

NuStar Energy L.P.  
Form 10-Q  
August 09, 2007

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

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended June 30, 2007**

**OR**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-16417

**NUSTAR ENERGY L.P.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

2330 Loop 1604 West

San Antonio, Texas  
(Address of principal executive offices)  
78248  
(Zip Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. The definition of "accelerated filer and large accelerated filer" is in Rule 12b-2 of the Securities Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes  No**

The number of common units outstanding as of August 1, 2007 was 46,809,749.

**NUSTAR ENERGY L.P. AND SUBSIDIARIES**

**FORM 10-Q**

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**PART I – FINANCIAL INFORMATION**

## Item 1. Financial Statements

NUSTAR ENERGY L.P. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars, Except Unit Data)

	June 30, <u>2007</u> (Unaudited)	December 31, <u>2006</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 64,225	\$ 68,838
Accounts receivable, net of allowance for doubtful accounts of \$850 and \$1,220 as of June 30, 2007 and December 31, 2006, respectively	106,091	105,976
Inventories	12,921	16,979
Other current assets	<u>32,327</u>	<u>21,205</u>
Total current assets	<u>215,564</u>	<u>212,998</u>
Property and equipment, at cost	2,798,100	2,694,358
Accumulated depreciation and amortization	<u>(399,813)</u>	<u>(349,223)</u>
Property and equipment, net	2,398,287	2,345,135
Intangible assets, net	51,506	53,532
Goodwill	786,244	774,441
Investment in joint ventures	76,890	74,077
Deferred income tax asset	11,998	11,342
Deferred charges and other assets, net	<u>21,010</u>	<u>22,683</u>
Total assets	\$ 3,561,499	\$ 3,494,208
<b>Liabilities and Partners' Equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 614	\$ 647
Payable to related party	4,410	2,315
Notes payable	3,096	-
Accounts payable	75,851	86,307
Accrued interest payable	16,889	17,528
Accrued liabilities	31,441	37,651
Taxes other than income taxes	9,993	10,219
Income taxes payable	<u>578</u>	<u>2,068</u>
Total current liabilities	<u>142,872</u>	<u>156,735</u>
Long-term debt, less current portion	1,442,334	1,353,720
Long-term payable to related party	5,717	5,749
Deferred income tax liability	35,897	32,926
Other long-term liabilities	72,206	69,397
Commitments and contingencies (Note 5)		
<b>Partners' equity:</b>		

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Limited partners (46,809,749 common units outstanding as of June 30, 2007 and December 31, 2006)	1,805,633	1,830,047
General partner	38,659	38,815
Accumulated other comprehensive income	<u>18,181</u>	<u>6,819</u>
Total partners' equity	<u>1,862,473</u>	<u>1,875,681</u>
Total liabilities and partners' equity	\$ 3,561,499	\$ 3,494,208

See Condensed Notes to Consolidated Financial Statements.

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## NUSTAR ENERGY L.P. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>				
Services revenues:				
Third parties	\$ 160,060	\$ 87,676	\$ 317,342	\$ 174,934
Related party	-	<u>64,418</u>	-	<u>125,089</u>
Total services revenues	160,060	152,094	317,342	300,023
Product sales	<u>160,446</u>	<u>127,874</u>	<u>299,988</u>	<u>253,949</u>
<b>Total revenues</b>	<u>320,506</u>	<u>279,968</u>	<u>617,330</u>	<u>553,972</u>
<b>Costs and expenses:</b>				
Cost of product sales	148,061	118,283	275,988	232,501
Operating expenses:				
Third parties	63,060	55,802	122,939	106,415
Related party	<u>22,384</u>	<u>23,353</u>	<u>43,717</u>	<u>43,810</u>
Total operating expenses	85,444	79,155	166,656	150,225
General and administrative expenses:				
Third parties	8,366	3,271	13,468	6,131
Related party	<u>9,215</u>	<u>7,104</u>	<u>19,021</u>	<u>12,804</u>
Total general and administrative expenses	17,581	10,375	32,489	18,935
Depreciation and amortization expense	<u>27,860</u>	<u>24,839</u>	<u>55,202</u>	<u>49,028</u>
<b>Total costs and expenses</b>	<u>278,946</u>	<u>232,652</u>	<u>530,335</u>	<u>450,689</u>
<b>Operating income</b>	41,560			