producer tank batteries capable of more than 400,000 barrels per day of pumping capacity covering over 500,000 dedicated acres with fixed-fee contracts; and
- approximately 1,000,000 barrels of crude oil storage capacity with 440,000 barrels contracted to third parties.

This offering of common units is not conditioned upon the consummation of the Acquisition, and the consummation of the Acquisition is not conditioned upon the successful completion of this offering of common units. In addition, there can be no assurance that we will consummate the Acquisition on the terms described herein or at all. See Risk Factors.

***Commitment Letter for Bridge Facility***

In conjunction with the Acquisition, we entered into a commitment letter (the Commitment Letter) with Mizuho Bank, Ltd., regarding financing for the Acquisition. The Commitment Letter contemplates, among other things, a senior unsecured bridge loan to us in an aggregate principal amount not to exceed \$1.475 billion, to be drawn, if at all, at the closing of the Acquisition (the Bridge Facility). We intend to fund the cash consideration payable in connection with the Acquisition with cash on hand, the net proceeds of this offering, the proceeds of one or more Supplemental Financings described below under Supplemental Financing or borrowings under our revolving credit agreement and therefore do not currently expect to fully draw on the Bridge Facility, if at all. Borrowings under the Bridge Facility, if any, would bear interest at our option, based on an alternative base rate or a LIBOR-based rate, in each case plus a margin, and mature 364 days following entry into the Bridge Facility.

***Incentive Distribution Rights Waiver***

In conjunction with the Acquisition, our general partner intends to amend our Fourth Amended and Restated Agreement of Limited Partnership to provide for a waiver of quarterly distributions made to the general partner, as holder of the Partnership's incentive distribution rights (IDRs), by the amount equal to the excess in available cash attributable to any common units of the Partnership issued from the date of the Acquisition Agreement through the

end of the ten consecutive quarter period following the

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closing of the Acquisition (including the common units to be offered and sold pursuant to this prospectus supplement, but excluding any equity issued under any long-term incentive plan or equity compensation plan implemented by the Partnership or its affiliates), subject to an aggregate cap of \$22.0 million. For a definition of available cash and a description of our cash distribution policy, see *Cash Distributions* in the accompanying base prospectus and the description of our 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units ( *Series A Preferred Units* ), which is incorporated by reference in this prospectus supplement. If for any reason the Acquisition is not consummated, the waiver of distributions on the IDRs will not become effective.

### *Supplemental Financing*

In addition to this offering, we may seek additional financing to fund the balance of the consideration for the Acquisition in the form of one or more capital markets transactions in which we may issue preferred units, senior notes or other securities (each, a *Supplemental Financing* ) in lieu of borrowings under the Bridge Facility. If we decide to pursue a Supplemental Financing, the consummation of such Supplemental Financing may not be conditioned upon the consummation of the Acquisition, and the Acquisition will not be conditioned upon the successful consummation of any Supplemental Financing. Furthermore, the consummation of this offering of common units is not conditioned upon the successful consummation of any Supplemental Financing, and the consummation of any Supplemental Financing will not be conditioned upon the successful completion of this offering of common units. We cannot give any assurance that any Supplemental Financing will be pursued or completed.

The foregoing description and any other information regarding a Supplemental Financing is included herein solely for informational purposes. This prospectus supplement and any related communication shall not be deemed an offer to sell or a solicitation to buy any securities that may be offered in any other offering.

### **Principal Executive Offices and Internet Address**

Our principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257, 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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The offering

Issuer NuStar Energy L.P.

Common units offered by us 10,500,000 common units (12,075,000 common units if the underwriter exercises its option to purchase up to an additional 1,575,000 common units in full)

Common units outstanding before this offering 78,655,825 common units

Common units outstanding after this offering 89,155,825 common units (90,730,825 common units if the underwriter exercises its option to purchase up to an additional 1,575,000 common units in full)

Use of proceeds We intend to use the net proceeds from this offering of approximately \$ million (after deducting underwriting discounts and commissions and estimated offering expenses), together with the related capital contribution of our general partner and any net proceeds from the underwriter's option to purchase additional common units, to fund a portion of the purchase price for the Acquisition and to pay for related fees and expenses. This offering is not conditioned on the consummation of the Acquisition. Pending the potential use of the net proceeds from this offering to fund a portion of the purchase price for the Acquisition, we intend to use the net proceeds from this offering for the repayment of outstanding borrowings under our revolving credit agreement. See Use of Proceeds.

An affiliate of the underwriter is a lender under our revolving credit agreement and, in that respect, may receive a portion of the proceeds from this offering through the repayment of borrowings outstanding under our revolving credit agreement. See Underwriting.

Estimated ratio of taxable income to distributions We estimate that if you own the common units you purchase in this offering through the record date for



distributions for the period ending December 31, 2019, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the cash distributed to you with respect to that period. See **Material Tax Considerations** beginning on page S-15 of this prospectus supplement for the basis of this estimate.

**Material tax considerations**

For a discussion of other material federal income tax considerations that may be relevant to prospective unitholders who are individual citizens or residents of the United States, see **Material Tax Considerations** beginning on page S-15 of this prospectus supplement and **Material Tax Consequences** in the accompanying base prospectus.

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New York Stock Exchange symbol

NS

Risk factors

You should read the risk factors beginning on page S-9 of this prospectus supplement and page 4 of the accompanying base prospectus and in the documents incorporated by reference herein, as well as the other cautionary statements in this prospectus and the documents incorporated by reference herein regarding risks you should consider before investing in our common units.

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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 those risk factors set forth below and those included in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated herein by reference, together with all of 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 common units.

If any of the risks discussed below or 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 may be reduced, the trading price of our common units could decline and you could lose all or part of your investment.

**Risks Related to the Acquisition**

***We may not consummate the Acquisition, and this offering is not conditioned on the consummation of the Acquisition.***

If the Acquisition is consummated, we intend to use the net proceeds from this offering to fund a portion of the purchase price for the Acquisition and to pay related fees and expenses. See **Summary Recent Developments** and **Use of Proceeds**. However, this offering is not conditioned upon the consummation of the Acquisition, which is subject to the satisfaction or waiver of customary closing conditions, and there can be no assurance that the Acquisition will be consummated in the anticipated time frame or at all.

Because this offering is not conditioned upon the consummation of the Acquisition, upon the closing of this offering, you will become a holder of our common units regardless of whether the Acquisition is consummated, delayed or terminated. If the Acquisition is delayed, terminated or consummated on terms different than those described herein, the market price of our common units may decline to the extent that the price of our common units reflects a market assumption that the Acquisition will be consummated on the terms described herein. Further, a failed transaction may result in negative publicity or a negative impression of us in the investment community and may affect our relationships with our business partners. In addition, pending the potential use of the proceeds of this offering to fund a portion of the purchase price for the Acquisition, we intend to use the proceeds of this offering to repay borrowings under our revolving credit agreement. Our management will have broad discretion with respect to the use of future drawdowns on our revolving credit agreement and may use these funds in ways that you or other unitholders may not support, which could adversely affect the market price of our common units. See **Summary Recent Developments Navigator Energy Acquisition** for more information regarding the Acquisition.

***Future acquisitions and expansions, including the Acquisition, may increase substantially the level of our contingent liabilities, and we may be unable to integrate them effectively into our existing operations.***

We evaluate and acquire assets and businesses that we believe complement or diversify our existing assets and businesses. Acquisitions and business expansions, including the Acquisition, may require substantial capital. If we consummate the Acquisition or any future material acquisitions, our capitalization and results of operations may change significantly.

Acquisitions and business expansions, including the Acquisition, involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and

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difficulties that arise because of unfamiliarity with new assets, new geographic areas and the businesses associated with them. Further, unexpected costs and challenges may arise whenever businesses with different operations or employees are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition, including the Acquisition.

Following the Acquisition, we may discover previously unknown liabilities associated with the acquired business for which we have no recourse under applicable indemnification provisions, if any. In addition, the terms of an acquisition, including the Acquisition, may require us to assume certain prior known or unknown liabilities for which we may not be indemnified or have adequate insurance.

***Any acquisitions we complete, including the Acquisition, are subject to substantial risks that could reduce our ability to make distributions to unitholders.***

Even if we do make acquisitions that we believe will increase distributable cash flow, these acquisitions, including the Acquisition, may nevertheless result in a decrease in distributable cash flow. Any acquisition, including the Acquisition, involves potential risks, including, among other things:

- we may not be able to obtain the cost savings and financial improvements we anticipate or acquired assets may not perform as we expect;
- we may not be able to successfully integrate the assets, management teams or employees of the businesses we acquire with our assets and management team;
- we may fail or be unable to discover some of the liabilities of businesses that we acquire, including liabilities resulting from a prior owner's noncompliance with applicable federal, state or local laws;
- acquisitions may divert the attention of our senior management from focusing on our core business;
- we may experience a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions; and
- we may face the risk that our existing financial controls, information systems, management resources and human resources will need to grow to support future growth.

***Financing the Acquisition will substantially increase our indebtedness.***

In addition to the net proceeds from this offering, we intend to finance the Acquisition with the proceeds of one or more Supplemental Financings, and, to the extent necessary or desirable, by borrowing under our revolving credit agreement and by entering into and borrowing under the Bridge Facility. Our total outstanding long-term indebtedness as of December 31, 2016 was approximately \$3.0 billion. An increase in our indebtedness may reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditures or working capital needs.

***A ratings agency downgrade could lead to increased borrowing costs and credit stress.***

If one or more rating agencies that rate or will rate our debt or preferred equity securities, including any Supplemental Financings, either assigns such debt or preferred equity securities a rating lower than the rating expected by the investors, or reduces its rating in the future, the market price of our debt or preferred equity securities, as applicable, or our common units, may be adversely affected. In addition, if any of our debt or preferred equity securities that are or will be rated, including any Supplemental Financings, is downgraded, raising capital will become more difficult for us, borrowing costs under our revolving credit agreement and other future borrowings may increase and the market price of our common units may decrease.

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Use of proceeds

We estimate that the net proceeds from this offering (after deducting underwriting discounts and commissions and estimated offering expenses) will be approximately \$    million (\$    million if the underwriter exercises its option to purchase 1,575,000 additional common units in full) and the approximately \$    million capital contribution from our general partner to maintain its 2% general partner interest in us (\$    million if the underwriter exercises its option to purchase 1,575,000 additional common units in full).

We intend to use the net proceeds from this offering to fund a portion of the purchase price for the Acquisition and to pay related fees and expenses. See Summary Recent Developments Navigator Energy Acquisition. Pending the potential use of the net proceeds from this offering to fund a portion of the purchase price for the Acquisition, we intend to use the net proceeds from this offering for the repayment of outstanding borrowings under our revolving credit agreement. If the aggregate proceeds of this offering and one or more Supplemental Financings exceed the amount necessary to fund the purchase price of the Acquisition or if the Acquisition is not consummated, we intend to use such excess proceeds for general partnership purposes.

As of March 31, 2017, the outstanding balance of borrowings under our revolving credit agreement was approximately \$774.6 million and the weighted average interest rate under the revolving credit agreement was 2.6%. Our revolving credit agreement is currently scheduled to mature on October 29, 2019. We use our revolving credit agreement to fund growth capital expenditures and working capital requirements and for general partnership purposes.

An affiliate of the underwriter is a lender under our revolving credit agreement and, in that respect, may receive a portion of the proceeds from this offering through the repayment of borrowings outstanding under our revolving credit agreement. See Underwriting.

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## Capitalization

The following table sets forth our capitalization and cash and cash equivalents position as of December 31, 2016 on:

- an actual basis;
  - an as adjusted basis to give effect to this offering of 10,500,000 common units and the application of the net proceeds therefrom to repay borrowings under our revolving credit agreement pending the consummation of the Acquisition, after deducting the underwriting discounts and commissions and estimated offering expenses (assuming no exercise of the underwriter's option to purchase additional common units); and
  - an as further adjusted basis to give further effect to the consummation of the Acquisition, assuming the remainder of the purchase price is financed with the net proceeds of this offering and borrowings under the Bridge Facility.
- This table should be read in conjunction with, and is qualified in its entirety by reference to, our financial statements and the accompanying notes incorporated by reference into this prospectus supplement and the accompanying base prospectus and Use of Proceeds in this prospectus supplement. In addition, investors should not place undue reliance on the as adjusted or as further adjusted information included below because this offering is not contingent upon completion of any of the transactions reflected in the adjustments below.

	<b>As of December 31, 2016</b> <b>(Dollars in Thousands)</b>		
	<b>Actual</b>	<b>As Adjusted (Unaudited)</b>	<b>As Further Adjusted</b>
Cash and cash equivalents	\$ 35,942	\$ 35,942	\$ 35,942
Short term debt	\$ 54,000	\$ 54,000	\$ 54,000
Long term debt:(1)			
NuStar Logistics \$1.5 billion revolving credit agreement(2)	838,992		838,992
NuStar Logistics 7.65% senior notes due 2018	350,000	350,000	350,000
NuStar Logistics 4.80% senior notes due 2020	450,000	450,000	450,000
NuStar Logistics 6.75% senior notes due 2021	300,000	300,000	300,000
NuStar Logistics 4.75% senior notes due 2022	250,000	250,000	250,000
NuStar Logistics 7.625% fixed-to-floating rate subordinated notes due 2043	402,500	402,500	402,500



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NuStar Logistics Gulf Opportunity Zone Revenue bonds due 2038(3)	55,440	55,440	55,440
NuStar Logistics Gulf Opportunity Zone Revenue bonds due 2040(3)	100,000	100,000	100,000
NuStar Logistics Gulf Opportunity Zone Revenue bonds due 2040(3)	50,000	50,000	50,000
NuStar Logistics Gulf Opportunity Zone Revenue bonds due 2040(3)	85,000	85,000	85,000
NuStar Logistics Gulf Opportunity Zone Revenue bonds due 2041(3)	75,000	75,000	75,000
NuStar Energy \$125.0 million receivables financing agreement	58,400	58,400	58,400
Bridge Facility(1)			
Net fair value adjustments, unamortized discounts and unamortized issuance costs	(968)	(968)	(968)
Total long-term debt	3,014,364		
Partners' equity:(1)			
Limited partners:			
Series A Preferred Units (9,060,000 outstanding as of December 31, 2016)	218,400	218,400	218,400
Common units (78,616,228 outstanding as of December 31, 2016, actual and 89,155,825 outstanding as of December 31, 2016 as adjusted and as further adjusted)	1,455,642		
General partner	31,752		
Accumulated other comprehensive loss	(94,177)		
Total partners' equity	1,611,617		