

**NUSTAR ENERGY L.P.**

**AUDIT COMMITTEE CHARTER**

**Article I. Purposes**

1. The Audit Committee of the Board of Directors of NuStar GP, LLC, the general partner of the general partner of NuStar Energy L.P. (the “Company”), assists the Board in oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the qualifications and independence of the Company’s independent auditor, and (iv) the performance of the Company’s internal audit function and independent auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty or responsibility of the Committee or its members to plan or conduct “field work” or other types of auditing, legal or accounting procedures. Management is responsible for preparing the Company’s financial statements and the independent auditor engaged by the Committee is responsible for auditing those financial statements.
2. The Committee prepares the Audit Committee Report required by the rules of the Securities and Exchange Commission (the “SEC”).

**Article II. Composition**

1. The Committee shall be composed of at least three members of the Board, one of whom shall be designated by the Board as Chair. Committee members are appointed by the Board. Members of the Audit Committee may be removed by the Board.
2. Each member must meet the independence and experience requirements of the New York Stock Exchange, the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), and any other standards prescribed by applicable law or regulation.
3. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment. The Board may presume that a person who satisfies the definition of “audit committee financial expert” as stated in Item 407(d)(5) of Regulation S-K has the requisite accounting or related financial management expertise.
4. Committee members may not simultaneously serve on the audit committees of more than two other public companies. A member’s service on the audit committee of one or more funds within the same fund complex will be deemed to be membership on only one audit committee for purposes of this standard.

**Article III. Duties and Responsibilities**

The Committee shall take the following actions – in addition to any others it deems necessary or appropriate – to fulfill its responsibilities under applicable law, regulation, or this Charter.

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the Company's (i) annual audited financial statements, (ii) quarterly financial statements, and (iii) disclosures made in SEC filings under "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"
2. Review and discuss with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including (i) any significant changes in the Company's selection or application of accounting principles, (ii) any major issues as to the adequacy of the Company's internal controls, and (iii) any special steps adopted in connection with the discovery of any material control deficiencies.
3. In connection with the filing of any audit report with the SEC, review communications from the independent auditor on:
  - a. all critical accounting policies and practices to be used,
  - b. alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor and
  - c. other material written communications between the independent auditor and management.
4. Discuss with management the Company's earnings releases, including the use of pro forma or non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of the discussion of the types of information disclosed and the type of presentation made). The Committee need not discuss in advance each earnings release or each instance in which the Company provides earnings guidance.
5. Review with the independent auditor the matters required to be discussed by Auditing Standard 1301 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, any significant disagreements with management and management's response thereto.
6. Review with the independent auditor: (i) any accounting adjustments that were noted or proposed by the independent auditor during the audit engagement but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting significant auditing or accounting issues presented by the audit engagement, and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company.
7. Review the effects on the Company's financial statements of regulatory and accounting initiatives and off-balance sheet structures.

Oversight of the Company's Relationship with the Independent Auditor

8. Have direct responsibility for the appointment, compensation, retention, termination and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee has sole authority to approve all audit engagement fees and terms. The independent auditor shall report directly to the Committee.
9. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
10. Establish procedures, in accordance with Section 10A of the Exchange Act, for the pre- approval of all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditor.
11. Review and evaluate the qualifications, performance and independence of the independent auditor.
12. Review reports from the independent auditor at least annually describing:
  - a. the independent auditor's internal quality-control procedures,
  - b. any material issues raised by the most recent internal quality-control review or peer review of the firm, or any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,
  - c. any steps taken to deal with any such issues, and
  - d. all relationships between the independent auditor and the Company (to assess the auditor's independence).
13. Review and evaluate the lead partner of the independent auditor team, taking into account the opinions of management and the Company's internal auditors.
14. Ensure the rotation of the lead audit partner every five years.
15. Set clear policies for the Company's hiring of employees or former employees of the independent auditor.

Oversight of the Company's Internal Audit Function

16. Approve the internal audit charter and any changes thereto.
17. Review the Company's annual internal audit plan and all significant reports to management prepared by the internal auditing department, and management's responses thereto.
18. Discuss with the independent auditor and management the internal audit department's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit plan.

19. Review and concur on decisions regarding the appointment, replacement, dismissal and compensation of the chief audit executive.

#### Compliance Oversight Responsibilities

20. Review annually with management the Company's compliance with applicable environmental laws and regulations and the results of internal environmental assessment and compliance programs.
21. Discuss with management the Company's policies and guidelines concerning financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The processes employed by the Company to manage its financial risks should be reviewed in general by the Committee, but they need not be replaced by the Committee.
22. Assess the adequacy of the Company's Anti-Bribery Policy. The Committee shall notify the Company's General Counsel if it becomes aware of violations of the Anti-Bribery Policy and assist with enforcement of the Anti-Bribery Policy as necessary.
23. Discuss with management the status of significant legal matters that could have a material impact on the Company's financial statements or accounting policies.
24. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, violations of the Foreign Corrupt Practices Act, as well as confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.
25. Review annually the Committee's own performance. The Committee shall assess annually the adequacy of this Charter.

#### **Article IV. Meetings, Reporting, Advisors and Funding**

1. The Committee shall meet as often as it determines, and generally should meet not less frequently than quarterly. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
2. The Committee shall meet periodically with management, the internal auditors and the independent auditors in separate executive sessions.
3. A majority of the members of the Committee will constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.
4. The Chair shall schedule and preside at all meetings of the Committee. In the absence of the Chair, a majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting.
5. The Chair of the Committee shall report to the Board following each Committee meeting, and as otherwise required by the Chairman of the Board.

6. The Committee shall review periodically with the full Board (i) any issues that arise concerning the quality or integrity of the Company's financial statements, (ii) the Company's compliance with legal or regulatory requirements, (iii) the performance and independence of the Company's independent auditors, and (iv) the performance of the internal audit function.
7. The Committee is authorized to engage independent legal, accounting or other advisors as it deems necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor, compensation to any advisors employed by the Committee, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.