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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

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 1-32940

NUSTAR GP HOLDINGS, LLC

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	85-0470977 (I.R.S. Employer Identification No.)
2330 North Loop 1604 West San Antonio, Texas (Address of principal executive offices)	78248 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: Units representing limited liability company membership interests listed on the New York Stock Exchange.

Securities registered pursuant to 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule12b-2 of the Exchange Act (Check one):

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

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

The aggregate market value of units held by non-affiliates was approximately $1,088 million based on the last sales price quoted as of June 30, 2010, the last business day of the registrant's most recently completed second quarter.

The number of units outstanding as of February 1, 2011 was 42,564,475.

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PART I

Unless otherwise indicated, the terms “NuStar GP Holdings, LLC,” “NuStar GP Holdings,” “we,” “our” and “us” are used in this report to refer to NuStar GP Holdings, LLC, to one or more of our consolidated subsidiaries or to all of them taken as a whole. In the following Items 1., 1A. and 2., “Business, Risk Factors and Properties,” we make certain forward-looking statements, including statements regarding our plans, strategies, objectives, expectations, intentions and resources. The words “forecasts,” “intends,” “believes,” “expects,” “plans,” “scheduled,” “goal,” “may,” “anticipates,” “estimates” and similar expressions identify forward-looking statements. We do not undertake to update, revise or correct any of the forward-looking information. You are cautioned that such forward-looking statements should be read in conjunction with our disclosures beginning on page 28 of this report under the heading: “CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION.”

ITEMS 1., 1A. and 2. BUSINESS, RISK FACTORS AND PROPERTIES

OVERVIEW

NuStar GP Holdings, LLC (NuStar GP Holdings), a Delaware limited liability company, was formed in June 2000. Our units are traded on the New York Stock Exchange (NYSE) under the symbol “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.

Our only cash generating assets are our ownership interests in NuStar Energy L.P. (NuStar Energy), a publicly traded Delaware limited partnership (NYSE: NS). NuStar Energy is engaged in the terminalling and storage of petroleum products, the transportation of petroleum products and anhydrous ammonia, and asphalt refining and fuels marketing. NuStar Energy has terminal facilities in the United States, the Netherlands, including St. Eustatius in the Caribbean, Canada, the United Kingdom and Mexico. As of December 31, 2010, our aggregate ownership interests in NuStar Energy consisted of the following:

- the 2% general partner interest;
- 100% of the incentive distribution rights issued by NuStar Energy, which entitle us to receive increasing percentages of the cash distributed by NuStar Energy, currently at the maximum percentage of 23%; and
- 10,283,359 common units of NuStar Energy representing a 15.6% limited partner interest.

Our primary objective is to increase per unit distributions to our unitholders by actively supporting NuStar Energy in executing its business strategy, which includes continued growth through expansion projects and strategic acquisitions. We may facilitate NuStar Energy’s growth through the use of our capital resources, which could involve capital contributions, loans or other forms of financial support.

NuStar Energy is required by its partnership agreement to distribute all of its available cash at the end of each quarter, less reserves established by its general partner, in its sole discretion, to provide for the proper conduct of NuStar Energy’s business or to provide funds for future distributions. Similarly, we are required by our limited liability company agreement to distribute all of our available cash at the end of each quarter, less reserves established by our board of directors. However, unlike NuStar Energy, we do not have a general partner or incentive distribution rights. Therefore, all of our distributions are made on our units, which are our only class of securities outstanding.

Our internet website address is http://www.nustargpholdings.com. Information contained on our website is not part of this report on Form 10-K. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed with (or furnished to) the Securities and Exchange Commission (SEC) are available on our internet website (in the “Investor Relations” section), free of charge, as soon as reasonably practicable after we file or furnish such material. We also post our corporate governance guidelines, code of business conduct and ethics, code of ethics for senior financial officers and the charters of our board’s committees in the same website location. Our governance documents are available in print to any unitholder that makes a written request to Corporate Secretary, NuStar GP Holdings, LLC, 2330 North Loop 1604 West, San Antonio, Texas 78248.

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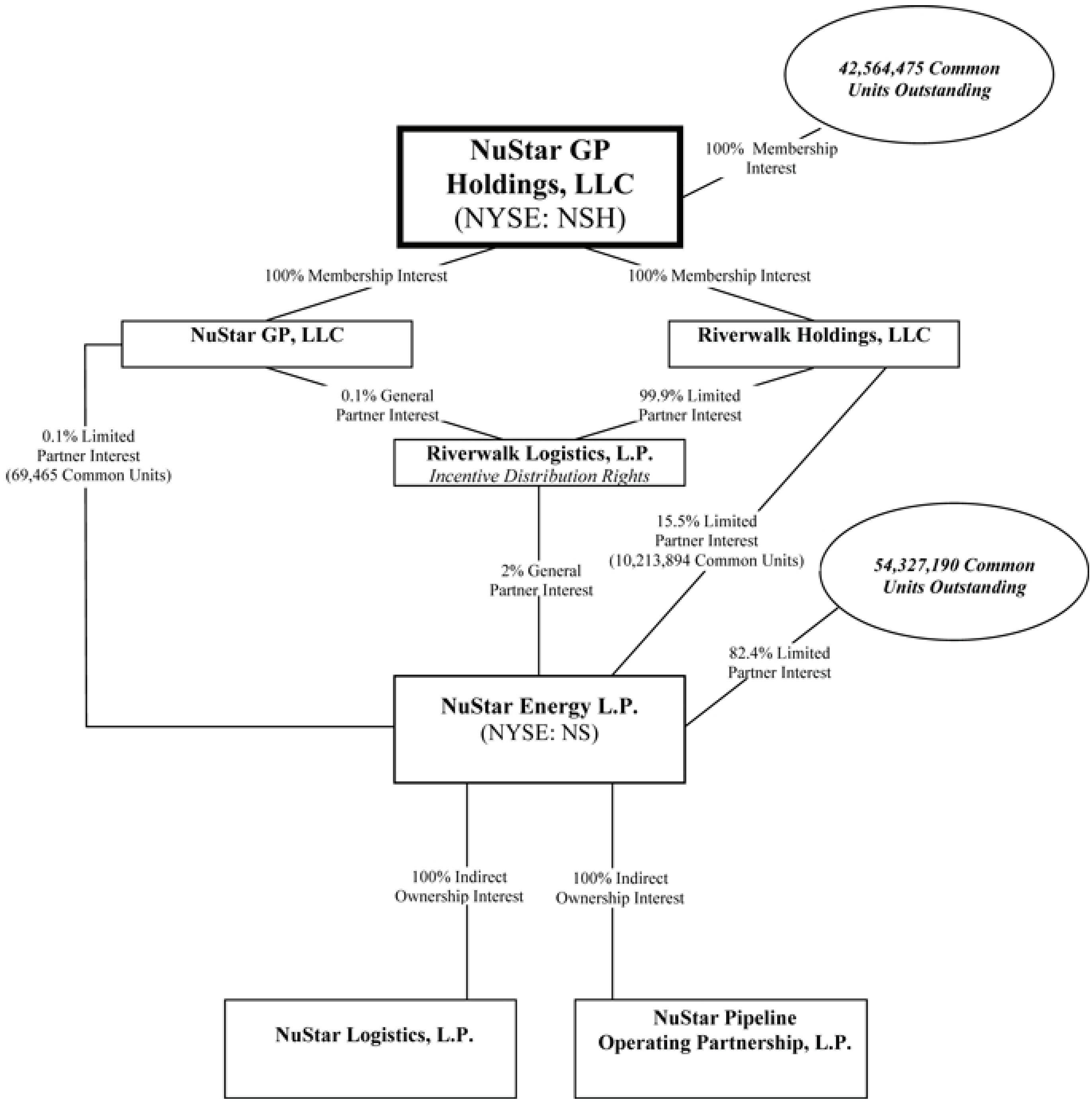
ORGANIZATIONAL STRUCTURE

The following chart depicts our organizational structure and relationship with NuStar Energy as of December 31, 2010:



EMPLOYEES

Our wholly owned subsidiary, NuStar GP, LLC, provides administrative services to us. Employees of NuStar GP, LLC also provide services to NuStar Energy pursuant to the GP Services Agreement (defined in Note 5 of the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data"). As of December 31, 2010, NuStar GP, LLC had 1,413 employees. We believe that NuStar GP, LLC's relationship with these employees is satisfactory.

ENVIRONMENTAL AND SAFETY REGULATION

Our only cash generating assets are our indirect ownership interests in NuStar Energy. We have no independent operations.

PROPERTIES

Our only cash generating assets are our indirect ownership interests in NuStar Energy. We have no independent operations.

RISK FACTORS

RISKS INHERENT IN AN INVESTMENT IN US

Our only cash generating assets are our ownership interests in NuStar Energy. Our cash flow and ability to make distributions is therefore completely dependent upon the ability of NuStar Energy to make cash distributions to its partners, including us. If NuStar Energy does not make cash distributions or reduces the level of cash distributions to its partners, we may not have sufficient cash to pay distributions.

Our operating cash flow is currently completely dependent upon NuStar Energy making cash distributions to its partners, including us. The amount of cash that NuStar Energy can distribute to its partners each quarter principally depends upon the amount of cash it generates from its operations, which will fluctuate from quarter to quarter based on, among other things:

- the amount of throughput volumes transported in its pipelines;
- lease renewals or throughput volumes in its terminals and storage facilities;
- tariff rates and fees it charges and the returns it realizes for its services;
- the results of its marketing, trading and hedging activities, which fluctuate depending upon the relationship between refined product prices and prices of crude oil and other feedstocks;
- demand for crude oil, refined products and anhydrous ammonia;
- the effect of worldwide energy conservation measures;
- its operating costs;
- weather conditions;
- domestic and foreign governmental regulations and taxes; and
- prevailing economic conditions.

In addition, the amount of cash that NuStar Energy will have available for distribution will depend on other factors, including:

- its debt service requirements and restrictions on distributions contained in its current or future debt agreements;
- the sources of cash used to fund its acquisitions;
- its capital expenditures;
- fluctuations in its working capital needs;
- its issuances of debt and equity securities; and
- adjustments in cash reserves made by NuStar Energy's general partner, in its discretion.

Because of these factors, NuStar Energy may not have sufficient available cash each quarter to continue paying distributions at its current level or at all. Furthermore, cash distributions to NuStar Energy unitholders depend primarily upon cash flow, and not solely on profitability, which is affected by non-cash items. Therefore, NuStar Energy may make cash distributions during periods when it records net losses and may not make cash distributions during periods when it records net income.

In the future, we may not have sufficient cash to pay distributions at our current quarterly distribution level or to increase distributions.
Because our only source of operating cash flow consists of cash distributions from NuStar Energy, the amount of distributions we are able to make to our unitholders may fluctuate based on the level of distributions NuStar Energy makes to its unitholders, including us. We cannot assure you that NuStar Energy will continue to make quarterly distributions at its current level of $1.075 per unit, or any other amount, or increase its quarterly distributions in the future. In addition, while we would expect to increase or decrease distributions to our unitholders if NuStar Energy increases or decreases distributions to us, the timing and amount of such changes in distributions, if any, will not necessarily be comparable to the timing and amount of any changes in distributions made by NuStar Energy to us. Our ability to distribute cash received from NuStar Energy to our unitholders is limited by a number of factors, including:

- interest expense and principal payments on any indebtedness we may incur;
- restrictions on distributions contained in any future debt agreements;
- our general and administrative expenses, including expenses we incur as a public company;
- expenses of our subsidiaries, including tax liabilities of our corporate subsidiaries;
- reserves necessary for us to make the necessary capital contributions to maintain our 2% general partner interest in NuStar Energy, as required by the partnership agreement of NuStar Energy upon the issuance of additional partnership securities by NuStar Energy; and
- reserves our board of directors believes prudent for us to maintain for the proper conduct of our business or to provide for future distributions.

We cannot guarantee that in the future we will be able to pay distributions or that any distributions NuStar Energy pays to us will allow us to pay distributions at or above our current quarterly distribution of $0.48 per unit. The actual amount of cash that is available for distribution to our unitholders will depend on numerous factors, many of which are beyond our control or the control of NuStar Energy. Therefore, a reduction in the amount of cash distributed by NuStar Energy per unit or on the incentive distribution rights, or an increase in our expenses, may result in our not being able to pay our current quarterly distribution of $0.48 per unit.

NuStar Energy's unitholders, excluding the owner of NuStar Energy's general partner, have the right to remove NuStar Energy's general partner by a simple majority vote, which would cause us to divest our general partner interest and incentive distribution rights in NuStar Energy in exchange for cash or common units of NuStar Energy and cause us to lose our ability to manage NuStar Energy.
We currently manage NuStar Energy through Riverwalk Logistics, L.P., NuStar Energy's general partner and our indirect, wholly owned subsidiary. NuStar Energy's partnership agreement, however, gives unitholders of NuStar Energy the right to remove the general partner of NuStar Energy upon the affirmative vote of holders of a majority of outstanding NuStar Energy common units, excluding the common units owned by us. As of December 31, 2010, we own a 15.6% limited partner interest in NuStar Energy, and the public unitholders own 82.4%. If Riverwalk Logistics, L.P. were removed as the general partner of NuStar Energy, it would receive cash or common units in exchange for its 2% general partner interest and its incentive distribution rights and would lose its ability to manage NuStar Energy. While the common units or cash that Riverwalk Logistics, L.P. would receive are intended under the terms of NuStar Energy's partnership agreement to fully compensate it in the event it is removed as general partner, these common units or the investments made with the cash over time may not provide us with as much distributable cash, or be as valuable, as the 2% general partner interest and incentive distribution rights had we retained them.

NuStar Energy's general partner, with our consent, may limit or modify the incentive distributions we are entitled to receive in order to facilitate the growth strategy of NuStar Energy. Our board of directors can give this consent without a vote of our unitholders.
We indirectly own NuStar Energy's general partner, which owns the incentive distribution rights in NuStar Energy that entitle us to receive increasing percentages, up to a maximum of 23%, of any cash distributed by NuStar Energy as it exceeds a distribution of $0.60 per NuStar Energy common unit in any quarter. A substantial portion of the cash

flows we receive from NuStar Energy is provided by these incentive distributions. Our limited liability company agreement provides that our board of directors may consent to the elimination, reduction or modification of the incentive distribution rights without our unitholders' approval if our board determines that the elimination, reduction or modification will not adversely affect our unitholders in any material respect.

Restrictions in our credit facility limit our ability to make distributions to our unitholders; credit facility matures in July 2011.
Our credit facility contains covenants limiting our ability to incur indebtedness, grant liens, engage in transactions with affiliates and make distributions to our unitholders. The credit facility also contains covenants requiring NuStar Energy to maintain certain financial ratios. Our and NuStar Energy's ability to comply with any restrictions and covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If we or NuStar Energy are unable to comply with these restrictions and covenants, a significant portion of any indebtedness under our credit facility may become immediately due and payable, and our lenders' commitment to make loans to us under our credit facility may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments.

Our payment of principal and interest on any future indebtedness will reduce our cash available for distribution on our units. Our credit facility limits our ability to pay distributions to our unitholders during an event of default or if an event of default would result from the distribution.

In addition, this and any future levels of indebtedness may:

- adversely affect our ability to obtain additional financing for future operations or capital needs;
- limit our ability to pursue acquisitions and other business opportunities; or
- make our results of operations more susceptible to adverse economic or operating conditions.

Our revolving credit facility matures in July 2011. It is possible that our lenders may not agree to renew our credit facility or may only agree to renew it at substantially less favorable terms. If our credit facility is renewed on substantially less favorable terms, or if our credit facility is not renewed and we must enter into alternative financing arrangements, various limitations in these financing agreements may reduce our ability to incur additional indebtedness, to engage in some transactions or to capitalize on business opportunities. In the event we are unable to obtain adequate financing and NuStar Energy issues additional units, we may not be able to make contributions to NuStar Energy necessary to maintain our 2% general partner interest.

Our ability to sell our ownership interests in NuStar Energy may be limited by securities laws restrictions and liquidity constraints.
All of the units of NuStar Energy that we own are unregistered, restricted securities, within the meaning of Rule 144 under the Securities Act of 1933. Unless we exercise our registration rights with respect to these units, we are limited to selling into the market in any three-month period an amount of NuStar Energy common units that does not exceed the greater of 1% of the total number of common units outstanding or the average weekly reported trading volume of the common units for the four calendar weeks prior to the sale. We face contractual limitations on our ability to sell our 2% general partner interest and incentive distribution rights, and the market for such interests is illiquid.

The market price of our units could be adversely affected by sales of substantial amounts of our units into public markets, including sales by our existing unitholders.
Sales by us or any of our existing unitholders, including William E. Greehey, Chairman of the Boards of Directors of NuStar GP Holdings and NuStar GP, LLC, of a substantial number of our units in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our units or could impair our ability to obtain capital through an offering of equity securities. Mr. Greehey currently owns 16.9% of our outstanding units.

Distributions on our incentive distribution rights in NuStar Energy are more uncertain than distributions on the common units we hold.
Our indirect ownership of the incentive distribution rights in NuStar Energy entitles us to receive our pro rata share of specified percentages of total cash distributions made by NuStar Energy with respect to any particular quarter only in the event that NuStar Energy distributes more than $0.60 per unit for such quarter. As a result, the holders of NuStar

Energy's common units have a priority over the holders of NuStar Energy's incentive distribution rights to the extent of cash distributions by NuStar Energy up to and including $0.60 per unit for any quarter.

Our incentive distribution rights entitle us to receive increasing percentages, up to 23%, of all cash distributed by NuStar Energy. Because the incentive distribution rights currently participate at the maximum 23% target cash distribution level in all distributions made by NuStar Energy at or above the current distribution level, future growth in distributions we receive from NuStar Energy will not result from an increase in the target cash distribution level associated with the incentive distribution rights.

Furthermore, a decrease in the amount of distributions by NuStar Energy to less than $0.66 per unit per quarter would reduce our percentage of the incremental cash distributions above $0.60 per unit per quarter from 23% to 8%. As a result, any such reduction in quarterly cash distributions from NuStar Energy would have the effect of disproportionately reducing the amount of all distributions that we receive from NuStar Energy based on our ownership interest in the incentive distribution rights in NuStar Energy as compared to cash distributions we receive from NuStar Energy on our 2% general partner interest in NuStar Energy and our NuStar Energy common units.

If NuStar Energy's general partner is not fully reimbursed or indemnified for obligations and liabilities it incurs in managing the business and affairs of NuStar Energy, it may not be able to satisfy its obligations and its cash flows will be reduced.
The general partner of NuStar Energy and its affiliates may make expenditures on behalf of NuStar Energy for which they will seek reimbursement from NuStar Energy. In addition, under Delaware law, the general partner, in its capacity as the general partner of NuStar Energy, has unlimited liability for the obligations of NuStar Energy, such as its debts and environmental liabilities, except for those contractual obligations of NuStar Energy that are expressly made without recourse to the general partner. To the extent Riverwalk Logistics, L.P. incurs obligations on behalf of NuStar Energy, it is entitled to be reimbursed or indemnified by NuStar Energy. If NuStar Energy does not reimburse or indemnify its general partner, Riverwalk Logistics, L.P. may be unable to satisfy these liabilities or obligations, which would reduce its cash flows. In turn, Riverwalk Logistics, L.P. would have less cash to distribute to us.

If distributions on our units are not paid with respect to any fiscal quarter, our unitholders will not be entitled to receive such payments in the future.
Our distributions to our unitholders are not cumulative. Consequently, if distributions on our units are not paid with respect to any fiscal quarter at the current distribution rate, our unitholders will not be entitled to receive such payments in the future.

Our cash distribution policy limits our growth because we do not retain earnings to reinvest in any acquisitions or growth capital expenditures, and NuStar Energy's distribution policy may limit NuStar Energy's growth.
Because we distribute all of our available cash, our growth may not be as fast as businesses that reinvest their available cash to expand ongoing operations. In fact, our growth is currently completely dependent upon NuStar Energy's ability to increase its quarterly distributions because our only cash-generating assets are indirect ownership interests in NuStar Energy. If we issue additional units or incur debt to fund acquisitions and growth capital expenditures, the payment of distributions on those additional units or interest on that debt could increase the risk that we will be unable to maintain or increase our current per unit distribution level.

Consistent with the terms of its partnership agreement, NuStar Energy distributes to its partners its available cash each quarter. In determining the amount of cash available for distribution, NuStar Energy sets aside cash reserves, which it uses to fund its growth capital expenditures. Additionally, it has relied upon external financing sources, including commercial borrowings and other debt and equity issuances, to fund its acquisition capital expenditures. Accordingly, to the extent NuStar Energy does not have sufficient cash reserves or is unable to finance growth externally, its cash distribution policy will significantly impair its ability to grow. In addition, to the extent NuStar Energy issues additional units in connection with any acquisitions or growth capital expenditures, the payment of distributions on those additional units may increase the risk that NuStar Energy will be unable to maintain or increase its per unit distribution level, which in turn may impact the available cash that we have to distribute to our unitholders. The incurrence of additional debt to finance its growth strategy would result in increased interest expense to NuStar Energy, which in turn may impact the available cash that we have to distribute to our unitholders.

If in the future we cease to manage NuStar Energy, we may be deemed to be an investment company under the Investment Company Act of 1940, which would cause us either to have to register as an investment company, obtain exemptive relief from the SEC, or modify our organizational structure or our contract rights.

If we cease to manage NuStar Energy as a consequence of Riverwalk Logistics, L.P.'s removal or withdrawal as NuStar Energy's general partner or otherwise, and are deemed to be an investment company under the Investment Company Act of 1940 because of our ownership of NuStar Energy partnership interests, we would either have to register as an investment company under the Investment Company Act, obtain exemptive relief from the SEC, or modify our organizational structure or our contract rights to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially limit our ability to engage in transactions with affiliates, including the sale and purchase of certain securities or other property to or from our affiliates, restrict our ability to borrow funds or engage in other transactions involving leverage.

An increase in interest rates may cause the market price of our units to decline resulting in the loss of a portion of your investment in us.

As interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as limited liability company membership interests. Reduced demand for our units resulting from investors seeking other more favorable investment opportunities may cause the trading price of our units to decline. As a result, you may lose a portion of your investment in us.

We may issue an unlimited number of additional securities without the consent of our unitholders, which will dilute your ownership interest in us and may increase the risk that we will not have sufficient available cash to maintain or increase our per unit distribution level.

At any time we may issue an unlimited number of additional securities without the approval of our unitholders on terms and conditions determined by our board of directors. The issuance by us of additional units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the relative voting strength of each previously outstanding unit may be diminished;
- the ratio of taxable income to distributions may increase; and
- the market price of the units may decline.

NuStar Energy may issue additional NuStar Energy units, which may increase the risk that NuStar Energy will not have sufficient available cash to maintain or increase its per unit cash distribution level and that we will have to make a capital contribution to NuStar Energy.

NuStar Energy may issue additional NuStar Energy units, including units that rank senior to the NuStar Energy common units and the incentive distribution rights as to quarterly cash distributions, on the terms and conditions established by its general partner. Additionally, we are required to make additional capital contributions to NuStar Energy upon NuStar Energy's issuance of additional units in order to maintain our 2% general partner interest in NuStar Energy. Furthermore, to the extent NuStar Energy issues units that are senior to the NuStar Energy common units and the incentive distribution rights, their issuance will render more uncertain the payment of distributions on the common units and the incentive distribution rights. Neither the common units nor the incentive distribution rights are entitled to any arrearages from prior quarters. The payment of distributions on any additional NuStar Energy units may increase the risk that NuStar Energy will be unable to maintain or increase its per unit cash distribution level and the requirement that we make capital contributions to NuStar Energy to maintain our 2% general partner interest may impact the available cash that we have to distribute to our unitholders.

Anti-takeover provisions in our limited liability company agreement may make an acquisition of us more complicated and the removal and replacement of our directors and executive officers more difficult.

Our limited liability company agreement contains provisions that may delay or prevent a change in control. These provisions may also make it difficult for unitholders to remove and replace our board of directors and executive officers.

Section 203. Our limited liability company agreement effectively adopts Section 203 of the Delaware General Corporation Law (DGCL). Section 203 of the DGCL, as it applies to us, prevents an interested unitholder, defined as a person who owns 15% or more of our outstanding units, from engaging in business combinations with us for three years following the time such person becomes an interested unitholder. Section 203 broadly defines “business combination” to encompass a wide variety of transactions with or caused by an interested unitholder, including mergers, asset sales and other transactions in which the interested unitholder receives a benefit on other than a pro rata basis with other unitholders. This provision of our limited liability company agreement could have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for our units.

Limited Voting Rights. Our limited liability company agreement provides that if any person or group other than our affiliates acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires all of its units from our affiliates or any transferees of that person or group approved by our board of directors or to any person or group who acquires the units with the prior approval of our board of directors.

Staggered Board. In addition, our limited liability company agreement divides our board of directors into two classes serving staggered two-year terms and permits the board to be divided into three classes serving staggered three-year terms upon the election of a fifth director to our board. This provision, when coupled with the provision of our limited liability company agreement authorizing only the board of directors to fill vacant or newly created directorships or increase the size of the board of directors and the provision providing that directors may only be removed at a meeting of unitholders and cannot be done by written consent, may deter a unitholder from gaining control of our board of directors by removing incumbent directors or increasing the number of directorships and simultaneously filling the vacancies or newly created directorships with its own nominees.

Preferred Unit Purchase Rights. On July 19, 2006, we entered into a rights agreement with Computershare Investor Services, LLC, as amended effective February 28, 2008, under which our board of directors declared a distribution of one preferred unit purchase right for each of our outstanding units. The rights become exercisable under specified circumstances, including any person or group (an “acquiring person”) becoming the beneficial owner of 15% or more of our outstanding units, subject to specified exceptions. If events specified in the rights agreement occur, each holder of rights, other than an acquiring person, can exercise their rights. When a holder exercises a right, the holder will be entitled to receive units valued at some multiple of the exercise price of the right. In some cases, the holder will receive cash, property or other securities instead of units. We may redeem the rights prior to a person or group becoming an acquiring person.

These provisions may delay or prevent a third party from acquiring us and any such delay or prevention could cause the market price of our units to decline.

NuStar Energy’s unitholders may not have limited liability if a court finds that limited partner actions constitute control of NuStar Energy’s business and may therefore become liable for certain of NuStar Energy’s obligations, which may impact the cash we have available to make distributions.
Under Delaware law, unitholders could be held liable for NuStar Energy’s obligations to the same extent as a general partner if a court determined that actions of a unitholder constituted participation in the “control” of NuStar Energy’s business.

Under Delaware law, the general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that, under some circumstances, a limited partner may be liable to NuStar Energy for the amount of a distribution for a period of three years from the date of the distribution.

RISKS RELATED TO CONFLICTS OF INTEREST

Although we manage NuStar Energy through our indirect ownership of its general partner, NuStar Energy’s general partner owes fiduciary duties to NuStar Energy and NuStar Energy’s unitholders, which may conflict with our interests.
Conflicts of interest exist and may arise in the future as a result of the relationships between us and our affiliates, including NuStar Energy’s general partner, on the one hand, and NuStar Energy and its limited partners, on the other

hand. The directors and officers of NuStar GP, LLC have fiduciary duties to manage NuStar Energy's business in a manner beneficial to us, its owner. At the same time, NuStar GP, LLC has a fiduciary duty to manage NuStar Energy in a manner beneficial to NuStar Energy and its unitholders. The board of directors of NuStar GP, LLC or its conflicts committee will resolve any such conflict and have broad latitude to consider the interests of all parties to the conflict. Our independent directors will not be the same as the independent directors who serve on the conflicts committee of NuStar GP, LLC. The resolution of these conflicts may not always be in our best interest or that of our unitholders.

For example, conflicts of interest may arise in the following situations:

- the allocation of shared overhead expenses to NuStar Energy and us;
- the determination and timing of the amount of cash to be distributed to NuStar Energy's partners and the amount of cash to be reserved for the future conduct of NuStar Energy's business;
- any proposal by NuStar GP, LLC to eliminate, reduce or modify the incentive distribution rights;
- the decision whether NuStar Energy should make acquisitions, and on what terms;
- the determination of whether NuStar Energy should use cash on hand, borrow or issue equity to raise cash to finance acquisitions or expansion capital projects, repay indebtedness, meet working capital needs, pay distributions to NuStar Energy's partners or otherwise; and
- any decision we make in the future to engage in business activities independent of, or in competition with, NuStar Energy.

Our limited liability agreement limits and modifies our directors' fiduciary duties and the fiduciary duties of our officers and directors may conflict with those of the general partner of NuStar Energy's general partner's officers and directors.
Our limited liability company agreement contains provisions that modify and limit our directors' fiduciary duties to our unitholders. For example, our limited liability company agreement provides that:

- our directors will not have any liability to us or our unitholders for decisions made in good faith, meaning they believed the decision was in our best interests; and
- our board of directors will not be liable for monetary damages to us or our unitholders for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the board of directors acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that such conduct was unlawful.

Our directors and officers have fiduciary duties to manage our business in a manner beneficial to us and our unitholders. Simultaneously, three of our directors and all of our officers are also directors and officers of NuStar GP, LLC, the general partner of NuStar Energy's general partner, and have fiduciary duties to manage the business of NuStar Energy in a manner beneficial to NuStar Energy and its unitholders. For instance, William E. Greehey is our Chairman of the Board as well as the Chairman of the Board of NuStar GP, LLC. Consequently, these directors and officers may encounter situations in which their fiduciary obligations to NuStar Energy, on the one hand, and us, on the other hand, are in conflict. The resolution of these conflicts may not always be in our best interest or that of our unitholders. For example, we share certain executive officers and administrative personnel with NuStar GP, LLC to operate both our business and NuStar Energy's business. Our executive officers, who are also the executive officers of NuStar GP, LLC, will allocate, in their reasonable and sole discretion, their time spent on our behalf and on behalf of NuStar Energy. These allocations may not be the result of arms-length negotiations between NuStar GP, LLC and us, and therefore the allocations may not exactly match the actual time and overhead spent.

RISKS RELATED TO NUSTAR ENERGY'S BUSINESS

Reduced demand for refined products could affect NuStar Energy's results of operations and ability to make distributions to its partners, including us.
Any sustained decrease in demand for refined products in the markets served by NuStar Energy's pipelines, terminals or refineries could result in a significant reduction in throughputs in its pipelines, storage in its terminals or sales of asphalt and other refined products, which would reduce NuStar Energy's cash flow and its ability to make distributions to its partners, including us. Factors that could lead to a decrease in market demand include:

- a recession or other adverse economic condition that results in lower spending by consumers on gasoline, diesel, and travel;
- higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline;
- a decrease in spending on construction projects, including road paving and maintenance;
- an increase in automotive engine fuel economy, whether as a result of a shift by consumers to more fuel-efficient vehicles or technological advances by manufacturers;
- an increase in the market price of crude oil that leads to higher refined product prices, including asphalt prices, which may reduce demand for refined products and drive demand for alternative products. Market prices for crude oil and refined products, including asphalt, are subject to wide fluctuation in response to changes in global and regional supply that are beyond NuStar Energy's control, and increases in the price of crude oil may result in a lower demand for refined products, including asphalt;
- a decrease in corn acres planted, which may reduce demand for anhydrous ammonia; and
- the increased use of alternative fuel sources, such as battery-powered engines.

A decrease in lease renewals or throughputs in NuStar Energy's assets would cause NuStar Energy's revenues to decline and could adversely affect NuStar Energy's ability to make cash distributions to its unitholders, including us.
A decrease in lease renewals or throughputs in NuStar Energy's assets would cause NuStar Energy's revenues to decline and could adversely affect NuStar Energy's ability to make cash distributions to its unitholders, including us. Such a decrease could result from a customer's failure to renew a lease, a temporary or permanent decline in the amount of crude oil or refined products stored at and transported from the refineries NuStar Energy serves and owns or construction by NuStar Energy's competitors of new transportation or storage assets in the markets it serves. Factors that could result in such a decline include:

- a material decrease in the supply of crude oil;
- a material decrease in demand for refined products in the markets served by NuStar Energy's pipelines, terminals and refineries;
- scheduled refinery turnarounds or unscheduled refinery maintenance;
- operational problems or catastrophic events at a refinery;
- environmental proceedings or other litigation that compel the cessation of all or a portion of the operations at a refinery;
- a decision by NuStar Energy's current customers to redirect refined products transported in NuStar Energy's pipelines to markets not served by NuStar Energy's pipelines or to transport crude oil or refined products by means other than NuStar Energy's pipelines;
- increasingly stringent environmental regulations; or
- a decision by NuStar Energy's current customers to sell one or more of the refineries NuStar Energy serves to a purchaser that elects not to use NuStar Energy's pipelines and terminals.

NuStar Energy's asphalt refineries are dependent upon a steady supply of crude oil from Petróleos de Venezuela S.A. (PDVSA), the national oil company of Venezuela, and decisions of the Organization of Petroleum Exporting Countries (OPEC) to decrease production of crude oil, as well as the Venezuelan economic and political environment, may disrupt NuStar Energy's supply of crude oil.
NuStar Energy has an agreement with PDVSA, pursuant to which PDVSA agrees to sell and NuStar Energy agrees to purchase an annual average of 75,000 barrels per day of crude oil. OPEC cuts, coupled with Venezuela's ongoing political, economic and social turmoil could have a severe impact on PDVSA's production or delivery of crude oil. In the event PDVSA reduces or discontinues its production or delivery of Boscán or Bachaquero BCF-13, the crude oil for which NuStar Energy's refineries are currently optimized, NuStar Energy will be forced to replace all or a portion of the crude oil it would normally have purchased under its PDVSA crude oil supply contract with purchases of crude oil on the spot market, potentially at a price less favorable than it would have obtained under the PDVSA crude oil supply contract. It is possible that processing a more significant proportion of alternate crudes could result in reduced refinery run rates, significantly reduced production and additional capital expenditures, which could be material. Accordingly, any major disruption of NuStar Energy's supply of crude oil from Venezuela could result in substantially lower revenues and additional volatility in its earnings and cash flow.

NuStar Energy's operations are subject to operational hazards and unforeseen interruptions, and NuStar Energy does not insure against all potential losses. Therefore, NuStar Energy could be seriously harmed by unexpected liabilities.
NuStar Energy's operations are subject to operational hazards and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, mechanical failures and other events beyond its control. These events might result in a loss of equipment or life, injury or extensive property damage, as well as an interruption in NuStar Energy's operations. In the event any of NuStar Energy's facilities are forced to shut down for a significant period of time, it may have a material adverse effect on NuStar Energy's earnings, its other results of operations and its financial condition as a whole.

NuStar Energy may not be able to maintain or obtain insurance of the type and amount it desires at reasonable rates. As a result of market conditions, premiums and deductibles for certain of NuStar Energy's insurance policies have increased substantially and could escalate further. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage and at higher rates. For example, NuStar Energy's insurance carriers require broad exclusions for losses due to terrorist acts. If NuStar Energy were to incur a significant liability for which it is not fully insured, such a liability could have a material adverse effect on NuStar Energy's financial position and its ability to make distributions to its unitholders, including us, and to meet its debt service requirements.

The price volatility of crude oil and refined products can reduce NuStar Energy's revenues and ability to make distributions to its unitholders, including us.
Revenues associated with NuStar Energy's asphalt operations result from the refining of crude oil into asphalt and other products and the sale of those products. The price and market value of crude oil and refined products is volatile. NuStar Energy's revenues will be adversely affected by this volatility during periods of decreasing prices because of the reduction in the value and resale price of NuStar Energy's inventory. Future price volatility could have an adverse impact on NuStar Energy's results of operations, cash flow and ability to make distributions to its unitholders, including us.

NuStar Energy's financial results are affected by volatile asphalt and intermediate product refining margins.
A large portion of NuStar Energy's earnings from its asphalt operations are affected by the relationship, or margin, between asphalt and other intermediate product prices and the prices for crude oil and other feedstocks. NuStar Energy's cost to acquire feedstocks and the price at which it can ultimately sell asphalt and other intermediate products depend upon several factors beyond its control, including regional and global supply of and demand for crude oil, asphalt and other feedstocks and intermediate and refined products. These in turn depend on, among other things, the availability and quantity of imports, the production levels of domestic and foreign suppliers, levels of intermediate and refined product inventories, United States relationships with foreign governments, political affairs and the extent of governmental regulation.

Additionally, crude oil prices and prices for the asphalt and intermediate products produced by NuStar Energy's asphalt operations may not fluctuate consistently. Typically, increases in the prices of asphalt and intermediate products lag behind increases in the price of crude oil. Furthermore, much of the asphalt produced by the asphalt operations is marketed to satisfy governmental contracts. The governmental agencies with which NuStar Energy or its customers contract may have budgetary or other constraints that limit their ability to absorb increases to asphalt prices. NuStar Energy's results of operations in its asphalt and fuels marketing segment will suffer if the market prices of asphalt and intermediate products do not increase as much as the price of crude oil. NuStar Energy's increased exposure to unstable commodity prices will increase the volatility of its earnings.

The operating results for NuStar Energy's asphalt operations are seasonal and generally lower in the first and fourth quarters of the year.
The selling prices of asphalt products NuStar Energy produces are seasonal. Asphalt demand is generally lower in the first and fourth quarters of the year as compared to the second and third quarters, due to the seasonality of road construction. In addition, NuStar Energy's natural gas costs can be higher during the winter months. NuStar Energy's operating results for the first and fourth calendar quarters will likely be lower than those for the second and third calendar quarters of each year as a result of this seasonality.

Competition in the asphalt industry is intense, and such competition in the markets in which NuStar Energy sells its asphalt products could adversely affect NuStar Energy's earnings and ability to make distributions to its unitholders, including us.
NuStar Energy's asphalt operations compete with other refiners and with regional and national asphalt marketing companies. Many of these competitors are larger, more diverse companies with greater resources, providing them advantages in obtaining crude oil and other blendstocks and in competing through bidding process for asphalt supply contracts.

NuStar Energy's marketing and trading of crude oil and refined products may expose NuStar Energy to trading losses and hedging losses, and non-compliance with NuStar Energy's related risk management policies could result in significant financial losses.
NuStar Energy's marketing and trading of crude oil and refined products may expose NuStar Energy to price volatility risk for the purchase and sale of crude oil and petroleum products, including gasoline, distillates, fuel oil and asphalt. NuStar Energy attempts to mitigate this volatility risk through hedging, but it is still exposed to basis risk. NuStar Energy may also be exposed to inventory and financial liquidity risk due to the inability to trade certain products or rising costs of carrying some inventories. Further, NuStar Energy's marketing and trading activities, including any hedging activities, may cause volatility in NuStar Energy's earnings. In addition, NuStar Energy will be exposed to credit risk in the event of non-performance by counterparties.

NuStar Energy's risk management policies may not eliminate all price risk since open trading positions will expose it to price volatility. Further, there is a risk that NuStar Energy's risk management policies will not be complied with. Although NuStar Energy has designed procedures to anticipate and detect non-compliance, there are no assurances these steps will detect and prevent all violations of NuStar Energy's trading policies and procedures, particularly if deception and other intentional misconduct are involved.

As a result of the risks described above, the activities associated with NuStar Energy's marketing and trading business may expose NuStar Energy to volatility in earnings and financial losses, which may adversely affect its financial condition and ability to distribute cash to its unitholders, including us.

Hedging transactions may limit NuStar Energy's potential gains or result in significant financial losses.
In order to manage NuStar Energy's exposure to commodity price fluctuations associated with its asphalt and fuels marketing segment, NuStar Energy may engage in crude oil and refined product hedges. While intended to reduce the effects of volatile crude oil and refined product prices, such transactions, depending on the hedging instrument used, may limit NuStar Energy's potential gains if crude oil and refined product prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose NuStar Energy to the risk of financial loss in certain circumstances, including instances in which:

- production is substantially less than expected;
- the counterparties to NuStar Energy's futures contracts fail to perform under the contracts; or
- there is a change in the expected differential between the underlying price in the hedging agreement and the actual prices received.

The accounting standards regarding hedge accounting are complex, and even when NuStar Energy engages in hedging transactions that are effective economically, these transactions may not be considered effective for accounting purposes. Accordingly, NuStar Energy's financial statements will reflect increased volatility due to these hedges, even when there is no underlying economic impact at that point. In addition, it is not possible for NuStar Energy to engage in a hedging transaction that completely mitigates its exposure to commodity prices. NuStar Energy's financial statements may reflect a gain or loss arising from an exposure to commodity prices for which NuStar Energy is unable to enter into an effective hedge.

NuStar Energy is exposed to counterparty credit risk. Nonpayment and nonperformance by NuStar Energy's customers, vendors or derivative counterparties could reduce its revenues, increase its expenses or otherwise negatively impact its operating results, cash flows and ability to make distributions to its unitholders, including us.
NuStar Energy is subject to risks of loss resulting from nonpayment or nonperformance by its customers to whom it extends credit. In addition, nonperformance by vendors who have committed to provide NuStar Energy with products or services could result in higher costs or interfere with its ability to successfully conduct its business. Furthermore,

nonpayment by the counterparties to NuStar Energy's interest rate and commodity derivatives could expose NuStar Energy to additional interest rate or commodity price risk. Weak economic conditions and widespread financial stress could reduce the liquidity of its customers, vendors or counterparties, making it more difficult for them to meet their obligations to NuStar Energy. Any substantial increase in the nonpayment and nonperformance by NuStar Energy's customers, vendors or counterparties could have a material adverse effect on its results of operations, cash flows and ability to make distributions to its unitholders, including us.

NuStar Energy's future financial and operating flexibility may be adversely affected by its significant leverage, significant working capital needs, restrictions in its debt agreements and recent disruptions in the financial markets.
As of December 31, 2010, NuStar Energy's consolidated debt was $2.1 billion. Among other things, this significant leverage may be viewed negatively by credit rating agencies, which could result in increased costs for NuStar Energy to access the capital markets. NuStar Logistics, L.P. (NuStar Logistics) and NuStar Pipeline Operating Partnership L.P. (NuPOP) have senior unsecured ratings of Baa3 with Moody's Investor Service and BBB minus with Standard & Poor's and Fitch. Fitch, Moody's and Standard & Poor's have assigned NuStar Logistics and NuPOP a stable outlook. Any future downgrade of the debt issued by NuStar Energy's wholly owned subsidiaries could significantly increase NuStar Energy's capital costs and adversely affect its ability to raise capital in the future. Additionally, any ratings downgrade on the debt issued by NuStar Logistics could result in an adjustment to the interest rates on the bonds issued by NuStar Logistics in April 2008, which would significantly increase NuStar Energy's capital costs and adversely affect NuStar Energy's ability to raise capital in the future.

NuStar Energy requires significant amounts of working capital to make purchases of crude oil and maintain necessary seasonal inventories to support its asphalt operations. NuStar Energy believes that its current sources of capital are adequate to meet its working capital needs. However, if NuStar Energy's working capital needs increase more than anticipated, it may be forced to seek additional sources of capital, which may not be available or available on commercially reasonable terms.

NuStar Energy's five-year revolving credit agreement (the 2007 Revolving Credit Agreement) contains restrictive covenants, including a requirement that, as of the end of each rolling period, which consists of any period of four consecutive fiscal quarters, NuStar Energy maintains a consolidated debt coverage ratio (consolidated indebtedness to consolidated EBITDA, as defined in the 2007 Revolving Credit Agreement) not to exceed 5.00-to-1.00. Failure to comply with any of the restrictive covenants in the 2007 Revolving Credit Agreement will result in a default under the terms of this credit agreement and could result in acceleration of this and possibly other indebtedness.

Debt service obligations, restrictive covenants in NuStar Energy's credit facilities and the indentures governing its outstanding senior notes and maturities resulting from this leverage may adversely affect NuStar Energy's ability to finance future operations, pursue acquisitions and fund other capital needs and its ability to pay cash distributions to its unitholders, including us. In addition, this leverage may make NuStar Energy's results of operations more susceptible to adverse economic or operating conditions. For example, during an event of default under any of NuStar Energy's debt agreements, NuStar Energy would be prohibited from making cash distributions to its unitholders, including us.

If NuStar Energy's lenders file for bankruptcy or experience severe financial hardship, they may not honor their pro rata share of NuStar Energy's borrowing requests under the 2007 Revolving Credit Agreement, which may significantly reduce its available borrowing capacity and, as a result, materially adversely affect NuStar Energy's financial condition and ability to pay distributions to its unitholders, including us.

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

Increases in interest rates could adversely affect NuStar Energy's business and the trading price of NuStar Energy's units.
NuStar Energy has significant exposure to increases in interest rates. As of December 31, 2010, NuStar Energy had approximately $2.1 billion of consolidated debt, of which $1.0 billion was at fixed interest rates and $1.1 billion was at variable interest rates after giving effect to interest rate swap agreements. NuStar Energy's results of operations, cash flows and financial position could be materially adversely affected by significant increases in interest rates above

current levels. Further, the trading price of NuStar Energy's common units is sensitive to changes in interest rates and any rise in interest rates could adversely impact such trading price.

NuStar Energy could be subject to damages based on claims brought against it by its customers or lose customers as a result of the failure of its products to meet certain quality specifications.
NuStar Energy's specialty asphalt products are produced to precise customer specifications. If a product fails to perform in a manner consistent with the detailed quality specifications required by the customer, the customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. A successful claim or series of claims against us could result in a loss of one or more customers.

If NuStar Energy is unable to complete capital projects at their expected costs and/or in a timely manner, or if the market conditions assumed in its project economics deteriorate, NuStar Energy's financial condition, results of operations, or cash flows could be affected materially and adversely.
Delays or cost increases related to capital spending programs involving construction of new facilities (or improvements and repairs to our existing facilities) could adversely affect NuStar Energy's ability to achieve forecasted operating results. Although NuStar Energy evaluates and monitors each capital spending project and tries to anticipate difficulties that may arise, such delays or cost increases may arise as a result of factors that are beyond its control, including:

- denial or delay in issuing requisite regulatory approvals and/or permits;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of modular components and/or construction materials;
- severe adverse weather conditions, natural disasters, or other events (such as equipment malfunctions, explosions, fires, spills) affecting NuStar Energy's facilities, or those of vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project's debt or equity financing costs; and/or
- nonperformance by, or disputes with, vendors, suppliers, contractors, or sub-contractors involved with a project.

NuStar Energy's forecasted operating results also are based upon its projections of future market fundamentals that are not within its control, including changes in general economic conditions, availability to its customers of attractively priced alternative supplies of crude oil and refined products and overall customer demand.

Potential future acquisitions and expansions, if any, may increase substantially the level of NuStar Energy's indebtedness and contingent liabilities, and NuStar Energy may be unable to integrate them effectively into its existing operations.
From time to time, NuStar Energy evaluates and acquires assets and businesses that it believes complement or diversify its existing assets and businesses. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. If NuStar Energy consummates any future material acquisitions, its capitalization and results of operations may change significantly.

Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them and new geographic areas. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined and we may experience unanticipated delays in realizing the benefits of an acquisition. In some cases, NuStar Energy has indemnified the previous owners and operators of acquired assets.

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

Climate change legislation and regulatory initiatives may decrease demand for the products NuStar Energy stores, transports and sells and increase NuStar Energy's operating costs.
Recent scientific studies have suggested that emissions of certain gases, commonly referred to as "greenhouse gases" and including carbon dioxide and methane, may be contributing to warming of the Earth's atmosphere. In response to

such studies, the United States Congress is actively considering legislation to reduce emissions of greenhouse gases. In addition, at least one-third of the states, either individually or through multi-state regional initiatives, have already taken legal measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or greenhouse gas cap and trade programs. As an alternative to reducing emission of greenhouse gases under cap and trade programs, Congress may consider the implementation of a program to tax the emission of carbon dioxide and other greenhouse gases. In December 2009, the Environmental Protection Agency (EPA) issued an endangerment finding that greenhouse gases may reasonably be anticipated to endanger public health and welfare and are a pollutant to be regulated under the Clean Air Act. Passage of climate change legislation or other regulatory initiatives by Congress or various states of the United States or the adoption of regulations by the EPA or analogous state agencies that regulate or restrict emissions of greenhouse gases in areas in which NuStar Energy conducts business, could result in changes to the demand for the products NuStar Energy stores, transports and sells, and could increase the costs of its operations, including costs to operate and maintain its facilities, install new emission controls on its facilities, acquire allowances to authorize its greenhouse gas emissions, pay any taxes related to its greenhouse gas emissions and administer and manage a greenhouse gas emissions program. NuStar Energy may be unable to recover any such lost revenues or increased costs in the rates it charges its customers, and any such recovery may depend on events beyond NuStar Energy’s control, including the outcome of future rate proceedings before the Federal Energy Regulatory Commission (FERC) and the provisions of any final legislation or regulations. Reductions in NuStar Energy’s revenues or increases in its expenses as a result of climate control initiatives could have adverse effects on its business, financial position, results of operations and prospects.

NuStar Energy may not be able to integrate effectively and efficiently with future businesses or operations it may acquire. Any future acquisitions may substantially increase the levels of NuStar Energy’s indebtedness and contingent liabilities.

Part of NuStar Energy’s business strategy includes acquiring additional assets that complement NuStar Energy’s existing asset base and distribution capabilities or provide entry into new markets. NuStar Energy may not be able to identify suitable acquisitions, or it may not be able to purchase or finance any acquisitions on terms that it finds acceptable. Additionally, NuStar Energy competes against other companies for acquisitions, and NuStar Energy may not be successful in the acquisition of any assets or businesses appropriate for its growth strategy. NuStar Energy’s capitalization and results of operations may change significantly as a result of future acquisitions, and you will not have the opportunity to evaluate the economic, financial and other relevant information that NuStar Energy will consider in connection with any future acquisitions. Unexpected costs or challenges may arise whenever businesses with different operations and management are combined. For example, the incurrence of substantial unforeseen environmental and other liabilities, including liabilities arising from the operation of an acquired business or asset prior to NuStar Energy’s acquisition for which it is not indemnified or for which indemnity is inadequate, may adversely affect NuStar Energy’s ability to realize the anticipated benefit from an acquisition. Inefficiencies and difficulties may arise because of unfamiliarity with new assets and new geographic areas of any acquired businesses. Successful business combinations will require NuStar Energy’s management and other personnel to devote significant amounts of time to integrating the acquired businesses with NuStar Energy’s existing operations. These efforts may temporarily distract their attention from day-to-day business, the development or acquisition of new properties and other business opportunities. If NuStar Energy does not successfully integrate any past or future acquisitions, or if there is any significant delay in achieving such integration, NuStar Energy’s business and financial condition could be adversely affected.

NuStar Energy may have liabilities from its assets that pre-exist NuStar Energy’s acquisition of those assets, but that may not be covered by indemnification rights NuStar Energy will have against the sellers of the assets.

Some of NuStar Energy’s assets have been used for many years to refine, transport and store crude oil and refined products. Releases may have occurred in the past that could require costly future remediation. If a significant release or event occurred in the past, the liability for which was not retained by the seller, or for which indemnification from the seller is not available, it could adversely affect NuStar Energy’s financial position and results of operations.

NuStar Energy’s operations are subject to federal, state and local laws and regulations relating to environmental protection and operational safety that could require NuStar Energy to make substantial expenditures.

NuStar Energy’s operations are subject to increasingly stringent environmental and safety laws and regulations. Refining, transporting and storing petroleum and other products, such as specialty liquids, produces a risk that these products may be released into the environment, potentially causing substantial expenditures for a response action, significant government penalties, liability to government agencies for damages to natural resources, personal injury or property damages to private parties and significant business interruption. NuStar Energy owns or leases a number of properties that have been used to store or distribute refined products for many years. Many of these properties were operated by third parties whose handling, disposal or release of hydrocarbons and other wastes was not under NuStar Energy's control.

If NuStar Energy were to incur a significant liability pursuant to environmental or safety laws or regulations, such a liability could have a material adverse effect on its financial position and its ability to make distributions to its unitholders, including us, and its ability to meet its debt service requirements.

Some of NuStar Energy's pipelines are interstate common carrier pipelines, subject to regulation by the FERC.
The FERC regulates the tariff rates for interstate oil movements on NuStar Energy's common carrier pipelines. Shippers may protest NuStar Energy's pipeline tariff filings, and the FERC may investigate new or changed tariff rates. Further, other than for rates set under market-based rate authority, the FERC may order refunds of amounts collected under newly filed rates that are determined by the FERC to be in excess of a just and reasonable level when taking into consideration NuStar Energy's pipeline system's cost of service. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. The FERC may also investigate such rates absent shipper complaint. If existing rates challenged by complaint are determined by the FERC to be in excess of a just and reasonable level when taking into consideration NuStar's pipeline system's cost of service, a shipper may obtain reparations for damages sustained during the two years prior to the filing of a complaint.

NuStar Energy uses various FERC-authorized rate change methodologies for its interstate pipelines, including indexing, cost-of-service rates, market-based rates and settlement rates. Typically, NuStar Energy annually adjusts its rates in accordance with FERC indexing methodology, which currently allows a pipeline to change their rates within prescribed ceiling levels that are tied to an inflation index. The current index (which runs through June 30, 2011) is measured by the year-over-year change in the Bureau of Labor's producer price index for finished goods, plus 1.3%. Shippers may protest rate increases made within the ceiling levels, but such protests must show that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs from the previous year. However, if the index results in a negative adjustment, NuStar Energy will typically be required to reduce any rates that exceed the new maximum allowable rate. In addition, changes in the index might not be large enough to fully reflect actual increases in NuStar Energy's costs. If the FERC's rate-making methodologies change, any such change or new methodologies could result in rates that generate lower revenues and cash flow and could adversely affect NuStar Energy's ability to make distributions to its unitholders, including us, and to meet its debt service requirements. Additionally, competition constrains NuStar Energy's rates in various markets. As a result, NuStar Energy may from time to time be forced to reduce some of its rates to remain competitive.

Changes to FERC rate-making principles could have an adverse impact on NuStar Energy's ability to recover the full cost of operating its pipeline facilities and its ability to make distributions to its unitholders, including us.
In May 2005, the FERC issued a statement of general policy stating it will permit pipelines to include in cost of service a tax allowance to reflect actual or potential tax liability on their public utility income attributable to all partnership or limited liability company interests, if the ultimate owner of the interest has an actual or potential income tax liability on such income. Whether a pipeline's owners have such actual or potential income tax liability will be reviewed by the FERC on a case-by-case basis. Although this policy is generally favorable for pipelines that are organized as pass-through entities, it still entails rate risk due to the case-by-case review requirement. This tax allowance policy and the FERC's application of that policy were appealed to the United States Court of Appeals for the District of Columbia Circuit (D.C. Court), and, on May 29, 2007, the D.C. Court issued an opinion upholding the FERC's tax allowance policy.

In December 2006, the FERC issued an order addressing income tax allowance in rates, in which it reaffirmed prior statements regarding its income tax allowance policy, but raised a new issue regarding the implications of the FERC's policy statement for publicly traded partnerships. The FERC noted that the tax deferral features of a publicly traded partnership may cause some investors to receive, for some indeterminate duration, cash distributions in excess of their taxable income, creating an opportunity for those investors to earn additional return, funded by ratepayers. Responding to this concern, FERC adjusted the equity rate of return of the pipeline at issue downward based on the percentage by which the publicly traded partnership's cash flow exceeded taxable income. Requests for rehearing of the order are currently pending before the FERC.

Because the extent to which an interstate oil pipeline is entitled to an income tax allowance is subject to a case-by-case review at the FERC, the level of income tax allowance to which NuStar Energy will ultimately be entitled is not certain. Although the FERC's current income tax allowance policy is generally favorable for pipelines that are organized as pass-through entities, it still entails rate risks due to the case-by-case review requirement. How the FERC's policy statement is applied in practice to pipelines owned by publicly traded partnerships could impose limits on NuStar Energy's ability to include a full income tax allowance in cost of service.

The FERC instituted a rulemaking proceeding in July 2007 to determine whether any changes should be made to the FERC's methodology for determining pipeline equity returns to be included in cost-of-service based rates. The FERC determined that it would retain its current methodology for determining return on equity but that, when stock prices and cash distributions of tax pass-through entities are used in the return on equity calculations, the growth forecasts for those entities should be reduced by 50%. Despite the FERC's determination, some complainants in rate proceedings have advocated that the FERC disallow the full use of cash distributions in the return on equity calculation. If the FERC were to disallow the use of full cash distributions in the return on equity calculation, such a result might adversely affect NuStar Energy's ability to achieve a reasonable return.

The rates that NuStar Energy may charge on its interstate ammonia pipeline are subject to regulation by the Surface Transportation Board (STB).
The STB, a part of the United States Department of Transportation, has jurisdiction over interstate pipeline transportation and rate regulations of anhydrous ammonia. Transportation rates must be reasonable, and a pipeline carrier may not unreasonably discriminate among its shippers. If the STB finds that a carrier's rates violate these statutory commands, it may prescribe a reasonable rate. In determining a reasonable rate, the STB will consider, among other factors, the effect of the rate on the volumes transported by that carrier, the carrier's revenue needs and the availability of other economic transportation alternatives. The STB does not provide rate relief unless shippers lack effective competitive alternatives. If the STB determines that effective competitive alternatives are not available and NuStar Energy holds market power, then it may be required to show that its rates are reasonable.

Increases in natural gas and power prices could adversely affect NuStar Energy's ability to make distributions to its unitholders, including us.
Power costs constitute a significant portion of NuStar Energy's operating expenses. For the year ended December 31, 2010, NuStar Energy's power costs equaled approximately $52.1 million, or 11% of NuStar Energy's operating expenses for the year. In addition, $17.6 million of power costs were capitalized into inventory related to NuStar Energy's asphalt refineries, which will be expensed into cost of product sales as the inventory is sold. NuStar Energy uses mainly electric power at its pipeline pump stations, terminals and refineries, and such electric power is furnished by various utility companies that primarily use natural gas to generate electricity. Accordingly, NuStar Energy's power costs typically fluctuate with natural gas prices. Increases in natural gas prices may cause NuStar Energy's power costs to increase further. If natural gas prices increase, NuStar Energy's cash flows may be adversely affected, which could adversely affect NuStar Energy's ability to make distributions to its unitholders, including us.

Terrorist attacks and the threat of terrorist attacks have resulted in increased costs to NuStar Energy's business. Continued hostilities in the Middle East or other sustained military campaigns may adversely impact NuStar Energy's results of operations.
Increased security measures taken by NuStar Energy as a precaution against possible terrorist attacks have resulted in increased costs to its business. Uncertainty surrounding continued hostilities in the Middle East or other sustained military campaigns may affect NuStar Energy's operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror or instability in the financial markets that could restrict NuStar Energy's ability to raise capital.

TAX RISKS TO OUR UNITHOLDERS

If we or NuStar Energy were treated as a corporation for federal or state income tax purposes, then our cash available for distribution to our unitholders would be substantially reduced.
The anticipated after-tax benefit of an investment in our units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this matter.

The value of our investment in NuStar Energy depends largely on NuStar Energy being treated as a partnership for federal income tax purposes.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%. Distributions to unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to unitholders. Thus, treatment of us as a corporation would result in a material reduction in our anticipated cash flow and after-tax return to unitholders, likely causing a substantial reduction in the value of our units.

If NuStar Energy were treated as a corporation for federal income tax purposes, it would pay federal income tax on its taxable income at the corporate tax rate. Distributions to us would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to us. As a result, there would be a material reduction in our anticipated cash flow, likely causing a substantial reduction in the value of our units.

Current law may change, causing us or NuStar Energy to be treated as a corporation for federal income tax purposes or otherwise subjecting us or NuStar Energy to entity level taxation. In addition, because of widespread state budget deficits, and other reasons, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. Partnerships and limited liability companies, unless specifically exempted, are also subject to a state level tax imposed on revenues. Imposition of an entity-level tax on us or NuStar Energy by states in which we operate will reduce the cash available for distribution to our unitholders.

A successful IRS contest of the federal income tax positions we or NuStar Energy take may adversely impact the market for our or NuStar Energy's units, and the costs of any contest will reduce cash available for distribution to our unitholders.

The IRS may adopt positions that differ from the positions we or NuStar Energy take, even positions taken with the advice of counsel. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we or NuStar Energy take. A court may not agree with all of the positions we or NuStar Energy take. Any contest with the IRS may materially and adversely impact the market for our or NuStar Energy's units and the prices at which they trade. In addition, the costs of any contest between NuStar Energy and the IRS will result in a reduction in cash available for distribution to NuStar Energy unitholders and thus will be borne indirectly by us, as a unitholder and as the owner of the general partner of NuStar Energy, and by the other unitholders of NuStar Energy. Moreover, the costs of any contest between us and the IRS will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their respective share of our taxable income.

Unitholders will be required to pay federal income taxes and, in some cases, state and local income taxes on their respective share of our taxable income, whether or not the unitholders receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their respective share of our taxable income or even equal to the actual tax liability that results from their respective share of our taxable income.

The sale or exchange of 50% or more of our or NuStar Energy's capital and profits interests, within a twelve-month period, will result in the termination of our or NuStar Energy's partnership for federal income tax purposes.

A termination would, among other things, result in the closing of our taxable year for all unitholders and would result in a deferral of depreciation and cost recovery deductions allowable in computing our taxable income. If our partnership were terminated for federal income tax purposes, each of our unitholders would be allocated an increased amount of federal taxable income for the year in which the partnership is considered terminated and the subsequent years as a percentage of the cash distributed to the unitholder with respect to that period.

Tax gain or loss on the disposition of our units could be different than expected.

If a unitholder sells units, the selling unitholder will recognize gain or loss equal to the difference between the amount realized and the unitholder's tax basis in those units. Prior distributions to the selling unitholder in excess of the total net taxable income the unitholder was allocated for a unit, which decreased the unitholder's tax basis in that unit, will, in effect, become taxable income to the selling unitholder if the unit is sold at a price greater than the unitholder's tax basis in that unit, even if the price the unitholder receives is less than the units' original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income to the selling unitholder.

Tax-exempt entities and foreign persons face unique tax issues from owning units that may result in adverse tax consequences to them.
Investment in units by tax-exempt entities, such as individual retirement accounts (known as IRAs) and non-United States persons raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-United States persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-United States persons will be required to file United States federal income tax returns and pay tax on their share of our taxable income.

We will treat each purchaser of our units as having the same tax benefits without regard to the units purchased. The IRS may challenge this treatment, which could adversely affect the value of our units.
Because we cannot match transferors and transferees of units, we will adopt depreciation and amortization positions that may not conform with all aspects of existing United States Department of Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from a unitholder's sale of units and could have a negative impact on the value of our units or result in audit adjustments to the unitholder's tax returns.

Unitholders will likely be subject to state and local taxes and return filing requirements as a result of investing in our units.
In addition to federal income taxes, unitholders will likely be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we or NuStar Energy do business or own property. Unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. We or NuStar Energy may own property or conduct business in other states or foreign countries in the future. It is each unitholder's responsibility to file all federal, state and local tax returns.

NuStar Energy has adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between us and the public unitholders of NuStar Energy. The IRS may challenge this treatment, which could adversely affect the value of NuStar Energy's common units and our common units.
When we or NuStar Energy issue additional units or engage in certain other transactions, NuStar Energy determines the fair market value of its assets and allocates any unrealized gains or losses attributable to such assets to the capital accounts of NuStar Energy's public unitholders and us. NuStar Energy's methodology may be viewed as understating the value of NuStar Energy's assets. In that case, there may be a shift of income, gain, loss and deduction between certain NuStar Energy public unitholders and us, which may be unfavorable to such NuStar Energy unitholders. Moreover, under our current valuation methods, subsequent purchasers of our common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to NuStar Energy's intangible assets and a lesser portion allocated to NuStar Energy's tangible assets. The IRS may challenge NuStar Energy's valuation methods, our methods, or NuStar Energy's allocation of the Section 743(b) adjustment attributable to NuStar Energy's tangible and intangible assets, and allocations of income, gain, loss and deduction between us and certain of NuStar Energy's public unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to our unitholders or the NuStar Energy unitholders. It also could affect the amount of gain on the sale of common units by our unitholders or NuStar Energy's unitholders and could have a negative impact on the value of our common units or those of NuStar Energy or result in audit adjustments to our or NuStar Energy's unitholders' tax returns without the benefit of additional deductions.

We expect that our ratio of taxable income to cash distributions will be higher than the ratio applicable to holders of common units in NuStar Energy.
We expect that our ratio of taxable income to cash distributions will be higher than the ratio applicable to holders of common units in NuStar Energy. Other holders of common units in NuStar Energy will receive remedial allocations of deductions from NuStar Energy. Any remedial allocations of deductions to us from NuStar Energy will be very

limited. In addition, our ownership of NuStar Energy incentive distribution rights will cause more taxable income to be allocated to us from NuStar Energy. If NuStar Energy is successful in increasing its distributions over time, our income allocations from our NuStar Energy incentive distribution rights will increase, and, therefore, our ratio of taxable income to cash distributions will increase.

Items of our income, gain, loss and deduction will be allocated among our unitholders to account for the difference between the fair market value and tax basis of our assets at the time of an offering.
Specified items of income, gain, loss and deduction will be allocated to us from NuStar Energy and among our unitholders to account for the difference between the fair market value and tax basis of NuStar Energy's assets and our assets at the time the assets were contributed to NuStar Energy (or its predecessors) or at any other offering. The effect of these allocations will be to allocate to us from NuStar Energy and to our unitholders, gains attributable to our share of the difference between the fair market value and the tax basis of NuStar Energy's assets at these times (including gain attributable to our ownership of the incentive distribution rights). The effect of these allocations to a unitholder purchasing units will be essentially the same as if the tax basis of our and NuStar Energy's assets were equal to their fair market values at the time of the purchase, with the result that a unitholder purchasing units will not bear the federal income tax burden associated with any existing difference between the fair market value and tax basis of our or NuStar Energy's assets. The federal income tax burden associated with the difference between the fair market value and the tax basis of our assets immediately prior to purchasing units will be borne by our existing unitholders as of that time.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings. We are insured against various business risks to the extent we believe is prudent; however, there can be no assurance that the nature and amount of such insurance will be adequate, in every case, to indemnify us against liabilities arising from future legal proceedings as a result of our ordinary business activity.

NuStar Energy is named as a defendant in litigation relating to NuStar Energy's normal business operations, including regulatory and environmental matters. NuStar Energy is also insured against various business risks to the extent its management believes is prudent; however, NuStar Energy cannot be assured that the nature and amount of such insurance will be adequate, in every case, to protect it against liabilities arising from future legal proceedings as a result of its ordinary business activity.

GRACE ENERGY CORPORATION MATTER

In 1997, Grace Energy Corporation (Grace Energy) sued subsidiaries of Kaneb Pipe Line Partners, L.P. (KPP) and Kaneb Services LLC (KSL and collectively with KPP and their respective subsidiaries, Kaneb) in Texas state court. NuStar Energy acquired Kaneb on July 1, 2005. The complaint sought recovery of the cost of remediation of fuel leaks in the 1970s from a pipeline that had once connected a former Grace Energy terminal with Otis Air Force Base in Massachusetts (Otis AFB). Grace Energy alleges the Otis AFB pipeline and related environmental liabilities had been transferred in 1978 to an entity that was part of Kaneb's acquisition of Support Terminal Services, Inc. and its subsidiaries from Grace Energy in 1993. Kaneb contends that it did not acquire the Otis AFB pipeline and never assumed any responsibility for any associated environmental damage.

In 2000, the court entered final judgment that: (i) Grace Energy could not recover its own remediation costs of $3.5 million, (ii) Kaneb owned the Otis AFB pipeline and its related environmental liabilities and (iii) Grace Energy was awarded $1.8 million in attorney costs. Both Kaneb and Grace Energy appealed the final judgment of the trial court to the Texas Court of Appeals in Dallas. In 2001, Grace Energy filed a petition in bankruptcy, which created an automatic stay of actions against Grace Energy. In September 2008, Grace Energy filed its Joint Plan of Reorganization and Disclosure Statement.

The Otis AFB is a part of a Superfund Site pursuant to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). The site contains a number of groundwater contamination plumes, two of which are allegedly associated with the Otis AFB pipeline. Relying on the final judgment of the Texas state court assigning ownership of the Otis AFB pipeline to Kaneb, the United States Department of Justice (the DOJ) advised Kaneb in 2001 that it intends to seek reimbursement from Kaneb for the remediation costs associated with the two plumes. In November 2008, the DOJ forwarded information to NuStar Energy indicating that the past and estimated future remediation expenses associated with one plume are $71.9 million. The DOJ has indicated that they will not seek recovery of remediation costs for the second plume. The DOJ has not filed a lawsuit against NuStar Energy related to this matter, and NuStar Energy has not made any payments toward costs incurred by the DOJ. NuStar Energy is currently in settlement discussions with other potentially responsible parties and the DOJ, and a change in NuStar Energy's estimate of this liability may occur in the near term. However, any settlement agreement that is reached must be approved by multiple parties and requires the approval of the bankruptcy court and the federal district court. NuStar Energy cannot currently estimate when or if a settlement will be finalized.

ERES MATTER

In August 2008, Eres N.V. (Eres) forwarded a demand for arbitration to CITGO Asphalt Refining Company (CARCO), CITGO Petroleum Corporation (CITGO), NuStar Asphalt Refining, LLC (NuStar Asphalt) and NuStar Marketing LLC (NuStar Marketing, and together with CARCO, CITGO and NuStar Asphalt, the Defendants) contending that the Defendants are in breach of a tanker voyage charter party agreement, dated November 2004, between Eres and CARCO (the Charter Agreement). The Charter Agreement provides for CARCO's use of Eres' vessels for the shipment of asphalt. Eres contends that NuStar Asphalt and/or NuStar Marketing (together, the NuStar Entities) assumed the Charter Agreement when NuStar Asphalt purchased the CARCO assets, and that the Defendants have failed to perform under the Charter Agreement since January 1, 2008. Eres has valued its damages for the alleged breach of contract claim at approximately $78.1 million. Pursuant to a May 2010 ruling by the United States District Court for the Southern District of Texas, the NuStar Entities were found to have assumed the Charter Agreement from CARCO and to be obligated to defend and indemnify CITGO and CARCO against Eres' claims. The Defendants were ordered to proceed with arbitration. NuStar Energy intends to vigorously defend against Eres' claims in arbitration.

ENVIRONMENTAL AND SAFETY COMPLIANCE MATTERS

With respect to the environmental proceeding listed below, if it was decided against NuStar Energy, we believe that it would not have a material effect on its consolidated financial position. However, it is not possible to predict the ultimate outcome of the proceeding or whether such ultimate outcome may have a material effect on NuStar Energy's consolidated financial position. We are reporting this proceeding to comply with Securities and Exchange Commission regulations, which require us to disclose proceedings arising under federal, state or local provisions regulating the discharge of materials into the environment or protecting the environment if we reasonably believe that such proceedings will result in monetary sanctions of $100,000 or more.

In particular, NuStar Energy's wholly owned subsidiary, Shore Terminals LLC (Shore) owns a refined product terminal in Portland, Oregon located adjacent to the Portland Harbor. The EPA has classified portions of the Portland Harbor, including the portion adjacent to the Shore terminal, as a federal "Superfund" site due to sediment contamination (the Portland Harbor Site). Portland Harbor is contaminated with metals (such as mercury), pesticides, herbicides, polynuclear aromatic hydrocarbons, polychlorinated byphenyls, semi-volatile organics and dioxin/furans. Shore and more than 80 other parties have received a "General Notice" of potential liability from the EPA relating to the Portland Harbor Site. The letter advised Shore that it may be liable for the costs of investigation and remediation (which liability may be joint and several with other potentially responsible parties), as well as for natural resource damages resulting from releases of hazardous substances to the Portland Harbor Site. NuStar Energy has agreed to work with more than 65 other potentially responsible parties to attempt to negotiate an agreed method of allocating costs associated with the clean-up. The precise nature and extent of any clean-up of the Portland Harbor Site, the parties to be involved, the process to be followed for any clean-up and the allocation of any costs for the clean-up among responsible parties have not yet been determined. It is unclear to what extent, if any, Shore will be liable for environmental costs or damages associated with the Portland Harbor Site. It is also unclear to what extent natural resource damage claims or third party contribution or damage claims will be asserted against Shore.

NuStar Energy is also a party to additional claims and legal proceedings arising in the ordinary course of its business.

Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on NuStar Energy's results of operations, financial position or liquidity. It is possible that if one or more of the matters described above were decided against NuStar Energy, the effects could be material to its results of operations in the period in which it would be required to record or adjust the related liability and could also be material to its cash flows in the periods it would be required to pay such liability.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the unitholders, through solicitation of proxies or otherwise, during the fourth quarter of the year ended December 31, 2010.

ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position Held with NuStar GP, LLC
William E. Greehey	**74**	**Chairman of the Board**
Curtis V. Anastasio	**54**	**President, Chief Executive Officer and Director**
Bradley C. Barron	**45**	**Senior Vice President, General Counsel and Secretary**
Steven A. Blank	**56**	**Senior Vice President, Chief Financial Officer and Treasurer**
Thomas R. Shoaf	**52**	**Vice President and Controller**

Mr. Greehey became the Chairman of the board of directors of NuStar GP Holdings, LLC in March 2006. He has also been the Chairman of the board of directors of NuStar GP, LLC since January 2002. Mr. Greehey served as Chairman of the board of directors of Valero Energy from 1979 through January 2007. Mr. Greehey was Chief Executive Officer of Valero Energy Corporation from 1979 through December 2005, and President of Valero Energy from 1998 until January 2003.

Mr. Anastasio became President and Chief Executive Officer of NuStar GP Holdings, LLC in March 2006, and has been a director of NuStar GP Holdings, LLC since January 2007. Mr. Anastasio has also served as the President and a director of NuStar GP, LLC since December 1999. He became its Chief Executive Officer in June 2000.

Mr. Barron became Senior Vice President and General Counsel of NuStar GP Holdings, LLC and NuStar GP, LLC in April 2007. Mr. Barron also served as Secretary of NuStar GP Holdings, LLC and NuStar GP, LLC from April 2007 to February 2009. He served as Vice President, General Counsel and Secretary of NuStar GP Holdings, LLC from March 2006 until his promotion in April 2007. He also served as Vice President, General Counsel and Secretary of NuStar GP, LLC from January 2006 until his promotion in April 2007. Mr. Barron served as Managing Counsel and Corporate Secretary of NuStar GP, LLC from July 2003 until January 2006. From January 2001 until July 2003, he served as Counsel, and then Senior Counsel, to Valero Energy.

Mr. Blank became Senior Vice President, Chief Financial Officer and Treasurer of NuStar GP Holdings, LLC in March 2006. He has also served as Senior Vice President and Chief Financial Officer of NuStar GP, LLC since January 2002, and he became NuStar GP, LLC's Treasurer in July 2005. From December 1999 until January 2002, he was Chief Accounting and Financial Officer and a director of NuStar GP, LLC. He served as Vice President and Treasurer of Ultramar Diamond Shamrock Corporation from December 1996 until January 2002.

Mr. Shoaf became Vice President and Controller of NuStar GP Holdings, LLC in March 2006. He has also served as Vice President and Controller of NuStar GP, LLC since July 2005. Mr. Shoaf served as Vice President-Structured Finance of Valero Corporate Services Company, a subsidiary of Valero Energy, from 2001 until his appointment with NuStar GP, LLC.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON UNITS, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF COMMON UNITS

Market Information, Holders and Distributions

Our common units are listed and traded on the New York Stock Exchange (NYSE) under the symbol "NSH." At the close of business on February 8, 2011, we had 28 holders of record of our common units. The high and low sales prices (composite transactions) by quarter for the years ended December 31, 2010 and 2009 were as follows:

	Price Range of Common Unit High	Price Range of Common Unit Low
Year 2010		
4th Quarter	$ 38.29	$ 32.90
3rd Quarter	$ 33.98	$ 28.61
2nd Quarter	$ 31.19	$ 24.77
1st Quarter	$ 29.99	$ 25.66
Year 2009		
4th Quarter	$ 27.45	$ 23.56
3rd Quarter	$ 27.36	$ 22.64
2nd Quarter	$ 25.14	$ 20.42
1st Quarter	$ 22.07	$ 17.16

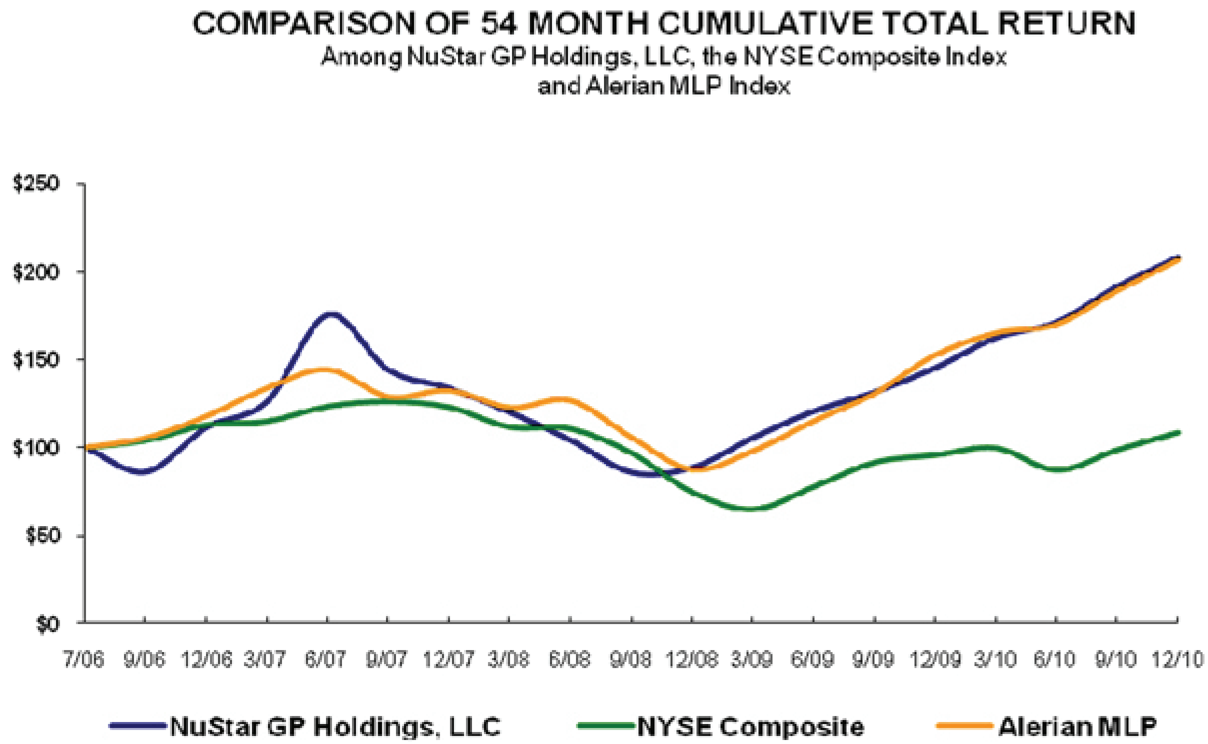
We are required by our limited liability company agreement to distribute all of our available cash at the end of each quarter, less reserves established by our board of directors. All of our distributions are made on our common units, which are our only class of security outstanding.

The cash distributions applicable to each of the quarters in the years ended December 31, 2010 and 2009 were as follows:

	Record Date	Payment Date	Amount Per Unit
Year 2010			
4th Quarter	February 8, 2011	February 16, 2011	$ 0.480
3rd Quarter	November 1, 2010	November 10, 2010	$ 0.480
2nd Quarter	August 6, 2010	August 18, 2010	$ 0.460
1st Quarter	May 7, 2010	May 19, 2010	$ 0.450
Year 2009			
4th Quarter	February 5, 2010	February 17, 2010	$ 0.435
3rd Quarter	November 5, 2009	November 17, 2009	$ 0.435
2nd Quarter	August 6, 2009	August 18, 2009	$ 0.430
1st Quarter	May 8, 2009	May 20, 2009	$ 0.430

The following Performance Graph is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference into any of NuStar GP Holdings, LLC's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, respectively. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

The graph below compares the cumulative 54-month total return of holders of NuStar GP Holdings, LLC's common stock with the cumulative total returns of the NYSE Composite index and the Alerian MLP index. The graph tracks the performance of a $100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from 7/19/2006 to 12/31/2010.



	7/06	9/06	12/06	3/07	6/07	9/07	12/07	3/08	6/08	9/08	12/08
NuStar GP Holdings, LLC	**100.00**	**86.03**	**111.37**	**126.05**	**175.43**	**143.95**	**133.66**	**119.98**	**104.11**	**85.68**	**88.48**
NYSE Composite	**100.00**	**104.19**	**112.97**	**115.04**	**123.47**	**126.13**	**122.99**	**111.76**	**110.83**	**96.98**	**74.71**
Alerian MLP	**100.00**	**105.43**	**117.86**	**133.84**	**144.28**	**128.86**	**132.44**	**122.69**	**126.69**	**105.70**	**87.52**

	3/09	6/09	9/09	12/09	3/10	6/10	9/10	12/10
NuStar GP Holdings, LLC	**105.54**	**120.57**	**131.43**	**145.26**	**162.41**	**171.27**	**191.69**	**208.17**
NYSE Composite	**65.12**	**77.89**	**91.68**	**95.83**	**99.87**	**87.34**	**98.85**	**108.66**
Alerian MLP	**98.12**	**115.16**	**130.74**	**152.62**	**165.02**	**170.01**	**189.21**	**206.51**

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, for the periods and at the dates indicated, selected historical financial data for NuStar GP Holdings:

	Year Ended December 31,				
	2010	2009	2008	2007	2006 (a)
	(Thousands of Dollars, Except Per Unit Data)				
Statement of Income Data:					
Equity in earnings of NuStar Energy L.P.	$ 66,859	$ 65,573	$ 69,622	$ 46,176	$ 42,983
Net income	72,463	68,097	66,296	43,340	30,718
Basic and diluted net income per unit	1.70	1.60	1.56	1.02	0.72
Cash distributions per unit	1.87	1.73	1.58	1.38	0.58
Other Financial Data:					
Distributions received from NuStar Energy L.P.	$ 82,426	$ 76,585	$ 69,449	$ 59,579	$ 53,764

	December 31,				
	2010	2009	2008	2007	2006
	(Thousands of Dollars)				
Balance Sheet Data:					
Total assets	$605,234	$593,259	$572,833	$573,831	$570,493
Total debt	16,000	14,300	6,500	3,000	-
Members' equity	541,463	538,208	543,450	553,786	555,643

(a) We were acquired by Valero Energy Corporation (Valero Energy) in connection with its December 31, 2001 acquisition of Ultramar Diamond Shamrock. On June 1, 2006, Valero Energy contributed its ownership interest in NuStar GP, LLC to NuStar GP Holdings. Therefore, the statement of income data of NuStar GP Holdings include NuStar GP, LLC, Riverwalk Logistics, L.P., and Riverwalk Holdings, LLC for the full year ended December 31, 2006.

On June 28, 2006, our existing membership interests were represented by 10,000,000 units. In conjunction with our initial public offering, we effected a 4.25-for-1 split, resulting in total outstanding units of 42,500,000. Prior to June 28, 2006, we had no units outstanding. Our net income per unit amounts assume that 42,500,000 units were outstanding for the full year ended December 31, 2006.

The reported distribution per unit for the period between the closing of our initial public offering on July 19, 2006 and December 31, 2006 is prorated based on the actual number of days we were public and distributions of $0.64 per unit. For the period from July 1 - July 18, 2006, Valero Energy received 100% of our distributions. NuStar GP Holdings did not declare cash distributions on a per unit basis prior to the third quarter of 2006.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review of our results of operations and financial condition should be read in conjunction with Items 1., 1A. and 2. "Business, Risk Factors and Properties," and Item 8. "Financial Statements and Supplementary Data," included in this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

OVERVIEW

NuStar GP Holdings, LLC (NuStar GP Holdings) is a Delaware limited liability company. Our units are traded on the New York Stock Exchange (NYSE) under the symbol "NSH." Unless otherwise indicated, the terms "NuStar GP Holdings, LLC," "NuStar GP Holdings," "we," "our" and "us" are used in this report to refer to NuStar GP Holdings, LLC, to one or more of our consolidated subsidiaries or to all of them taken as a whole.

Our only cash generating assets are our ownership interests in NuStar Energy L.P. (NuStar Energy), a publicly traded Delaware limited partnership (NYSE: NS). As of December 31, 2010, our aggregate ownership interests in NuStar Energy consisted of the following:

- the 2% general partner interest;
- 100% of the incentive distribution rights (IDR) issued by NuStar Energy, which entitle us to receive increasing percentages of the cash distributed by NuStar Energy, currently at the maximum percentage of 23%; and
- 10,283,359 common units of NuStar Energy representing a 15.6% limited partner interest.

We account for our ownership interest in NuStar Energy using the equity method. Therefore, our financial results reflect a portion of NuStar Energy's net income based on our ownership interest. We have no separate operating activities apart from those conducted by NuStar Energy and therefore generate no revenues from operations.

NuStar Energy is engaged in the terminalling and storage of petroleum products, the transportation of petroleum products and anhydrous ammonia, and asphalt refining and fuels marketing. NuStar Energy has terminal facilities in the United States, the Netherlands, including St. Eustatius in the Caribbean, Canada, the United Kingdom and Mexico.

NuStar Energy is required by its partnership agreement to distribute all of its available cash at the end of each quarter, less reserves established by its general partner, in its sole discretion, to provide for the proper conduct of NuStar Energy's business. Similarly, we are required by our limited liability company agreement to distribute all of our available cash at the end of each quarter, less reserves established by our board of directors.

RESULTS OF OPERATIONS

As discussed above, we account for our investment in NuStar Energy using the equity method. As a result, our equity in earnings of NuStar Energy, our only source of income, directly fluctuates with the amount of NuStar Energy's distributions and results of operations. NuStar Energy's distributions determine the amount of our incentive distribution earnings, while NuStar Energy's results of operations determine the amounts of earnings attributable to our general partner and limited partner interests.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

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

	Year Ended December 31, 2010	Year Ended December 31, 2009	Change
Equity in earnings of NuStar Energy	$ 66,859	$ 65,573	$ 1,286
General and administrative expenses	(3,184)	(3,502)	318
Other income, net	9,475	5,555	3,920
Interest expense, net	(1,106)	(363)	(743)
Income before income tax benefit	72,044	67,263	4,781
Income tax benefit	419	834	(415)
Net income	$ 72,463	$ 68,097	$ 4,366
Basic and diluted net income per unit	$ 1.70	$ 1.60	$ 0.10

The following table summarizes NuStar Energy's results of operations for the years ended December 31, 2010 and 2009:

	Year Ended December 31, 2010	Year Ended December 31, 2009	Change
	(Thousands of Dollars, Except Per Unit Data)		
NuStar Energy Statement of Income Data:			
Revenues	$ 4,403,061	$ 3,855,871	$ 547,190
Cost of product sales	3,350,429	2,883,187	467,242
Operating expenses	486,032	458,892	27,140
Depreciation and amortization expense	147,945	140,879	7,066
Segment operating income	418,655	372,913	45,742
General and administrative expenses	110,241	94,733	15,508
Other depreciation and amortization expense	5,857	4,864	993
Operating income	$ 302,557	$ 273,316	$ 29,241
Net income	$ 238,970	$ 224,875	$ 14,095
Net income per unit applicable to limited partners	$ 3.19	$ 3.47	$ (0.28)
Cash distributions per unit applicable to limited partners	$ 4.280	$ 4.245	$ 0.035

NuStar Energy’s net income increased $14.1 million for the year ended December 31, 2010, compared to the year ended December 31, 2009, primarily due to increased segment operating income, which was partially offset by an increase in general and administrative expenses and a decrease in other income.

NuStar Energy’s segment operating income increased $45.7 million for the year ended December 31, 2010, compared to the year ended December 31, 2009, mainly due to increased operating income from its asphalt and fuels marketing segment. NuStar Energy’s operating income in its transportation and storage segments also increased compared to last year.

Equity in earnings of NuStar Energy

The following table summarizes our equity in earnings of NuStar Energy for the years ended December 31, 2010 and 2009:

	Year Ended December 31, 2010	Year Ended December 31, 2009	Change
	(Thousands of Dollars)		
NuStar GP Holdings’ Equity in Earnings of NuStar Energy:			
General partner interest	$ 4,113	$ 3,924	$ 189
General partner incentive distribution	33,304	28,712	4,592
General partner’s interest in earnings and incentive distributions of NuStar Energy	37,417	32,636	4,781
NuStar GP Holdings’ limited partner interest in earnings of NuStar Energy	32,326	35,821	(3,495)
Amortization of step-up in basis related to NuStar Energy’s assets and liabilities	(2,884)	(2,884)	-
NuStar GP Holdings’ equity in earnings of NuStar Energy	$ 66,859	$ 65,573	$ 1,286

NuStar Energy’s per unit distributions for the year ended December 31, 2010 increased, compared to the year ended December 31, 2009, from $4.245 to $4.280. That increase, coupled with an increase in the number of NuStar Energy units outstanding resulting from the issuance of units in the fourth quarter of 2009 and the second quarter of 2010, resulted in NuStar Energy increasing its total cash distributions. Since our IDR in NuStar Energy entitle us to an increasing amount of NuStar Energy’s cash distributions, our equity in earnings of NuStar Energy related to our IDR increased for the period.

Our equity in earnings related to our limited partner interest in NuStar Energy decreased for the year ended December 31, 2010, compared to the year ended December 31, 2009, due to a decrease in NuStar Energy’s net income per unit applicable to limited partners.

Other income, net

Other income, net increased for the year ended December 31, 2010, compared to the year ended December 31, 2009 due to NuStar Energy’s issuance of 4,400,000 common units in May 2010. This issuance resulted in a gain of $7.8 million representing the increase in the value of our proportionate share of NuStar Energy’s capital. Additionally, other income, net increased for the year ended December 31, 2010, compared to the year ended December 31, 2009 due to a $1.7 million gain on the sale of NuStar Energy units in connection with unit-based compensation.

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Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

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

	Year Ended December 31, 2009	2008	Change
Equity in earnings of NuStar Energy	$ 65,573	$ 69,622	$ (4,049)
General and administrative expenses	(3,502)	(2,831)	(671)
Other income (expense), net	5,555	(379)	5,934
Interest expense, net	(363)	(214)	(149)
Income before income tax benefit	67,263	66,198	1,065
Income tax benefit	834	98	736
Net income	$ 68,097	$ 66,296	$ 1,801
Basic and diluted net income per unit	$ 1.60	$ 1.56	$ 0.04

The following table summarizes NuStar Energy's results of operations for the years ended December 31, 2009 and 2008:

	Year Ended December 31, 2009	2008	Change
	(Thousands of Dollars, Except Per Unit Data)		
NuStar Energy Statement of Income Data:			
Revenues	$ 3,855,871	$ 4,828,770	$ (972,899)
Cost of product sales	2,883,187	3,864,310	(981,123)
Operating expenses	458,892	442,248	16,644
Depreciation and amortization expense	140,879	132,189	8,690
Segment operating income	372,913	390,023	(17,110)
General and administrative expenses	94,733	76,430	18,303
Other depreciation and amortization expense	4,864	3,520	1,344
Operating income	$ 273,316	$ 310,073	$ (36,757)
Net income	$ 224,875	$ 254,018	$ (29,143)
Net income per unit applicable to limited partners	$ 3.47	$ 4.22	$ (0.75)
Cash distributions per unit applicable to limited partners	$ 4.245	$ 4.085	$ 0.160

NuStar Energy's net income decreased $29.1 million for the year ended December 31, 2009, compared to the year ended December 31, 2008, primarily due to an increase in general and administrative expenses and a decrease in segment operating income. This was partially offset by a decrease in interest expense.

NuStar Energy's segment operating income decreased $17.1 million for the year ended December 31, 2009, compared to the year ended December 31, 2008, primarily due to a $51.9 million decrease in operating income for the asphalt and fuels marketing segment, which was mainly due to higher operating expenses associated with its asphalt operations. The decrease in operating income from NuStar Energy's asphalt and fuels marketing segment was partially offset by increased operating income from its storage and transportation segments.

Equity in earnings of NuStar Energy

The following table summarizes our equity in earnings of NuStar Energy for the years ended December 31, 2009 and 2008:

	Year Ended December 31, 2009	Year Ended December 31, 2008	Change
	(Thousands of Dollars)		
NuStar GP Holdings' Equity in Earnings of NuStar Energy:			
General partner interest	$ 3,924	$ 4,586	$ (662)
General partner incentive distribution (a)	28,712	24,764	3,948
General partner's interest in earnings and incentive distributions of NuStar Energy	32,636	29,350	3,286
NuStar GP Holdings' limited partner interest in earnings of NuStar Energy	35,821	43,156	(7,335)
Amortization of step-up in basis related to NuStar Energy's assets and liabilities	(2,884)	(2,884)	-
NuStar GP Holdings' equity in earnings of NuStar Energy	$ 65,573	$ 69,622	$ (4,049)

(a) For the first quarter of 2008, NuStar Energy's net income allocation to general and limited partners reflected total cash distributions based on the partnership interests outstanding as of March 31, 2008. NuStar Energy issued 5,050,800 common units in April 2008. Actual distribution payments are made within 45 days after the end of each quarter as of a record date that is set after the end of each quarter. Therefore, our portion of the actual distributions made with respect to the year ended December 31, 2008, including the IDR, exceeded the net income allocated to us.

Our equity in earnings related to our general and limited partner interests in NuStar Energy decreased for the year ended December 31, 2009, compared to the year ended December 31, 2008, due to a decrease in NuStar Energy's net income.

NuStar Energy's per unit distributions for the year ended December 31, 2009, increased compared to the year ended December 31, 2008, to $4.245 from $4.085. That increase, coupled with an increase in the number of NuStar Energy units outstanding resulting from the issuance of units in the fourth quarter of 2009, resulted in NuStar Energy increasing its total cash distributions. Since our IDR in NuStar Energy entitle us to an increasing amount of NuStar Energy's cash distributions, our equity in earnings of NuStar Energy related to our IDR increased for the period.

Other income (expense), net

Other income (expense), net increased for the year ended December 31, 2009, compared to the year ended December 31, 2008 due to NuStar Energy's issuance of 5,750,000 common units in November 2009. This issuance resulted in a gain of $5.4 million representing the increase in the value of our proportionate share of NuStar Energy's capital, due to the Financial Accounting Standards Board's revised requirements for equity method investments.

OUTLOOK

Overall, NuStar Energy expects its operating income for 2011 to be higher than 2010 due mainly to increases in its storage segment. NuStar Energy's outlook could change depending on, among other things, the pace of the economic recovery, refinery maintenance schedules, and other factors that affect overall demand for the products it stores, transports and sells as well as changes in commodity prices for the products it markets.

NuStar Energy's Storage Segment
For 2011, NuStar Energy expects its earnings for the storage segment to increase compared to 2010. NuStar Energy expects to benefit from a full year's contribution of terminal expansion projects completed in 2010 and from new internal growth projects, a portion of which should be completed in 2011. In addition, NuStar Energy expects to benefit from its Turkey terminal acquisition, which closed in February of 2011.

NuStar Energy's Transportation Segment
NuStar Energy expects the transportation segment earnings for 2011 to be lower than 2010. NuStar Energy's throughputs for 2011 are forecasted to decrease compared to 2010 mainly due to planned turnaround activity at refineries served by its pipelines. However, the tariffs on NuStar Energy's pipelines regulated by the FERC, which adjust annually based upon changes in the producer price index, should increase effective July 1, 2011, when the adjustment takes effect. In addition, NuStar Energy expects to benefit in 2011 from the completion of a pipeline expansion project that will serve Eagle Ford Shale production.

NuStar Energy's Asphalt and Fuels Marketing Segment
NuStar Energy expects the asphalt and fuels marketing segment results to increase for the full year 2011 compared to 2010. NuStar Energy's fuels marketing operations should benefit from a full year of heavy fuel and bunker fuel sales in new markets it entered into in 2010. Also, NuStar Energy expects the full year results from its asphalt operations to be slightly better than 2010 due to increases in both public and private demand driven by an improving economy. NuStar Energy's outlook could change if the prices of crude oil and the products produced by its asphalt operations fluctuate in response to factors such as changes in supply, demand, seasonality, market uncertainties and other factors.

We expect our equity in earnings of NuStar Energy to increase or decrease consistent with NuStar Energy's earnings.

LIQUIDITY AND CAPITAL RESOURCES

General
Our cash flows consist of distributions from NuStar Energy on our partnership interests, including the IDR that we own. Due to our ownership of NuStar Energy's IDR, our portion of NuStar Energy's total distributions may exceed our 17.6% ownership interest in NuStar Energy as of December 31, 2010. Our primary cash requirements are for distributions to members, capital contributions to maintain our 2% general partner interest in NuStar Energy in the event that NuStar Energy issues additional units, debt service requirements, if any, benefit plan funding and general and administrative expenses. In addition, because NuStar GP, LLC, a wholly owned subsidiary of NuStar GP Holdings, elected to be treated as a taxable entity in August 2006, we may be required to pay income taxes, which may exceed the amount of tax expense recorded in the consolidated financial statements. We expect to fund our cash requirements primarily with the quarterly cash distributions we receive from NuStar Energy and borrowings under our revolving credit facility, if necessary. Additionally, NuStar Energy reimburses us for all costs incurred on their behalf, primarily employee-related costs.

Cash Distributions from NuStar Energy

NuStar Energy pays quarterly distributions within 45 days following the end of each quarter based on the partnership interests outstanding as of a record date that is set after the end of each quarter. The table set forth below shows the cash distributions earned for the periods shown with respect to our ownership interests in NuStar Energy and IDR:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars, Except Per Unit Data)		
Cash distributions per unit	$ 4.280	$ 4.245	$ 4.085
Total cash distributions by NuStar Energy to all partners	$ 311,378	$ 271,450	$ 252,822
Cash distributions we received from NuStar Energy:			
General partner interest	$ 6,227	$ 5,430	$ 5,058
General partner incentive distribution	33,304	28,712	25,294
Limited partner interest – common units	43,924	43,557	41,827
Total cash distributions to us	$ 83,455	$ 77,699	$ 72,179
Distributions to us as a percentage of total cash distributions	26.8%	28.6%	28.5%

Cash Flows for the Years Ended December 31, 2010, 2009 and 2008

Cash distributions received from NuStar Energy were $82.4 million for the year ended December 31, 2010, which we used primarily to fund distributions to our unitholders totaling $77.6 million. We borrowed $5.2 million from our revolving credit facility for the year ended December 31, 2010 mainly to fund our contribution to NuStar Energy in order to maintain our 2% general partner interest following its issuance of common units in May 2010.

Cash distributions received from NuStar Energy were $76.6 million for the year ended December 31, 2009, which we used primarily to fund distributions to our unitholders totaling $73.3 million. We borrowed $14.3 million for the year ended December 31, 2009 to fund our contribution to NuStar Energy in order to maintain our 2% general partner interest following its issuance of common units in November 2009, and for other capital resource requirements.

Cash distributions received from NuStar Energy were $69.4 million for the year ended December 31, 2008, which we used primarily to fund distributions to our unitholders totaling $64.2 million. We borrowed $5.0 million for the year ended December 31, 2008 to fund our contribution to NuStar Energy in order to maintain our 2% general partner interest following its issuance of common units in April 2008.

Credit Facility

Borrowings under our revolving credit facility are used to fund capital contributions to NuStar Energy to maintain our 2% general partner interest as NuStar Energy issues additional units and meet other liquidity and capital resource requirements.

On July 15, 2010, we entered into a 364-day revolving credit facility (2010 Credit Facility) that matures on July 14, 2011 with a borrowing capacity of up to $30.0 million, of which up to $10.0 million may be available for letters of credit. Interest on the 2010 Credit Facility is based upon, at our option, either an alternative base rate plus 1.75% or a LIBOR-based rate plus 2.75%, which was 3.1% as of December 31, 2010. These interest rates are 1.75% lower than the rates that were in effect under our previous revolving credit facility, which matured on July 16, 2010 (2009 Credit Facility).

Our obligations under the 2010 Credit Facility are unsecured. The 2010 Credit Facility contains customary covenants and provisions including limitations on indebtedness, liens, dispositions of material property, mergers and asset transfers.

The terms of the 2010 Credit Facility, which are similar to those under the 2009 Credit Facility, require NuStar Energy to maintain a total debt-to-EBITDA ratio of less than 5.0-to-1.0 for any four consecutive quarters, subject to adjustment following certain acquisitions. We are also required to receive cash distributions of at least $35.0 million in respect of our ownership interests in NuStar Energy for the preceding four fiscal quarters ending on the last day of each fiscal quarter. Our management believes that we are in compliance with the covenants, including the debt-to-EBITDA ratio, which was 4.6x as of December 31, 2010.

As of December 31, 2010, we had availability of $14.0 million for borrowings or letters of credit under the 2010 Credit Facility. The weighted average interest rate related to combined borrowings under both the 2010 Credit Facility and the 2009 Credit Facility for the year ended December 31, 2010 was 4.0%.

We are in discussions with the lenders to renew or replace our 2010 Credit Facility.

Investment in NuStar Energy
In May 2010, NuStar Energy issued 4,400,000 common units representing limited partner interests at a price of $56.55 resulting in net proceeds of $245.2 million, including $5.1 million from us in order to maintain our 2% general partner interest.

Cash Distributions to Unitholders
Our limited liability company agreement requires that, within 50 days after the end of each quarter, we distribute all of our available cash to the holders of record of our units on the applicable record date. Available cash is defined as all cash on hand at the end of any calendar quarter less the amount of cash reserves necessary or appropriate, as determined in good faith by our board of directors, to fund debt we may incur, if any, general and administrative expenses, future distributions and other miscellaneous uses of cash. The table set forth below shows our cash distributions applicable to the period in which the distributions were earned:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars, Except Per Unit Data)		
Cash distributions per unit	$ 1.87	$ 1.73	$ 1.58
Total cash distributions	$ 79,517	$ 73,537	$ 67,153

Pension and Other Postretirement Benefit Funded Status
During 2010, we contributed $17.0 million to our pension and postretirement benefit plans. We expect to contribute approximately $11.0 million to our pension and postretirement benefit plans in 2011, which principally represents contributions either required by regulations or laws or, with respect to unfunded plans, necessary to fund current benefits. We have not disclosed pension and postretirement funding beyond 2011 as the funding can vary from year to year based upon changes in the fair value of the plan assets and actuarial assumptions. Since costs incurred by us related to our pension and other retirement benefit plans are reimbursed by NuStar Energy, funding for these plans will primarily be provided by NuStar Energy.

Related Party Agreements

Agreements with NuStar Energy
Effective January 1, 2008, NuStar GP, LLC and NuStar Energy entered into a services agreement stating that NuStar Energy will reimburse NuStar GP, LLC for furnishing administrative and certain operating services necessary to conduct the business of NuStar Energy. We also have a non-compete agreement with NuStar Energy related to business opportunities. Please refer to Note 5 of the Notes to Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for a more detailed discussion of agreements with NuStar Energy.

Employee Benefit Plans and Unit-Based Compensation

As of December 31, 2010, we sponsored the following employee benefit plans:

- The NuStar Thrift Plan (the Thrift Plan), a qualified employee profit-sharing plan;
- The NuStar Pension Plan, a qualified non-contributory defined benefit pension plan;
- The NuStar GP, LLC Excess Thrift Plan, a benefit plan to those employees whose compensation and/or annual contributions under the Thrift Plan are subject to the limitations applicable to qualified retirement plans;
- The NuStar GP, LLC Excess Pension Plan and the NuStar GP, LLC Supplemental Executive Retirement Plan, benefit plans to a select group of management or other highly compensated employees; and
- The NuStar GP, LLC Retiree Benefits Plan, a medical benefits plan for retired employees.

As of December 31, 2010, we had the following long-term incentive plans:

- The Second Amended and Restated 2000 Long-Term Incentive Plan, under which NuStar GP, LLC may award up to 1,500,000 NuStar Energy (NS) common units;
- The 2002 Unit Option Plan, under which NuStar GP, LLC may award up to 200,000 NS unit options;
- The 2003 Employee Unit Incentive Plan, under which NuStar GP, LLC may award up to 500,000 NS common units; and
- The 2006 Long-Term Incentive Plan, under which NuStar GP Holdings may award up to 2,000,000 NuStar GP Holdings (NSH) units.

Please refer to Notes 13 and 14 of the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for a more detailed discussion of Employee Benefit Plans and Unit-Based Compensation.

NuStar Energy reimburses us for expenses incurred related to employee benefit plans at cost, and for long-term incentive plan compensation expenses resulting from NS and NSH awards to employees and directors of NuStar GP, LLC. Expenses resulting from NuStar GP Holdings awards to our non-employee directors are included in "General and administrative expenses" on our consolidated statements of income. Our current liabilities related to the long-term incentive plans and employee benefits are included in "Accrued compensation expense" and our noncurrent liabilities for employee benefits are included in "Employee benefit plan liabilities" on our consolidated balance sheets.

The following table represents total related party transactions charged to Nustar Energy and our long-term incentive plan compensation expenses:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars)		
Expenses for payroll, employee benefit plans and unit-based compensation	$ 208,805	$ 183,329	$159,944
Other	383	376	335
Total related party transactions charged to NuStar Energy	$ 209,188	$ 183,705	$160,279
Expenses resulting from NuStar GP Holdings awards to non-employee directors	$ 225	$ 225	$ 392

Long-term Contractual Obligations
As of December 31, 2010, we had no future minimum payments applicable to non-cancellable operating leases and purchase obligations.

Contingencies
As previously discussed, our only cash-generating assets are our indirect ownership interests in NuStar Energy. NuStar Energy is subject to certain loss contingencies, the outcome of which could have a material effect on NuStar Energy's results of operations and cash flows. Please refer to Note 10 of the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for a more detailed discussion of contingencies.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The following summary provides further information about our critical accounting policies that involve critical accounting estimates, and should be read in conjunction with Note 2 of the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data," which summarizes our significant accounting policies. The following accounting policies involve estimates that are considered critical due to the level of sensitivity and judgment involved, as well as the impact on our consolidated financial position and results of operations. We believe that all of our estimates are reasonable.

Investment in NuStar Energy
We evaluate our investment in NuStar Energy for impairment if and when there is evidence that we may not be able to recover the carrying amount of our investment or that NuStar Energy is unable to sustain an earnings capacity that justifies the carrying amount. A loss in the value of our investment that is other than a temporary decline is recognized currently in earnings based on the difference between the estimated current fair value of the investment and our carrying amount. In order to determine fair value, our management must make certain estimates and assumptions regarding NuStar Energy's operations, including, among other things, an assessment of market conditions, projected cash flows, interest rates and growth rates that could significantly impact the fair value of our investment. Due to the significant subjectivity of the assumptions used to determine fair value, changes in market conditions and/or changes in assumptions could result in significant impairment charges in the future, thus affecting our earnings. We believe that the carrying amount of our investment in NuStar Energy, as of December 31, 2010, is recoverable.

Unit-Based Compensation
We account for awards of NS unit options, performance awards and restricted units to employees and directors of NuStar GP, LLC at fair value, whereby a liability for the award is initially recorded and subsequent changes in the fair value are included in the determination of net income. The fair value of NS unit options is determined using the Black-Scholes model at each reporting date. The fair value of NS restricted units and performance awards equals the market price of NS common units at each reporting date. However, NS performance awards are earned only upon NuStar Energy's achievement of an objective performance measure. We record compensation expense each reporting period such that the cumulative compensation expense equals the portion of the award's current fair value that has vested. We record compensation expense related to NS unit options until such options are exercised, and we record compensation expense for NS restricted units and performance awards until the date of vesting.

We account for awards of NSH restricted units and unit options granted to employees of NuStar GP, LLC and our directors based on the fair value of the awards at the grant date. The fair value of NSH unit options is determined using the Black-Scholes model at the grant date, and the fair value of the NSH restricted units equals the market price of NSH common units at the grant date. Compensation expense for NSH restricted units and unit options is recognized ratably over the vesting period based on the initial fair value determination.

We make certain assumptions to determine the fair value of NS and NSH unit options related to the expected life of the option, volatility of the related units, expected distribution yield and risk-free interest rate. Changes in these assumptions impact the amount of expense associated with the award and the amount of our liability.

Pension and Other Postretirement Benefit Obligations

We have significant pension and postretirement benefit liabilities and costs that are developed from actuarial valuations. Inherent in these valuations are key assumptions including discount rates, expected return on plan assets, future compensation increases and health care cost trend rates. Changes in these assumptions are primarily influenced by factors outside our control. For example, the discount rate assumption is based on a hypothetical yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the hypothetical yield curve required a minimum rating of AA or better by Moody Investor Service, Inc. or a rating of AA or better by Standard & Poor’s. The resulting discount rate was 5.8% for pension and other postretirement benefit plans, as of December 31, 2010. These assumptions can have an effect on the amounts reported in our consolidated financial statements. For example, a 0.25% decrease in the discount rate or expected return on plan assets or a 0.25% increase in the rate of compensation increase would have the following effects (in thousands):

	Pension Benefits	Other Postretirement Benefits
Increase in benefit obligation as of December 31, 2010 from:		
Discount rate decrease	$ 2,648	$ 590
Compensation rate increase	1,090	n/a
Increase in net periodic benefit cost for the year ending December 31, 2011 resulting from:		
Discount rate decrease	$ 878	$ 78
Expected return on plan assets decrease	120	n/a
Compensation rate increase	426	n/a

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our management assessed the effectiveness of NuStar GP Holdings, LLC's internal control over financial reporting as of December 31, 2010. In its evaluation, management used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on this assessment, management believes that, as of December 31, 2010, our internal control over financial reporting was effective based on those criteria.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The effectiveness of internal control over financial reporting as of December 31, 2010 has been audited by KPMG LLP, the independent registered public accounting firm who audited our consolidated financial statements included in this Form 10-K. KPMG LLP's attestation on the effectiveness of our internal control over financial reporting appears on page 41.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Members
of NuStar GP Holdings, LLC:

We have audited the accompanying consolidated balance sheets of NuStar GP Holdings, LLC and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of income, members' equity, and cash flows for each of the years in the three-year period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NuStar GP Holdings, LLC and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company changed its method of accounting for sales of units by NuStar Energy L.P. in 2009 upon adoption of the FASB's revised requirements for equity method investments.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NuStar GP Holdings, LLC and subsidiaries' internal control over financial reporting as of December 31, 2010, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Antonio, Texas
February 25, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Members
of NuStar GP Holdings, LLC:

We have audited NuStar GP Holdings, LLC and subsidiaries' (the Company's) internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, NuStar GP Holdings, LLC and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NuStar GP Holdings, LLC and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, members' equity and cash flows for each of the years in the three-year period ended December 31, 2010, and our report dated February 25, 2011 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Antonio, Texas
February 25, 2011

NUSTAR GP HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 5,304	$ 371
Receivable from NuStar Energy L.P.	10,345	10,639
Income tax receivable	0	5,798
Other receivables	831	795
Deferred income tax assets, net	4,870	1,198
Other current assets	303	353
Total current assets	21,653	19,154
Investment in NuStar Energy L.P.	566,676	559,519
Long-term receivable from NuStar Energy L.P.	10,088	7,663
Deferred income tax assets, net	5,628	6,923
Other assets	1,189	0
Total assets	$ 605,234	$ 593,259
Liabilities and Members' Equity		
Current liabilities:		
Short-term debt	$ 16,000	$ 14,300
Accounts payable	89	351
Accrued compensation expense	24,727	14,593
Accrued liabilities	398	829
Income tax payable	302	0
Taxes other than income tax	1,056	848
Total current liabilities	42,572	30,921
Employee benefit plan liabilities	21,199	24,130
Commitments and contingencies (Note 10)		
Members' equity	540,992	545,200
Accumulated other comprehensive income (loss)	471	(6,992)
Total members' equity	541,463	538,208
Total liabilities and members' equity	$ 605,234	$ 593,259

See Notes to Consolidated Financial Statements.

NUSTAR GP HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF INCOME
(Thousands of Dollars, Except Unit and Per Unit Data)

	Year Ended December 31, 2010	2009	2008
Equity in earnings of NuStar Energy L.P.	$ 66,859	$ 65,573	$ 69,622
General and administrative expenses	(3,184)	(3,502)	(2,831)
Other income (expense), net	9,475	5,555	(379)
Interest expense, net	(1,106)	(363)	(214)
Income before income tax benefit	72,044	67,263	66,198
Income tax benefit	419	834	98
Net income	$ 72,463	$ 68,097	$ 66,296
Basic and diluted net income per unit	$ 1.70	$ 1.60	$ 1.56
Weighted average number of basic units outstanding	42,517,525	42,505,534	42,501,586
Weighted average number of diluted units outstanding	42,526,187	42,505,534	42,501,586

See Notes to Consolidated Financial Statements.

NUSTAR GP HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)

	Year Ended December 31, 2010	2009	2008
Cash Flows from Operating Activities:			
Net income	$ 72,463	$ 68,097	$ 66,296
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in earnings of NuStar Energy L.P.	(66,859)	(65,573)	(69,622)
Distributions of equity in earnings from NuStar Energy L.P.	66,859	65,746	69,449
Gain related to NuStar Energy L.P.'s issuance of limited partner units	(7,767)	(5,390)	0
(Gain) loss on sale of NuStar Energy L.P. limited partner units in connection with unit-based compensation	(1,708)	(165)	379
(Benefit) provision for deferred income tax	(2,483)	712	(1,525)
Changes in current assets and liabilities (Note 8)	17,277	(3,145)	259
Increase in other assets	(1,096)	0	(618)
Increase in long-term receivable from NuStar Energy L.P.	(2,425)	(1,018)	(961)
(Decrease) increase in employee benefit plan liabilities	(2,661)	465	1,953
Other, net	225	225	407
Net cash provided by operating activities	71,825	59,954	66,017
Cash Flows from Investing Activities:			
Distributions in excess of equity in earnings from NuStar Energy L.P.	15,567	10,839	0
Investment in NuStar Energy L.P.	(22,416)	(11,037)	(8,236)
Proceeds from sale of NuStar Energy L.P. units in connection with unit-based compensation	15,846	4,344	1,526
Other, net	0	0	(80)
Net cash provided by (used in) investing activities	8,997	4,146	(6,790)
Cash Flows from Financing Activities:			
Proceeds from short-term debt borrowings	5,200	14,300	0
Proceeds from long-term debt borrowings	0	0	5,000
Repayment of short-term debt	(3,500)	0	0
Repayment of long-term debt	0	(6,500)	(1,500)
Distributions to unitholders	(77,589)	(73,320)	(64,176)
Net cash used in financing activities	(75,889)	(65,520)	(60,676)
Net increase (decrease) in cash and cash equivalents	4,933	(1,420)	(1,449)
Cash and cash equivalents at the beginning of the period	371	1,791	3,240
Cash and cash equivalents at the end of the period	$ 5,304	$ 371	$ 1,791

See Notes to Consolidated Financial Statements.

NUSTAR GP HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(Thousands of Dollars, Except Unit Data)

	Units	Members' Equity	Accumulated Other Comprehensive Income	Total
Balance as of January 1, 2008	42,500,990	$ 546,753	$ 7,033	$ 553,786
Net income	0	66,296	0	66,296
Other comprehensive income (loss):				
Share of NuStar Energy L.P.'s other comprehensive loss	0	0	(8,892)	(8,892)
Pension and other postretirement benefit plan adjustments, net of tax benefit of $2,272	0	0	(3,927)	(3,927)
Total comprehensive income (loss)	0	66,296	(12,819)	53,477
Distributions to unitholders	0	(64,176)	0	(64,176)
Charges related to NuStar Energy L.P.'s issuance of limited partner units	0	(757)	0	(757)
Unit-based compensation	2,794	1,120	0	1,120
Balance as of December 31, 2008	42,503,784	549,236	(5,786)	543,450
Net income	0	68,097	0	68,097
Other comprehensive income (loss):				
Share of NuStar Energy L.P.'s other comprehensive income	0	0	4,362	4,362
Pension and other postretirement benefit plan adjustments, net of tax benefit of $3,508	0	0	(5,568)	(5,568)
Total comprehensive income (loss)	0	68,097	(1,206)	66,891
Distributions to unitholders	0	(73,320)	0	(73,320)
Unit-based compensation	10,710	1,187	0	1,187
Balance as of December 31, 2009	42,514,494	545,200	(6,992)	538,208
Net income	0	72,463	0	72,463
Other comprehensive income:				
Share of NuStar Energy L.P.'s other comprehensive income	0	0	6,679	6,679
Pension and other postretirement benefit plan adjustments, net of tax expense of $105	0	0	784	784
Total comprehensive income	0	72,463	7,463	79,926
Distributions to unitholders	0	(77,589)	0	(77,589)
Unit-based compensation	30,165	918	0	918
Balance as of December 31, 2010	42,544,659	$ 540,992	$ 471	$ 541,463

See Notes to Consolidated Financial Statements.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2010, 2009, and 2008

1. ORGANIZATION

NuStar GP Holdings, LLC (NuStar GP Holdings) (NYSE: NSH), a publicly held Delaware limited liability company, was formed in June 2000. Valero Energy Corporation (Valero Energy) acquired us in connection with its December 31, 2001 acquisition of Ultramar Diamond Shamrock Corporation (2001 Acquisition). In two separate public offerings in 2006, Valero Energy sold all of their ownership interest in us and we did not receive any proceeds from either public offering.

Unless otherwise indicated, the terms “NuStar GP Holdings, LLC,” “NuStar GP Holdings,” “we,” “our” and “us” are used in this report to refer to NuStar GP Holdings, LLC, to one or more of our consolidated subsidiaries or to all of them taken as a whole.

Our unitholders have no liability under our limited liability company agreement, or for any of our debts, obligations or liabilities, in their capacity as a unitholder.

We have no operations or sources of income or cash flows other than our investment in NuStar Energy L.P. (NuStar Energy) (NYSE: NS). On December 31, 2010, we owned approximately 17.6% of NuStar Energy, consisting of the following:

- the 2% general partner interest;
- 100% of the incentive distribution rights (IDR) issued by NuStar Energy, which entitle us to receive increasing percentages of the cash distributed by NuStar Energy, currently at the maximum percentage of 23%; and
- 10,283,359 common units of NuStar Energy representing a 15.6% limited partner interest.

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. NuStar Energy has terminal facilities in the United States, the Netherlands, including St. Eustatius in the Caribbean, Canada, the United Kingdom and Mexico.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation
These consolidated financial statements include the accounts of NuStar GP Holdings and subsidiaries in which it has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Cash and Cash Equivalents
Cash equivalents are all highly liquid investments with an original maturity of three months or less when acquired.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Investment in NuStar Energy
We account for our 17.6% investment in NuStar Energy using the equity method. As the general partner, we exercise significant influence over NuStar Energy even though our ownership did not exceed 20% as of December 31, 2010. We evaluate our investment in NuStar Energy for impairment when there is evidence that we may not be able to recover the carrying amount of our investment or that the investee is unable to sustain an earnings capacity that justifies the carrying amount. We recognize a loss in the value of our investment that is other than a temporary decline currently in earnings based on the difference between the estimated current fair value of the investment and our carrying amount. We believe that the carrying amount of our investment in NuStar Energy as of December 31, 2010 is recoverable.

Accounting for Sales of Units by NuStar Energy
In November 2008, the Financial Accounting Standards Board (FASB) issued revised requirements for equity method investments. Effective January 1, 2009 we adopted these revised requirements, and began to account for issuances of common units by NuStar Energy as if we had sold a proportionate share of our investment, such that we record any gain or loss in earnings. Prior to adopting this revised requirement, we accounted for increases or decreases in our investment in NuStar Energy resulting from its sales of common units directly in "Members' equity," in accordance with SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Stock by a Subsidiary" (SAB 51). Please refer to Note 4 for a description of the issuances of common units by NuStar Energy.

Income Taxes
We are a limited liability company taxed as a partnership and generally are not subject to federal or state income taxes. Accordingly, our taxable income or loss, which may vary substantially from income or loss reported for financial reporting purposes, is generally included in the federal and state income tax returns of our unitholders. For transfers of publicly held units subsequent to our initial public offering, we have made an election permitted by Section 754 of the Internal Revenue Code of 1986, as amended (Code) to adjust the common unit purchaser's tax basis in our underlying assets to reflect the purchase price of the units. This results in an allocation of taxable income and expenses to the purchaser of the common units, including depreciation deductions and gains and losses on sales of assets, based upon the new unitholder's purchase price for the common units.

On August 14, 2006, NuStar GP, LLC, a wholly owned subsidiary of NuStar GP Holdings, elected to be treated as a corporation for federal income tax purposes under Treasury Regulation §301.7701-3(a). We account for income taxes under the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We measure deferred taxes using enacted tax rates expected to apply to taxable income in the year those temporary differences are expected to be recovered or settled.

Income tax expense includes federal and state income and withholding taxes currently payable and deferred federal and state income taxes resulting from temporary differences between financial statement and tax bases of assets and liabilities when such differences exist. NuStar GP Holdings or certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. For U.S. federal and state purposes, tax years subject to examination are 2006 through 2010.

We recognize a tax position if it is more likely than not that the tax position will be sustained, based on the technical merits of the position, upon examination. We record uncertain tax positions in the financial statements at the largest amount of benefit that is more likely than not to be realized. We had no unrecognized tax benefits as of December 31, 2010 and 2009.

Unit-Based Compensation
We account for awards of NS unit options, performance awards and restricted units to employees and directors of NuStar GP, LLC at fair value, whereby a liability for the award is initially recorded and subsequent changes in the fair value are included in the determination of net income. The fair value of NS unit options is determined using the Black-Scholes model at each reporting date. The fair value of NS restricted units and performance awards equals the market price of NS common units at each reporting date. However, performance awards are earned only upon NuStar Energy's achievement of an objective performance measure. We record compensation expense each reporting period such that the cumulative compensation expense equals the portion of the award's current fair value that has vested. We

record compensation expense related to NS unit options until such options are exercised, and we record compensation expense for NS restricted units and performance awards until the date of vesting.

We account for awards of NSH restricted units and unit options granted to employees of NuStar GP, LLC and our directors based on the fair value of the awards at the grant date. The fair value of NSH unit options is determined using the Black-Scholes model at the grant date and the fair value of the NSH restricted units equals the market price of NSH common units at the grant date. Compensation expense for NSH restricted units and unit options is recognized ratably over the vesting period based on the initial fair value determination.

The liability for awards of NS unit options, performance awards and restricted units is included in "Accrued compensation expense" on our consolidated balance sheets. NuStar Energy reimburses us for the expenses resulting from NS awards and NSH awards to employees providing services to NuStar Energy. Expenses resulting from NSH awards to our non-employee directors are included in "General and administrative expenses" on our consolidated statements of income.

We recognize compensation expense using the non-substantive vesting period approach, whereby compensation expense is recognized immediately for awards granted to retirement-eligible employees or over the period from the grant date to the date retirement eligibility is achieved if that date is expected to occur during the nominal vesting period.

Pension and Other Postretirement Benefits

We recognize the overfunded or underfunded status of our defined benefit pension or postretirement plans as an asset or a liability as of the balance sheet dates. We record changes in the funded status of our plans as a component of comprehensive income in the year the changes occur.

Reclassifications

Certain previously reported amounts in the 2008 and 2009 consolidated financial statements have been reclassified to conform to the 2010 presentation.

3. NEW ACCOUNTING PRONOUNCEMENTS

Fair Value Measurements

In January 2010, the FASB issued additional guidance that requires new disclosures regarding significant transfers in and out of Level 1 and Level 2 fair value measurements and additional information on the roll forward of Level 3 fair value measurements. This guidance also clarified the existing provisions on determining the appropriate classes of assets and liabilities to be reported and disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. This additional guidance is effective for interim and annual periods beginning after December 15, 2009, with the exception of the new requirements in the Level 3 roll forward, which will be effective for fiscal years beginning after December 15, 2010. We adopted these provisions effective January 1, 2010, except the requirements related to the Level 3 roll forward, which we adopted January 1, 2011, and they did not have a material impact on our disclosures.

Supplementary Pro Forma Information for Business Combinations

In December 2010, the FASB revised the guidance for pro forma disclosure requirements for business combinations. The accounting guidance for business combinations requires public entities to disclose certain pro forma financial information for material business combinations that occur during the period. Previously, public entities were required to disclose pro forma information as if the business combination had occurred as of the beginning of the year and had occurred as of the beginning of the comparable prior year. The revised guidance would require pro forma disclosures be presented as if the business combination occurred at the beginning of the prior annual period. The revised disclosure provisions are effective for business combinations with acquisition dates occurring in fiscal years beginning after December 15, 2010. We adopted these provisions on January 1, 2011.

4. INVESTMENT IN NUSTAR ENERGY

On May 19, 2010, NuStar Energy issued 4,400,000 common units representing limited partner interests at a price of $56.55 per unit. NuStar Energy received proceeds of $240.1 million, net of issuance cost. In conjunction with NuStar Energy's issuance of common units, we contributed $5.1 million to NuStar Energy in order to maintain our 2% general partner interest and our ownership in NuStar Energy was reduced from 18.7% at December 31, 2009 to 17.6% at December 31, 2010. This issuance resulted in a gain of $7.8 million or $0.18 per unit for the year ended December 31, 2010, which is included in "Other income (expense), net" on our consolidated statements of income, and represents the increase in the value of our proportionate share of NuStar Energy's capital.

In November 2009, NuStar Energy issued 5,750,000 common units representing limited partner interests at a price of $52.45 per unit. NuStar Energy received proceeds of $288.8 million, net of issuance cost. In conjunction with NuStar Energy's issuance of common units, we contributed $6.2 million to NuStar Energy in order to maintain our 2% general partner interest and our ownership in NuStar Energy was reduced from 20.5% at December 31, 2008 to 18.7% at December 31, 2009. This issuance resulted in a gain of $5.4 million or $0.13 per unit for the year ended December 31, 2009, which is included in "Other income (expense), net" on our consolidated statements of income, and represents the increase in the value of our proportionate share of NuStar Energy's capital.

In April 2008, NuStar Energy issued 5,050,800 common units representing limited partner interests at a price of $48.75 per unit. NuStar Energy received proceeds of $236.2 million, net of issuance cost, and we contributed $5.0 million to NuStar Energy in order to maintain our 2% general partner interest. This issuance resulted in a charge of $0.8 million, reflected in "Members' equity" on the consolidated balance sheet, due to the decrease in the value of our proportionate share of NuStar Energy's capital.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Summary Financial Information

Condensed financial information reported by NuStar Energy is summarized below:

	December 31, 2010	December 31, 2009
	(Thousands of Dollars)	
Balance Sheet Information:		
Current assets	$ 939,507	$ 734,719
Property, plant and equipment, net	3,187,457	3,028,196
Goodwill	813,270	807,742
Other long-term assets, net	446,159	204,016
Total assets	$ 5,386,393	$ 4,774,673
Current liabilities	$ 393,229	$ 338,754
Long-term debt, less current portion	2,136,248	1,828,993
Other long-term liabilities	154,216	121,958
Total liabilities	2,683,693	2,289,705
Partners' equity	2,702,700	2,484,968
Total liabilities and partners' equity	$ 5,386,393	$ 4,774,673

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars)		
Statement of Income Information:			
Revenues	$ 4,403,061	$ 3,855,871	$ 4,828,770
Operating income	302,557	273,316	310,073
Net income	238,970	224,875	254,018

Other

Our investment in NuStar Energy reconciles to NuStar Energy's total partners' equity as follows:

	December 31, 2010	December 31, 2009
	(Thousands of Dollars)	
NuStar Energy's total partners' equity	$ 2,702,700	$ 2,484,968
NuStar GP Holdings' ownership interest in NuStar Energy	17.6%	18.7%
NuStar GP Holdings' share of NuStar Energy's partners' equity	475,675	464,689
Step-up in basis related to NuStar Energy's assets and liabilities, including equity method goodwill, and other	91,001	94,830
Investment in NuStar Energy	$ 566,676	$ 559,519

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The step-up in basis related to NuStar Energy's assets and liabilities, including equity method goodwill, reflected in the table above relates to purchase accounting adjustments resulting from the 2001 Acquisition. The amount represents the unamortized excess of the fair value over carrying amount applicable to Valero Energy's proportionate 73.6% interest in NuStar Energy's identifiable assets and liabilities as of December 31, 2001 of which $81.8 million is being amortized as a reduction to equity in earnings of NuStar Energy over approximately 28 years. This amount also includes the portion of goodwill resulting from the 2001 Acquisition that was attributed to our investment in NuStar Energy. Since 26.4% of the equity interest in NuStar Energy was owned by public unitholders as of the date of the 2001 Acquisition, a significant portion of the total ownership interest in NuStar Energy was deemed to be held by the public according to GAAP, thereby preventing the adjustment of the reported financial statements of NuStar Energy.

The following table summarizes our equity in earnings of NuStar Energy:

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars)		
NuStar GP Holdings' Equity in Earnings of NuStar Energy:			
General partner interest	$ 4,113	$ 3,924	$ 4,586
General partner incentive distribution (a)	33,304	28,712	24,764
General partner's interest in earnings and incentive distributions of NuStar Energy	37,417	32,636	29,350
NuStar GP Holdings' limited partner interest in earnings of NuStar Energy	32,326	35,821	43,156
Amortization of step-up in basis related to NuStar Energy's assets and liabilities	(2,884)	(2,884)	(2,884)
NuStar GP Holdings' equity in earnings of NuStar Energy	$ 66,859	$ 65,573	$ 69,622

(a) For the first quarter of 2008, NuStar Energy's net income allocation to general and limited partners reflected total cash distributions based on the partnership interests outstanding as of March 31, 2008. NuStar Energy issued 5,050,800 common units in April 2008. Actual distribution payments are made within 45 days after the end of each quarter as of a record date that is set after the end of each quarter. Therefore, our portion of the actual distributions made with respect to the year ended December 31, 2008, including the IDR, exceeded the net income allocated to us.

5. RELATED PARTY TRANSACTIONS

General

We manage NuStar Energy through our ownership of NuStar GP, LLC and Riverwalk Holdings, LLC, which own Riverwalk Logistics L.P., the general partner of NuStar Energy. Our officers are also officers of NuStar GP, LLC. The Chairman of our Board of Directors, William E. Greehey, is also the Chairman of the Board of Directors of NuStar GP, LLC. The Board of Directors of NuStar GP, LLC is responsible for overseeing NuStar GP, LLC's role as the general partner of the general partner of NuStar Energy, and we, as the sole owner of NuStar GP, LLC, must also approve matters that have or would reasonably be expected to have a material effect on our interests as the sole owner of NuStar GP, LLC.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

We had a receivable from NuStar Energy of $10.3 million and $10.6 million, as of December 31, 2010 and 2009, respectively, relating to payroll, employee benefit plans and unit-based compensation. We also had a long-term receivable of $10.1 million and $7.7 million from NuStar Energy as of December 31, 2010 and 2009, respectively, related to amounts payable for retiree medical benefits and other post-employment benefits. The following table represents total related party transactions charged to NuStar Energy:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars)		
Expenses for payroll, employee benefit plans and unit-based compensation	$ 208,805	$ 183,329	$ 159,944
Other	383	376	335
Total related party transactions charged to NuStar Energy	$ 209,188	$ 183,705	$ 160,279

GP Services Agreement
On April 24, 2008, the boards of directors of each of NuStar GP, LLC and NuStar GP Holdings approved (i) the termination of the administration agreement, dated July 16, 2006, between NuStar GP Holdings and NuStar GP, LLC (the Administration Agreement) and (ii) the adoption of a services agreement between NuStar GP, LLC and NuStar Energy (the GP Services Agreement). All employees providing services to both NuStar GP Holdings and NuStar Energy are employed by NuStar GP, LLC.

Under the Administration Agreement, we paid annual charges of $500,000, subject to certain adjustments, to NuStar GP, LLC in return for NuStar GP, LLC's provision of all executive management, accounting, legal, cash management, corporate finance and other administrative services to us. We also reimbursed NuStar GP, LLC for all direct public company costs and any other direct costs, such as outside legal and accounting fees, that NuStar GP, LLC incurred while providing services to us.

Effective as of January 1, 2008, NuStar Energy and NuStar GP, LLC entered into the GP Services Agreement. The GP Services Agreement provides that NuStar GP, LLC will furnish administrative and certain operating services necessary to conduct the business of NuStar Energy. All employees providing services to both NuStar GP Holdings and NuStar Energy are employed by NuStar GP, LLC; therefore, NuStar Energy reimburses NuStar GP, LLC for all employee costs, other than the expenses allocated to NuStar GP Holdings (the Holdco Administrative Services Expense). For the 2009 fiscal year and each fiscal year thereafter, the Holdco Administrative Services Expense totals $1.1 million plus 1.0% of NuStar GP, LLC's domestic bonus and unit-based compensation expense, subject to certain other adjustments. For 2008, the Holdco Administrative Services Expense totaled $0.8 million plus 1.0% of NuStar GP LLC's domestic bonus and unit-based compensation expense. The GP Services Agreement will terminate on December 31, 2012, with automatic two-year renewals unless terminated by either party upon six months' prior written notice. The aggregate amounts of Holdco Administrative Services Expense that we incurred related to the Administration Agreement and the GP Services Agreement were $1.5 million, $1.4 million and $0.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Non-Compete Agreement
On July 19, 2006, in connection with our initial public offering, we entered into a non-compete agreement with NuStar Energy (the Non-Compete Agreement). Under the Non-Compete Agreement, we will have a right of first refusal with respect to the potential acquisition of general partner and other equity interests in publicly traded partnerships under common ownership with the general partner interest. NuStar Energy has a right of first refusal with respect to the potential acquisition of assets that relate to the transportation, storage or terminalling of crude oil, feedstocks or refined petroleum products (including petrochemicals) in the United States and internationally. With respect to any other business opportunities, neither we nor NuStar Energy are prohibited from engaging in any business, even if we and NuStar Energy would have a conflict of interest with respect to such other business opportunity. The Non-Compete Agreement remains in effect for so long as we or any of our affiliates own 20% or more of NuStar GP, LLC or Riverwalk Logistics, L.P.

6. DISTRIBUTIONS FROM NUSTAR ENERGY

NuStar Energy's partnership agreement, as amended, determines the amount and priority of cash distributions that NuStar Energy's common unitholders and general partner may receive. We, as NuStar Energy's general partner, are entitled to incentive distributions if the amount NuStar Energy distributes with respect to any quarter exceeds $0.60 per unit, with the maximum percentage of 23% of the amount of any quarterly distribution in excess of $0.66 per unit. We also receive a 2% distribution with respect to our general partner interest.

The following table reflects the allocation of NuStar Energy's cash distributions earned for the period indicated among its general and limited partners:

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars, Except Per Unit Data)		
General partner interest	$ 6,227	$ 5,430	$ 5,058
General partner incentive distribution	33,304	28,712	25,294
Total general partner distribution	39,531	34,142	30,352
Limited partner distribution	43,924	43,557	41,827
Total distributions to NuStar GP Holdings	83,455	77,699	72,179
Public unitholders' distributions	227,923	193,751	180,643
Total cash distributions	$ 311,378	$ 271,450	$ 252,822
Cash distributions per unit applicable to limited partners	$ 4.280	$ 4.245	$ 4.085

In February 2011, NuStar Energy paid a quarterly cash distribution totaling $79.6 million, or $1.075 per unit, related to the fourth quarter of 2010.

7. FAIR VALUE MEASUREMENTS

In April 2009, the FASB revised its existing disclosure requirements for the fair value of financial instruments to include the disclosure of the fair value of all financial instruments, whether or not recognized at fair value in the balance sheet, along with the related carrying value and methods and significant assumptions used to estimate the fair value. Our only financial instrument is our revolving credit facility, which bears interest at a variable rate that floats with market rates, and thus the fair value of any outstanding borrowings would approximate its carrying amount.

We segregate the inputs used in measuring fair value into three levels: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists.

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

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Accrued compensation expense:				
NuStar Energy restricted units and performance awards	$ 14,968	$ -	$ -	$ 14,968
NuStar Energy unit options	-	7,076	-	7,076
Total	$ 14,968	$ 7,076	$ -	$ 22,044

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Accrued compensation expense:				
NuStar Energy restricted units and performance awards	$ 8,689	$ -	$ -	$ 8,689
NuStar Energy unit options	-	5,418	-	5,418
Total	$ 8,689	$ 5,418	$ -	$ 14,107

The fair value of NS unit options is determined using the Black-Scholes option-pricing model based on certain assumptions for expected life, volatility, distribution yield and risk-free interest rate. The expected life of NS unit options granted is the period of time from the valuation date to the date of expected exercise or other expected settlement. Expected volatility for NS unit options is based on closing prices of NS common units for periods corresponding to the life of options granted. Expected distribution yield is based on annualized distributions at the valuation date for NS unit options. The risk-free interest rate used is the implied yield currently available from the U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of the options at the valuation date for NS unit options. Accrued compensation expense for NS unit options was determined using the Black-Scholes option-pricing model based on the following weighted-average assumptions:

	December 31,	
	2010	2009
Expected life in years	6.3	6.2
Expected volatility	23.3%	48.9%
Expected distribution yield	6.2%	7.6%
Risk-free interest rate	0.4%	0.9%

8. CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in current assets and liabilities were as follows:

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars)		
Decrease (increase) in current assets:			
Receivable from NuStar Energy	$ 1,671	$ (6,122)	$ (3,441)
Income tax receivable	5,798	(5,076)	2,148
Other receivables	(36)	(24)	(681)
Other current assets	50	(134)	12
Increase (decrease) in current liabilities:			
Accounts payable	(339)	11	169
Payable to NuStar Energy	-	-	(56)
Accrued compensation expense	10,054	8,158	2,472
Accrued liabilities	(431)	102	(161)
Income tax payable	302	-	-
Taxes other than income tax	208	(60)	(203)
Changes in current assets and liabilities	$ 17,277	$ (3,145)	$ 259

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

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars)		
Cash paid for interest	$ 847	$ 221	$ 230
Cash (refunded) paid for income tax, net	$ (4,036)	$ 3,523	$ (718)

Non-cash investing and financing activities for the years ended December 31, 2010, 2009 and 2008 included:

- Adjustments to our investment in NuStar Energy and accumulated other comprehensive income through recognition of our proportionate share of NuStar Energy's accumulated other comprehensive income; and
- Pension funding adjustments recognized in accumulated other comprehensive income.

In addition, for the year ended December 31, 2008, a SAB 51 charge was recognized as a non-cash investing activity in conjunction with NuStar Energy's issuance of common units.

9. CREDIT FACILITY

Borrowings under our revolving credit facility are used to fund capital contributions to NuStar Energy to maintain our 2% general partner interest as NuStar Energy issues additional units and meet other liquidity and capital resource requirements.

On July 15, 2010, we entered into a 364-day revolving credit facility (2010 Credit Facility) that matures on July 14, 2011 with a borrowing capacity of up to $30.0 million, of which up to $10.0 million may be available for letters of credit. Interest on the 2010 Credit Facility is based upon, at our option, either an alternative base rate plus 1.75% or a LIBOR-based rate plus 2.75%, which was 3.1% as of December 31, 2010. These interest rates are 1.75% lower than the rates that were in effect under our previous revolving credit facility, which matured on July 16, 2010 (2009 Credit Facility).

Our obligations under the 2010 Credit Facility are unsecured. The 2010 Credit Facility contains customary covenants and provisions including limitations on indebtedness, liens, dispositions of material property, mergers and asset transfers.

The terms of the 2010 Credit Facility, which are similar to those under the 2009 Credit Facility, require NuStar Energy to maintain a total debt-to-EBITDA ratio of less than 5.0-to-1.0 for any four consecutive quarters, subject to adjustment following certain acquisitions. We are also required to receive cash distributions of at least $35.0 million in respect of our ownership interests in NuStar Energy for the preceding four fiscal quarters ending on the last day of each fiscal quarter. Our management believes that we are in compliance with the covenants, including the debt-to-EBITDA ratio, which was 4.6x as of December 31, 2010.

During the second quarter of 2010, we borrowed $5.2 million under the 2009 Credit Facility mainly to fund our $5.1 million contribution to NuStar Energy to maintain our 2% general partner interest following its issuance of common units in May 2010. On July 15, 2010, we borrowed $19.5 million under the 2010 Credit Facility to repay in full the balance on the 2009 Credit Facility. During the fourth quarter of 2010, we repaid $3.5 million under the 2010 Credit Facility. As of December 31, 2010, we had availability of $14.0 million for borrowings or letters of credit under the 2010 Credit Facility. The weighted average interest rate related to combined borrowings under both the 2010 Credit Facility and the 2009 Credit Facility for the year ended December 31, 2010 was 4.0%.

10. COMMITMENTS AND CONTINGENCIES

Litigation and Environmental Matters

We are not currently a party to any material legal proceedings. However, NuStar Energy is subject to certain loss contingencies, the outcome of which could have an effect on NuStar Energy's results of operations and ability to pay distributions, which would impact our results of operations and ability to pay distributions. NuStar Energy's material contingent liabilities resulting from various litigation, claims and commitments are discussed below.

Grace Energy Corporation Matter. In 1997, Grace Energy Corporation (Grace Energy) sued subsidiaries of Kaneb Pipe Line Partners, L.P. (KPP) and Kaneb Services LLC (KSL and collectively with KPP and their respective subsidiaries, Kaneb) in Texas state court. NuStar Energy acquired Kaneb on July 1, 2005. The complaint sought recovery of the cost of remediation of fuel leaks in the 1970s from a pipeline that had once connected a former Grace Energy terminal with Otis Air Force Base in Massachusetts (Otis AFB). Grace Energy alleges the Otis AFB pipeline and related environmental liabilities had been transferred in 1978 to an entity that was part of Kaneb's acquisition of Support Terminal Services, Inc. and its subsidiaries from Grace Energy in 1993. Kaneb contends that it did not acquire the Otis AFB pipeline and never assumed any responsibility for any associated environmental damage.

In 2000, the court entered final judgment that: (i) Grace Energy could not recover its own remediation costs of $3.5 million, (ii) Kaneb owned the Otis AFB pipeline and its related environmental liabilities and (iii) Grace Energy was awarded $1.8 million in attorney costs. Both Kaneb and Grace Energy appealed the final judgment of the trial court to the Texas Court of Appeals in Dallas. In 2001, Grace Energy filed a petition in bankruptcy, which created an automatic stay of actions against Grace Energy. In September 2008, Grace Energy filed its Joint Plan of Reorganization and Disclosure Statement.

The Otis AFB is a part of a Superfund Site pursuant to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). The site contains a number of groundwater contamination plumes, two of which are allegedly associated with the Otis AFB pipeline. Relying on the final judgment of the Texas state court assigning ownership of the Otis AFB pipeline to Kaneb, the United States Department of Justice (the DOJ) advised Kaneb in 2001 that it intends to seek reimbursement from Kaneb for the remediation costs associated with the two plumes. In November 2008, the DOJ forwarded information to NuStar Energy indicating that the past and estimated future remediation expenses associated with one plume are $71.9 million. The DOJ has indicated that they will not seek recovery of remediation costs for the second plume. The DOJ has not filed a lawsuit against NuStar Energy related to this matter, and NuStar Energy has not made any payments toward costs incurred by the DOJ. NuStar Energy is currently in settlement discussions with other potentially responsible parties and the DOJ, and a change in NuStar Energy's estimate of this liability may occur in the near term. However, any settlement agreement that is reached must be approved by multiple parties and requires the approval of the bankruptcy court and the federal district court. NuStar Energy cannot currently estimate when or if a settlement will be finalized.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Eres Matter. In August 2008, Eres N.V. (Eres) forwarded a demand for arbitration to CITGO Asphalt Refining Company (CARCO), CITGO Petroleum Corporation (CITGO), NuStar Asphalt Refining, LLC (NuStar Asphalt) and NuStar Marketing LLC (NuStar Marketing, and together with CARCO, CITGO and NuStar Asphalt, the Defendants) contending that the Defendants are in breach of a tanker voyage charter party agreement, dated November 2004, between Eres and CARCO (the Charter Agreement). The Charter Agreement provides for CARCO's use of Eres' vessels for the shipment of asphalt. Eres contends that NuStar Asphalt and/or NuStar Marketing (together, the NuStar Entities) assumed the Charter Agreement when NuStar Asphalt purchased the CARCO assets, and that the Defendants have failed to perform under the Charter Agreement since January 1, 2008. Eres has valued its damages for the alleged breach of contract claim at approximately $78.1 million. Pursuant to a May 2010 ruling by the United States District Court for the Southern District of Texas, the NuStar Entities were found to have assumed the Charter Agreement from CARCO and to be obligated to defend and indemnify CITGO and CARCO against Eres' claims. The Defendants were ordered to proceed with arbitration. NuStar Energy intends to vigorously defend against Eres' claims in arbitration.

NuStar Energy is also a party to additional claims and legal proceedings arising in the ordinary course of its business. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on NuStar Energy's results of operations, financial position or liquidity. It is possible that if one or more of the matters described above were decided against NuStar Energy, the effects could be material to its results of operations in the period in which it would be required to record or adjust the related liability and could also be material to its cash flows in the periods it would be required to pay such liability.

Commitments
As of December 31, 2010, we had no future minimum payments applicable to non-cancellable operating leases and purchase obligations.

11. NET INCOME PER UNIT

Net Income Per Unit
In June 2008, the FASB addressed whether instruments granted in share-based payment transactions are participating securities. The FASB clarified that participating securities now include unvested share-based payment awards if they contain nonforfeitable rights to dividends or dividend equivalents. For all periods subsequent to January 1, 2009 and for any comparable periods, we began treating restricted units granted under our long-term incentive plan as participating securities in computing net income per unit pursuant to the two-class method, and the effect is not material.

Unit amounts used in the computation of basic and diluted net income per unit were as follows:

	Year Ended December 31,		
	2010	2009	2008
Basic units outstanding:			
Weighted average number of basic units outstanding	42,517,525	42,505,534	42,501,586
Diluted units outstanding:			
Weighted average number of basic units outstanding	42,517,525	42,505,534	42,501,586
Effect of dilutive securities	8,662	-	-
Weighted average number of diluted units outstanding	42,526,187	42,505,534	42,501,586

The computation of diluted net income per unit for the years ended December 31, 2009 and 2008 excludes 324,100 outstanding options to purchase NuStar GP Holdings units, as the exercise price exceeded the average market price and their effect would be anti-dilutive.

12. MEMBERS' EQUITY

Cash Distributions

Our limited liability company agreement requires that, within 50 days after the end of each quarter, we distribute all of our available cash to the holders of record of our units on the applicable record date. Available cash is defined as all cash on hand at the end of any calendar quarter less the amount of cash reserves necessary or appropriate, as determined in good faith by our board of directors. The table set forth below shows our cash distributions paid related to the periods shown:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars, Except Per Unit Data)		
Cash distributions per unit	$ 1.87	$ 1.73	$ 1.58
Total cash distributions	$ 79,517	$ 73,537	$ 67,153

In February 2011, we paid a quarterly cash distribution totaling $20.4 million, or $0.48 per unit, related to the fourth quarter of 2010.

Accumulated Other Comprehensive Income

The balance of and changes in the components included in "Accumulated other comprehensive income (loss)" were as follows:

	Share of NuStar Energy's Other Comprehensive Income	Pension and Other Postretirement Benefit Plan Adjustments, net of tax	Accumulated Other Comprehensive (Loss) Income
		(Thousands of Dollars)	
Balance as of January 1, 2008	$ 5,985	$ 1,048	$ 7,033
Share of NuStar Energy's other comprehensive loss	(8,892)	-	(8,892)
Pension and other postretirement benefit plan adjustments, net of tax benefit of $2,272	-	(3,927)	(3,927)
Balance as of December 31, 2008	(2,907)	(2,879)	(5,786)
Share of NuStar Energy's other comprehensive income	4,362	-	4,362
Pension and other postretirement benefit plan adjustments, net of tax benefit of $3,508	-	(5,568)	(5,568)
Balance as of December 31, 2009	1,455	(8,447)	(6,992)
Share of NuStar Energy's other comprehensive income	6,679	-	6,679
Pension and other postretirement benefit plan adjustments, net of tax expense of $105	-	784	784
Balance as of December 31, 2010	$ 8,134	$ (7,663)	$ 471

Rights Agreement

On July 19, 2006, we entered into a rights agreement with Computershare Investor Services, LLC, as amended effective February 28, 2008 (the Rights Agreement), under which one preferred unit purchase right (a Right) is attached to each of our outstanding units. The Rights become exercisable under specified circumstances, including if any person or group (an acquiring person) becomes the beneficial owner of 15% or more of our outstanding units, subject to specified exceptions. Each Right entitles the registered holder to purchase from us one one-hundredth of a unit of junior participating preferred units, series I (Preferred Units) at an exercise price of $100, subject to adjustment under specified circumstances. If events specified in the Rights Agreement occur, each holder of Rights other than the acquiring person can exercise their Rights. When a holder exercises a Right, the holder will be entitled to receive units valued at a multiple of the exercise price of the Right specified in the Rights Agreement. In some cases, the holder will receive cash, property or other securities instead of units. We may redeem the Rights for $0.001 per Right at any time prior to the tenth day after a person or group becomes an acquiring person.

The Rights will expire on June 30, 2016, unless extended or earlier redeemed or exchanged, and are protected by customary anti-dilution provisions. Preferred Units purchasable upon exercise of the Rights will not be redeemable. Each Preferred Unit will be entitled to share in our distributions of available cash pro rata with the units. In the event of liquidation, the holders of the Preferred Units will be entitled to a minimum preferential liquidation payment of $100 per unit. Each Preferred Unit will have 100 votes, voting together with the units. Finally, in the event of any merger, consolidation or other transaction in which units are exchanged, each Preferred Unit will be entitled to receive 100 times the amount received per unit.

13. EMPLOYEE BENEFIT PLANS

The NuStar Thrift Plan

The NuStar Thrift Plan (the Thrift Plan) is a qualified employee profit-sharing plan that became effective June 26, 2006. Participation in the Thrift Plan is voluntary and is open to substantially all NuStar GP, LLC employees upon their date of hire, except for part-time employees (as defined in the Thrift Plan), who become eligible upon completing one year of service (as defined in the Thrift Plan). Thrift Plan participants can contribute from 1% up to 30% of their total annual compensation to the Thrift Plan in the form of pre-tax and/or after tax employee contributions. NuStar GP, LLC makes matching contributions in an amount equal to 100% of each participant’s employee contributions up to a maximum of 6% of the participant’s total annual compensation. Effective May 1, 2010, Thrift Plan participants may designate all or any portion of their contributions as Roth 401(k) contributions as defined in the Code. Our matching contributions to the Thrift Plan for the years ended December 31, 2010, 2009 and 2008 totaled $5.9 million, $5.3 million and $4.7 million, respectively.

NuStar GP, LLC also maintains an excess thrift plan (the Excess Thrift Plan) that became effective July 1, 2006. The Excess Thrift Plan is a nonqualified deferred compensation plan that provides benefits to those employees of NuStar GP, LLC whose compensation and/or annual contributions under the Thrift Plan are subject to the limitations applicable to qualified retirement plans under the Code.

Pension and Other Postretirement Benefits

The NuStar Pension Plan (the Pension Plan) is a qualified non-contributory defined benefit pension plan that became effective July 1, 2006. The Pension Plan covers substantially all of NuStar GP, LLC’s employees and generally provides eligible employees with retirement income calculated under a defined benefit final average pay formula (FAP) based on years of service and compensation during their period of service. Employees become fully vested in their Pension Plan benefits upon attaining five years of vesting service. Effective January 1, 2011, the FAP was frozen to participants entering the Pension Plan. New participants will now be eligible for a defined benefit cash balance formula based on age and service, and become fully vested in their Pension Plan benefits upon attaining three years of vesting service.

NuStar GP, LLC also maintains an excess pension plan (the Excess Pension Plan) and a supplemental executive retirement plan (the SERP). The Excess Pension Plan and the SERP are nonqualified deferred compensation plans that provide benefits to a select group of management or other highly compensated employees of NuStar GP, LLC.

None of the Excess Thrift Plan, the Excess Pension Plan or the SERP is intended to constitute either a qualified plan under the provisions of Section 401 of the Code or a funded plan subject to ERISA.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

NuStar GP, LLC also provides a medical benefits plan for retired employees, referred to as other postretirement benefits.

NuStar Energy reimbursed and will continue to reimburse all costs incurred by us related to these employee benefit plans at cost. We charged NuStar Energy $13.1 million, $9.4 million, and $8.2 million for the years ended December 31, 2010, 2009 and 2008, respectively, for these employee benefit plans. Our current and noncurrent liabilities for these employee benefits are included in "Accrued compensation expense" and "Employee benefit plan liabilities," respectively, on our consolidated balance sheets.

The Pension Plan, Excess Pension Plan and SERP are collectively referred to as the Pension Plans in the tables and discussion below. We use December 31 as the measurement date for our pension and other postretirement plans.

The changes in the benefit obligation, the changes in fair value of plan assets, the funded status and the amounts recognized in our consolidated balance sheet for our Pension Plans and other postretirement benefit plans as of and for the years ended December 31, 2010 and 2009 were as follows:

	Pension Plans		Other Postretirement Benefit Plans	
	2010	2009	2010	2009
	(Thousands of Dollars)			
Change in benefit obligation:				
Benefit obligation, January 1	$ 36,714	$ 19,081	$ 13,586	$ 9,851
Service cost	11,384	8,155	904	667
Interest cost	2,233	1,343	832	699
Benefits paid	(962)	(253)	(64)	(31)
Participants contributions	-	-	27	17
Actuarial loss	923	8,388	83	2,383
Benefit obligation, December 31	$ 50,292	$ 36,714	$ 15,368	$ 13,586
Change in plan assets:				
Plan assets at fair value, January 1	$ 27,236	$ 15,309	$ -	$ -
Actual return on plan assets	3,603	3,180	-	-
Company contributions	17,000	9,000	37	14
Benefits paid	(962)	(253)	(64)	(31)
Participants contributions	-	-	27	17
Plan assets, December 31	$ 46,877	$ 27,236	$ -	$ -
Reconciliation of funded status:				
Fair value of plan assets at December 31	$ 46,877	$ 27,236	$ -	$ -
Less: Benefit obligation at December 31	50,292	36,714	15,368	13,586
Funded status at December 31	(3,415)	(9,478)	(15,368)	(13,586)
Unrecognized net loss	10,173	11,063	2,597	2,596
Prepaid (accrued) benefit cost	$ 6,758	$ 1,585	$(12,771)	$ (10,990)
Amounts recognized in the consolidated balance sheets:				
Other assets	$ 1,189	$ -	$ -	$ -
Accrued compensation expense	(93)	-	(116)	(71)
Employee benefit plan liabilities	(4,511)	(9,478)	(15,252)	(13,515)
Net pension liability	$ (3,415)	$ (9,478)	$ (15,368)	$ (13,586)

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The components of net periodic benefit cost related to our Pension Plans and other postretirement benefit plans, which are reimbursed to us by NuStar Energy, were as follows:

	Pension Plans Year Ended December 31,			Other Postretirement Benefit Plans Year Ended December 31,		
	2010	2009	2008	2010	2009	2008
	(Thousands of Dollars)					
Components of net periodic benefit cost:						
Service cost	$ 11,384	$ 8,155	$ 7,293	$ 904	$ 667	$ 593
Interest cost	2,233	1,343	750	832	699	523
Expected return on assets	(2,314)	(1,600)	(992)	-	-	-
Amortization of prior service credit	(18)	(18)	(18)	-	-	-
Amortization of net loss	542	132	35	83	-	-
Net periodic benefit cost	$ 11,827	$ 8,012	$ 7,068	$ 1,819	$ 1,366	$ 1,116

Adjustments related to our Pension Plans and other postretirement benefit plans recognized in other comprehensive income were as follows:

	Pension Plans Year Ended December 31,			Other Postretirement Benefit Plans Year Ended December 31,		
	2010	2009	2008	2010	2009	2008
	(Thousands of Dollars)					
Net unrecognized actuarial gain (loss) arising during the year	$ 366	$ (6,808)	$ (5,438)	$ (84)	$ (2,382)	$ (778)
Net (gain) loss reclassified into income:						
Amortization of prior service credit	(18)	(18)	(18)	-	-	-
Amortization of net loss	542	132	35	83	-	-
Net loss reclassified into income	524	114	17	83	-	-
Tax (expense) benefit	(136)	2,591	1,984	31	917	288
Total changes in other comprehensive income (loss)	$ 754	$ (4,103)	$ (3,437)	$ 30	$ (1,465)	$ (490)

Amounts related to our Pension Plans and other postretirement benefit plans recorded as a component of accumulated other comprehensive income were as follows:

	Pension Plans December 31,			Other Postretirement Benefit Plans December 31,		
	2010	2009	2008	2010	2009	2008
	(Thousands of Dollars)					
Unrecognized actuarial loss	$ (10,294)	$ (11,202)	$ (4,526)	$ (2,597)	$ (2,596)	$ (214)
Prior service credit	121	139	157	-	-	-
Deferred tax asset	4,081	4,217	1,626	1,026	995	78
Accumulated other comprehensive loss, net of tax	$ (6,092)	$ (6,846)	$ (2,743)	$ (1,571)	$ (1,601)	$ (136)

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

As of December 31, 2010, 2009 and 2008, the balance of accumulated other comprehensive income that had not been recognized as a component of net periodic benefit cost related to the respective unrecognized actuarial loss and prior service credit is shown in the table above. In 2011, we expect to recognize $485,000 and $71,000 of the unrecognized actuarial loss for Pension Plans and other postretirement benefit plans, respectively, and $18,000 of prior year service credit for Pension Plans as components of periodic benefit cost.

The aggregate accumulated benefit obligation for our Pension Plans as of December 31, 2010 and 2009 was $37.3 million and $25.5 million, respectively.

The aggregate benefit obligation and accumulated benefit obligation of the Excess Pension Plan and the SERP, which did not have any plan assets, were as follows:

	December 31,	
	2010	2009
	(Thousands of Dollars)	
Benefit obligation	$ 4,604	$ 4,150
Accumulated benefit obligation	3,112	2,458

The allocations of plan assets for the Pension Plan were as follows:

	December 31,	
	2010	2009
Equity securities	67%	65%
Fixed income securities	32%	34%
Cash equivalent securities	1%	1%

The investment policies and strategies for the assets of our qualified Pension Plan incorporate a well-diversified approach that is expected to earn long-term returns from capital appreciation and a growing stream of current income. This approach recognizes that assets are exposed to risk, and the market value of the Pension Plan’s assets may fluctuate from year to year. Risk tolerance is determined based on NuStar Energy’s financial ability to withstand risk within the investment program and the willingness to accept return volatility. In line with the investment return objective and risk parameters, the Pension Plan’s mix of assets includes a diversified portfolio of equity and fixed-income instruments. The aggregate asset allocation is reviewed on an annual basis and the allocation as of December 31, 2010 was in line with our target.

The overall expected long-term rate of return on plan assets for the Pension Plan is estimated using models of asset returns. Model assumptions are derived using historical data given the assumption that capital markets are informationally efficient. Three models are used to derive the long-term expected returns for each asset class. Since each method has distinct advantages and disadvantages and differing results, an equal weighted average of the methods’ results is used.

In December 2008, the FASB issued additional guidance on an employer’s disclosures about plan assets of a defined pension or other postretirement plan that includes requiring fair value disclosures for each major class of plan assets into three levels: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists. This new guidance applies to disclosures about plan assets for fiscal years ending after December 15, 2009, and is not required for earlier periods that are presented for comparative purposes. We adopted these disclosure requirements for plan assets as of December 31, 2009.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The major classes of plan assets measured at fair value for the Pension Plan, were as follows:

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Asset class:				
Cash equivalent securities	$ 386	$ -	$ -	$ 386
Equity securities:				
U.S. large cap equity fund (a)	-	26,596	-	26,596
International stock index fund (b)	4,800	-	-	4,800
Fixed income securities:				
Bond market index fund (c)	15,095	-	-	15,095
Total	$ 20,281	$ 26,596	$ -	$ 46,877

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	(Thousands of Dollars)			
Asset class:				
Cash equivalent securities	$ 178	$ -	$ -	$ 178
Equity securities:				
U.S. large cap equity fund (a)	-	15,092	-	15,092
International stock index fund (b)	2,642	-	-	2,642
Fixed income securities:				
Bond market index fund (c)	9,324	-	-	9,324
Total	$ 12,144	$ 15,092	$ -	$ 27,236

(a) This fund is a low-cost equity index fund not actively managed that tracks the S&P 500. Fair values were estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.
(b) This fund tracks the performance of the Total International Composite Index.
(c) This fund tracks the performance of the Barclays Capital U.S. Aggregate Bond Index.

During 2010, we contributed $17.0 million to the Pension Plan. We estimate our minimum required contribution to the Pension Plan during 2011 will be approximately $11.0 million under the Employee Retirement Income Security Act, which we expect to contribute to the Pension Plan during 2011. Since costs incurred by us related to the Pension Plan and our other postretirement benefit plan are reimbursed by NuStar Energy, funding for these plans will primarily be provided by NuStar Energy.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the years ending December 31:

	Pension Plans	Other Postretirement Benefit Plans
	(Thousands of Dollars)	
2011	$ 1,604	$ 116
2012	2,235	190
2013	2,741	293
2014	3,489	435
2015	4,145	625
Years 2016-2020	39,724	6,069

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The weighted average assumptions used to determine the benefit obligations were as follows:

	Pension Plans December 31,		Other Postretirement Benefit Plans December 31,	
	2010	2009	2010	2009
Discount rate	5.82%	6.16%	5.80%	6.14%
Rate of compensation increase	4.07%	4.56%	n/a	n/a

The discount rate assumption used to determine the pension obligations at December 31, 2010 and December 31, 2009 were based on a hypothetical yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the hypothetical yield curve required a minimum rating of AA or better by Moody Investor Service, Inc. or a rating of AA or better by Standard & Poor's.

The Pension Plans rate of compensation increase as of December 31, 2009 changed from the previously disclosed amount due to a revised approach for estimating the benefit obligation. This new approach updates the average age used and is not considered a change in method.

The weighted average assumptions used to determine the net periodic benefit cost were as follows:

	Pension Plans Year Ended December 31,			Other Postretirement Benefit Plans Year Ended December 31,		
	2010	2009	2008	2010	2009	2008
Discount rate	6.16%	7.13%	6.82%	6.14%	7.11%	6.80%
Expected long-term rate of return on plan assets	7.50%	7.50%	7.50%	n/a	n/a	n/a
Rate of compensation increase	4.56%	4.66%	4.66%	n/a	n/a	n/a

The Pension Plans rate of compensation increase for the years ended December 31, 2009 and 2008 changed from the previously disclosed amounts due to a revised approach for estimating the net periodic benefit cost. This new approach updates the average age used and is not considered a change in method.

The assumed health care cost trend rates were as follows:

	December 31,	
	2010	2009
Health care cost trend rate assumed for next year	7.36%	7.38%
Rate to which the cost trend rate was assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reached the ultimate trend rate	2018	2018

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. We sponsor a contributory postretirement health care plan. The plan has an annual limitation (a cap) on the increase of the employer's share of the cost of covered benefits. The cap on the increase in employer's cost is 2.5% per year. The assumed increase in total health care cost exceeds the 2.5% indexed cap, so increasing or decreasing the health care cost trend rate by 1% does not materially change our obligation or expense for the postretirement health care plan.

14. UNIT-BASED COMPENSATION

As of December 31, 2010, we had the following long-term incentive plans:

- The Second Amended and Restated 2000 Long-Term Incentive Plan (the 2000 LTIP), under which NuStar GP, LLC may award up to 1,500,000 NuStar Energy (NS) common units. Awards under the 2000 LTIP can include NS unit options, restricted units, performance awards, distribution equivalent rights (DER) and contractual rights to receive common units.
- The 2002 Unit Option Plan (the UOP) under which NuStar GP, LLC may award up to 200,000 NS unit options to officers and directors of NuStar GP, LLC or its affiliates.
- The 2003 Employee Unit Incentive Plan (the UIP) under which NuStar GP, LLC may award up to 500,000 NS common units to employees of NuStar GP, LLC or its affiliates, excluding officers and directors of NuStar GP, LLC and its affiliates. Awards under the UIP can include NS unit options, restricted units and DER.
- The 2006 Long-Term Incentive Plan (the 2006 LTIP) under which NuStar GP Holdings may award up to 2,000,000 NuStar GP Holdings (NSH) units to our employees, consultants and directors who perform services for us or our affiliates. Awards under the 2006 LTIP can include NSH unit options, performance awards, DER, restricted units, phantom units, unit grants and unit appreciation rights.

We purchase NuStar Energy (NS) common units as needed to satisfy awards granted under the 2000 LTIP, the UOP and the UIP.

The number of awards granted under the above-noted plans were as follows:

	Year Ended December 31,					
	2010		2009		2008	
	Granted	Vesting	Granted	Vesting	Granted	Vesting
2000 LTIP:						
Performance awards	21,380	(a)	23,233	(a)	14,470	(a)
Unit options	—	—	—	—	2,600	1/5 per year
Restricted units	191,430	1/5 per year	194,973	1/5 per year	236,868	1/5 per year
Restricted units (grants to non-employee directors of NuStar GP, LLC)	3,938	1/3 per year	5,076	1/3 per year	5,625	1/3 per year
UIP:						
Unit options	—	—	—	—	795	1/5 per year
Restricted units (b)	11,520	1/5 per year	10,692	1/5 per year	16,321	1/5 per year
2006 LTIP:						
Restricted units	21,935	1/5 per year	24,290	1/5 per year	30,300	1/5 per year
Restricted units (grants to non-employee directors of NuStar GP Holdings) (c)	6,156	1/3 per year	8,627	1/3 per year	10,308	1/3 per year

(a) Performance awards vest 1/3 per year if certain performance measures are met, as defined in the award agreements.
(b) The UIP restricted unit grants include 2,460, 2,382 and 2,526 restricted unit awards granted to certain international employees for the years ended December 31, 2010, 2009 and 2008, respectively, that vest 1/3 per year, as defined in the award agreements.
(c) Expenses resulting from our awards to non-employee directors are not reimbursed by NuStar Energy and are included in "general and administrative expenses" on our consolidated statements of income.

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

As of December 31, 2010 and 2009, we had accrued $22.0 million and $14.1 million, respectively, for the outstanding awards of NS unit options, performance awards and restricted units in "Accrued compensation expense" on our consolidated balance sheets. As of December 31, 2010, NS common units that remained available to be awarded totaled 122,842 under the 2000 LTIP and 247,526 under the UIP. Substantially all approved awards under the UOP have been granted as of December 31, 2010. NSH units that remained available totaled 1,571,605 under the 2006 LTIP as of December 31, 2010.

The following table summarizes information pertaining to long-term incentive plan compensation expenses:

	Year Ended December 31,		
	2010	2009	2008
	(Thousands of Dollars)		
Long-term incentive plan compensation expense charged to NuStar Energy	$ 20,349	$ 15,060	$ 5,254
Expenses resulting from NuStar GP Holdings awards to non-employee directors	225	225	392

Unit Options

Under the terms of our unit option plan, the exercise price of options granted is not less than the fair market value of our common units on the date of grant. Options become exercisable pursuant to the individual written agreements between the participants and us, usually in five equal annual installments beginning at the date of grant, with unexercised options expiring seven to ten years from the date of grant.

The fair value of each NSH unit option grant was estimated using the Black-Scholes option-pricing model on the grant date. The expected life of NSH unit options granted is the period of time from the grant date to the date of expected exercise or other expected settlement. Expected volatility for NSH unit options is based on closing prices of NSH common units for periods corresponding to the life of options granted. Expected distribution yield is based on annualized distributions at the grant date for NSH unit options. The risk-free interest rate used is the implied yield currently available from the U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of the options at the grant date for NSH unit options.

On November 16, 2007, we granted 324,100 NSH unit options at $31.55, which was our only grant of options under the 2006 LTIP. These options expire seven years from the grant date and vest in annual one-third increments beginning on November 16, 2010. The total intrinsic value of unit options exercised during the year ended December 31, 2010 was $0.1 million. No NSH unit options were exercised during the years ended December 31, 2009 and 2008.

The following table summarizes the status of outstanding NSH unit options granted under the 2006 LTIP:

	Number of Unit Options
Balance as of January 1, 2010	324,100
Exercised	(11,667)
Balance as of December 31, 2010	312,433

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table summarizes the status of vested NSH unit options granted under the 2006 LTIP:

	Number of Unit Options	Weighted-Average Exercise Price Per Unit	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (Thousands of Dollars)
Outstanding and Exercisable as of December 31, 2010	96,369	$ 31.55	3.9	$ 461

Restricted Units
The following table summarizes information related to outstanding NSH restricted units awarded under the 2006 LTIP:

	Restricted Unit Grants to Employees	Restricted Unit Grants to Non-Employee Directors	Total	Weighted-Average Grant-Date Fair Value Per Unit
Balance as of January 1, 2010	48,530	17,187	65,717	$ 23.05
Granted	21,935	6,156	28,091	$ 36.54
Vested	(14,506)	(7,999)	(22,505)	$ 23.13
Balance as of December 31, 2010	55,959	15,344	71,303	$ 28.34

The weighted-average grant-date fair value of restricted units granted during the years ended December 31, 2010, 2009, and 2008 was $36.54, $26.07, and $19.40 per unit, respectively. The total fair value of NSH restricted units that vested during the years ended December 31, 2010, 2009, and 2008 was $0.8 million, $0.3 million, and $0.1 million, respectively.

15. INCOME TAXES

Components of income tax benefit were as follows:

	Year Ended December 31, 2010	2009	2008
	(Thousands of Dollars)		
Current:			
U.S. federal	$ (1,905)	$ 1,485	$ (1,362)
U.S. state	(158)	61	(65)
Total current	(2,063)	1,546	(1,427)
Deferred:			
U.S. federal	2,301	(690)	1,456
U.S. state	181	(22)	69
Total deferred	2,482	(712)	1,525
Total income tax benefit	$ 419	$ 834	$ 98

NUSTAR GP HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The difference between income tax expense recorded in our consolidated statements of income and income taxes computed by applying the statutory federal income tax rate (35% for all years presented) to income before income tax expense is due to the fact that the majority of our income is not subject to federal income tax based on our status as a limited liability company.

The tax effects of significant temporary differences representing deferred income tax assets and liabilities were as follows:

	December 31, 2010	December 31, 2009
	(Thousands of Dollars)	
Deferred income tax assets:		
Share/option compensation	$ 8,429	$ 5,535
Pension	1,698	3,716
Capital loss	44	96
Other state	496	480
Net operating loss	1,280	-
Foreign tax credits	12	-
Valuation allowance	(44)	(96)
Deferred income tax assets	11,915	9,731
Deferred income tax liabilities:		
Investment in Riverwalk Logistics, L.P. and NuStar Energy	(37)	(174)
Other employee benefits	(1,380)	(1,436)
Total net deferred income tax assets	$ 10,498	$ 8,121

Our U.S. corporate operations have capital loss carryforwards for tax purposes, which are subject to a five-year carryforward limitation on use and expire in 2013. As of December 31, 2010, we have recorded a valuation allowance due to uncertainties related to our ability to utilize some of our deferred income tax assets, primarily consisting of certain federal capital loss carry forwards, before they expire. The valuation allowance is based on our estimates of taxable income for federal income tax purposes and the period over which deferred income tax assets will be recoverable.

The realization of deferred income tax assets recorded as of December 31, 2010 is dependent upon our ability to generate future taxable income in the United States. We believe that it is more-likely-than-not that the deferred tax assets as of December 31, 2010 will be realized, based upon expected future taxable income and potential tax planning strategies.

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	(Thousands of Dollars, Except Per Unit Data)				
2010:					
Net income	$ 8,493	$ 30,886	$17,777	$15,307	$72,463
Basic and diluted net income per unit	0.20	0.73	0.42	0.35	1.70
Cash distributions per unit applicable to limited partners	0.450	0.460	0.480	0.480	1.870
2009:					
Net income	$ 12,008	$ 21,375	$17,726	$16,988	$68,097
Basic and diluted net income per unit	0.28	0.50	0.42	0.40	1.60
Cash distributions per unit applicable to limited partners	0.430	0.430	0.435	0.435	1.730

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Our management has evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were operating effectively as of December 31, 2010.

INTERNAL CONTROL OVER FINANCIAL REPORTING

(a) Management's Report on Internal Control over Financial Reporting.

Management's report on NuStar GP Holdings, LLC's internal control over financial reporting required by Item 9A. appears in Item 8. of this report, and is incorporated herein by reference.

(b) Attestation Report of the Registered Public Accounting Firm.

The report of KPMG LLP on NuStar GP Holdings, LLC's internal control over financial reporting appears in Item 8. of this Form 10-K, and is incorporated herein by reference.

(c) Changes in Internal Controls over Financial Reporting.

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS AND EXECUTIVE OFFICERS OF NUSTAR GP HOLDINGS, LLC

Information required to be disclosed under this Item 10 appears under the following headings in the Company's Proxy Statement for the 2011 annual meeting of unitholders and is hereby incorporated by reference: "Information Regarding the Board of Directors," "Independent Directors," "Audit Committee," "Code of Ethics of Senior Financial Officers," "Proposal No. 1 Election of Directors," "Information Concerning Nominees and Other Directors" and "Certain Relationships and Related Transactions."

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

ITEM 11. EXECUTIVE COMPENSATION

Information required to be disclosed under this Item 11 appears under the following headings in the Company's Proxy Statement for the 2011 annual meeting of unitholders and is hereby incorporated by reference: "Compensation Committee," "Compensation Discussion and Analysis," "Compensation of Directors," "Executive Compensation" and "Certain Relationships and Related Transactions."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

Information required to be disclosed under this Item 12 appears under the following headings in the Company's Proxy Statement for the 2011 annual meeting of unitholders and is hereby incorporated by reference: "Beneficial Ownership" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required to be disclosed under this Item 13 appears under the following headings in the Company's Proxy Statement for the 2011 annual meeting of unitholders and is hereby incorporated by reference: "Certain Relationships and Related Transactions" and "Independent Directors."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required to be disclosed under this Item 14 appears under the following headings in the Company's Proxy Statement for the 2011 annual meeting of unitholders and is hereby incorporated by reference: "KPMG LLP Fees for Fiscal Years 2010, 2009 and 2008" and "Audit Committee Pre-Approval Policy."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) **Financial Statements.** The following consolidated financial statements of NuStar GP Holdings, LLC and its subsidiaries are included in Part II, Item 8 of this Form 10-K:

NUSTAR GP HOLDINGS, LLC:

(2) Financial Statement Schedules and Other Financial Information. No financial statement schedules are submitted because either they are inapplicable or because the required information is included in the consolidated financial statements or notes thereto.

(3) **Exhibits.**

Filed as part of this Form 10-K are the following:

Exhibit Number	Description	Incorporated by Reference to the Following Document
2.01	Agreement and Plan of Merger, dated as of October 31, 2004, by and among Valero L.P., Riverwalk Logistics, L.P., Valero GP, LLC, VLI Sub A LLC and Kaneb Services LLC	NuStar Energy L.P.'s Current Report on Form 8-K filed November 4, 2004 (File No. 001-16417), Exhibit 99.1
2.02	Agreement and Plan of Merger, dated as of October 31, 2004, by and among Valero L.P., Riverwalk Logistics, L.P., Valero GP, LLC, VLI Sub B LLC and Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Company LLC	NuStar Energy L.P.'s Current Report on Form 8-K filed November 4, 2004 (File No. 001-16417), Exhibit 99.2
3.01	Certificate of Formation of UDS Logistics, LLC, dated June 5, 2000	NuStar GP Holdings, LLC's Amendment No. 2 to Registration Statement on Form S-1 filed June 15, 2006 (File No. 333-132917), Exhibit 3.01

Exhibit Number	Description	Incorporated by Reference to the Following Document
3.02	Certificate of Amendment of Certificate of Formation of UDS Logistics, LLC, dated January 19, 2006	NuStar GP Holdings, LLC's Amendment No. 2 to Registration Statement on Form S-1 filed June 15, 2006 (File No. 333-132917), Exhibit 3.03
3.03	Amendment to Certificate of Formation of Valero GP Holdings, LLC, dated March 21, 2007 and effective April 1, 2007	NuStar GP Holdings, LLC's Current Report on Form 8-K, filed March 27, 2007 (File No. 001-32940), Exhibit 3.01
3.04	Second Amended and Restated Limited Liability Company Agreement of Valero GP Holdings, LLC	NuStar GP Holdings, LLC's Current Report on Form 8-K, filed July 25, 2006 (File No. 001-32940), Exhibit 3.01
4.01	Amended and Restated Certificate of Limited Partnership of Shamrock Logistics, L.P., effective January 1, 2002	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.3
4.02	Amendment to Certificate of Limited Partnership of Valero L.P., dated March 21, 2007 and effective April 1, 2007	NuStar Energy L.P.'s Current Report on Form 8-K, filed March 27, 2007 (File No. 001-16417), Exhibit 3.01
4.03	Third Amended and Restated Agreement of Limited Partnership of Valero L.P., dated as of March 18, 2003	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-16417), Exhibit 3.1
4.04	Amendment No. 1 to Third Amended and Restated Agreement of Limited Partnership of Valero L.P., dated as of March 11, 2004	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2003 (File No. 001-16417), Exhibit 4.3
4.05	Amendment No. 2 to Third Amended and Restated Agreement of Limited Partnership of Valero L.P., dated as of July 1, 2005	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.01
4.06	Amendment No. 3 to Third Amended and Restated Agreement of Limited Partnership of NuStar Energy L.P., dated as of April 10, 2008	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.8
4.07	Amended and Restated Certificate of Limited Partnership of Shamrock Logistics Operations, L.P., dated as of January 7, 2002	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.8
4.08	Certificate of Amendment to Certificate of Limited Partnership of Valero Logistics Operations, L.P., dated March 21, 2007 and effective April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-32940), Exhibit 3.04

Exhibit Number	Description	Incorporated by Reference to the Following Document
4.09	Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., dated as of April 16, 2001	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.9
4.10	First Amendment to Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., effective as of April 16, 2001	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (File No. 001-16417), Exhibit 4.1
4.11	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P., dated as of January 7, 2002	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.10
4.12	Certificate of Limited Partnership of Riverwalk Logistics, L.P., dated as of June 5, 2000	NuStar Energy L.P.'s Registration Statement on Form S-1 filed August 14, 2000 (File No. 333-43668), Exhibit 3.7
4.13	First Amended and Restated Limited Partnership Agreement of Riverwalk Logistics, L.P., dated as of April 16, 2001	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.16
4.14	Certificate of Formation of Shamrock Logistics GP, LLC, dated as of December 7, 1999	NuStar Energy L.P.'s Registration Statement on Form S-1 filed August 14, 2000 (File No. 333-43668), Exhibit 3.9
4.15	Certificate of Amendment to Certificate of Formation of Shamrock Logistics GP, LLC, dated as of December 31, 2001	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.14
4.16	Certificate of Amendment to Certificate of Formation of Valero GP, LLC, dated March 21, 2007 and effective April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-32940), Exhibit 3.03
4.17	First Amended and Restated Limited Liability Company Agreement of Shamrock Logistics GP, LLC, dated as of June 5, 2000	NuStar Energy L.P.'s Amendment No. 5 to Registration Statement on Form S-1 filed March 29, 2001 (File No. 333-43668), Exhibit 3.10
4.18	First Amendment to First Amended and Restated Limited Liability Company Agreement of Shamrock Logistics GP, LLC, effective as of December 31, 2001	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2001 (File No. 001-16417), Exhibit 3.15

Exhibit Number	Description	Incorporated by Reference to the Following Document
4.19	Indenture, dated as of July 15, 2002, among Valero Logistics Operations, L.P., as Issuer, Valero L.P., as Guarantor, and The Bank of New York, as Trustee, relating to Senior Debt Securities	NuStar Energy L.P.'s Current Report on Form 8-K filed July 15, 2002 (File No. 001-16417), Exhibit 4.1
4.20	First Supplemental Indenture, dated as of July 15, 2002, to Indenture dated as of July 15, 2002, in each case among Valero Logistics Operations, L.P., as Issuer, Valero L.P., as Guarantor, and The Bank of New York, as Trustee, relating to 6 7/8% Senior Notes due 2012	NuStar Energy L.P.'s Current Report on Form 8-K filed July 15, 2002 (File No. 001-16417), Exhibit 4.2
4.21	Second Supplemental Indenture, dated as of March 18, 2003, to Indenture dated as of July 15, 2002, as amended and supplemented by a First Supplemental Indenture thereto dated as of July 15, 2002, in each case among Valero Logistics Operations, L.P., as Issuer, Valero L.P., as Guarantor, and The Bank of New York, as Trustee (including form of global note representing $250,000,000 6.05% Senior Notes due 2013)	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-16417), Exhibit 4.1
4.22	Third Supplemental Indenture, dated as of July 1, 2005, to Indenture dated as of July 15, 2002, as amended and supplemented, among Valero Logistics Operations, L.P., Valero L.P., Kaneb Pipe Line Operating Partnership, L.P., and The Bank of New York Trust Company , N.A.	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.02
4.23	Fourth Supplemental Indenture, dated as of April 4, 2008, to Indenture dated as of July 15, 2002, among NuStar Logistics L.P., as issuer, NuStar Energy L.P., as guarantor, NuStar Pipeline Operating Partnership L.P., as affiliate guarantor, and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed April 4, 2008 (File No. 001-16417), Exhibit 4.2
4.24	Fifth Supplemental Indenture, dated as of August 12, 2010, to Indenture dated as of July 15, 2002, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor and Wells Fargo Bank, National Association, as Successor Trustee	NuStar Energy L.P.'s Current Report on Form 8-K filed August 16, 2010 (File No. 001-16417), Exhibit 4.3

Exhibit Number	Description	Incorporated by Reference to the Following Document
4.25	Instrument of Resignation, Appointment and Acceptance, dated March 31, 2008, among NuStar Logistics, L.P., NuStar Energy L.P., Kaneb Pipeline Operating Partnership, L.P., The Bank of New York Trust Company N.A., and Wells Fargo Bank, National Association	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-32940), Exhibit 4.23
4.26	Indenture, dated as of February 21, 2002, between Kaneb Pipe Line Operating Partnership, L.P. and JPMorgan Chase Bank (Senior Debt Securities)	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.03
4.27	First Supplemental Indenture, dated as of February 21, 2002, to Indenture dated as of February 21, 2002, between Kaneb Pipe Line Operating Partnership, L.P. and JPMorgan Chase Bank (including form of 7.750% Senior Unsecured Notes due 2012)	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.04
4.28	Second Supplemental Indenture, dated as of August 9, 2002 and effective as of April 4, 2002, to Indenture dated as of February 21, 2002, as amended and supplemented, between Kaneb Pipe Line Operating Partnership, L.P., Statia Terminals Canada Partnership, and JPMorgan Chase Bank	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.05
4.29	Third Supplemental Indenture, dated and effective as of May 16, 2003, to Indenture dated as of February 21, 2002, as amended and supplemented, between Kaneb Pipe Line Operating Partnership, L.P., Statia Terminals Canada Partnership, and JPMorgan Chase Bank	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.06
4.30	Fourth Supplemental Indenture, dated and effective as of May 27, 2003, to Indenture dated as of February 21, 2002, as amended and supplemented, between Kaneb Pipe Line Operating Partnership, L.P. and JPMorgan Chase Bank (including form of 5.875% Senior Unsecured Notes due 2013)	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.07
4.31	Fifth Supplemental Indenture, dated and effective as of July 1, 2005, to Indenture dated as of February 21, 2002, as amended and supplemented, among Kaneb Pipe Line Operating Partnership, L.P., Valero L.P., Valero Logistics Operations, L.P., and JPMorgan Chase Bank	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-16417), Exhibit 4.08

Exhibit Number	Description	Incorporated by Reference to the Following Document
4.32	Instrument of Resignation, Appointment and Acceptance, dated June 30, 2008, among NuStar Pipeline Operating Partnership L.P., NuStar Energy L.P., NuStar Logistics, L.P., The Bank of New York Trust Company N.A., and Wells Fargo Bank, National Association	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-32940), Exhibit 4.30
4.33	Form of certificate evidencing units representing interests in Valero GP Holdings, LLC	NuStar GP Holdings, LLC's Amendment to the Registration Statement on Form 8-A/A filed September 6, 2006 (File No. 001-32940, Exhibit 4.01
4.34	Rights Agreement between Valero GP Holdings, LLC and Computershare Investor Services, LLC, dated as of July 19, 2006	NuStar GP Holdings, LLC's Current Report on Form 8-K filed July 25, 2006 (File No. 001-32940), Exhibit 4.01
4.35	Amendment No. 1, effective as of February 28, 2008, to Rights Agreement between NuStar GP Holdings, LLC (f/k/a Valero GP Holdings, LLC) and Computershare Investor Services, LLC	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-32940), Exhibit 4.01
10.01	364-Day Revolving Credit Agreement dated as of July 15, 2010, among NuStar GP Holdings, LLC, as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, SunTrust Bank, as Syndication Agent, and The Lenders Party Thereto	NuStar GP Holdings, LLC's Current Report on Form 8-K filed July 19, 2010 (File No. 001-32940), Exhibit 10.01
10.02	5-Year Revolving Credit Agreement dated as of December 10, 2007 among NuStar Logistics, L.P., NuStar Energy L.P., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, Suntrust Bank, as Syndication Agent, and Barclays Bank PLC and Mizuho Corporate Bank Ltd., as Co-Documentation Agents, J.P. Morgan Securities Inc., as Sole Bookrunner and J.P. Morgan Securities Inc. and Suntrust Robinson Humphrey, as Co-lead Arrangers	NuStar GP Holdings, LLC's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 001-32940), Exhibit 10.04
10.03	First Amendment to 5-Year Revolving Credit Agreement, dated as of August 18, 2010, among NuStar Logistics, L.P., as Borrower, NuStar Energy L.P., JPMorgan Chase Bank, N.A., as Administrative Agent, and the Lenders Party thereto	NuStar Energy L.P.'s Current Report on Form 8-K filed August 20, 2010 (File No. 001-16417), Exhibit 10.01

Exhibit Number	Description	Incorporated by Reference to the Following Document
+10.04	NuStar GP, LLC Amended and Restated 2003 Employee Unit Incentive Plan, amended and restated as of April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32940), Exhibit 10.03
+10.05	Form of Unit Option Agreement under the Valero GP, LLC Amended and Restated 2003 Employee Unit Incentive Plan, as amended	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2006 (File No. 001-32940), Exhibit 10.58
+10.06	NuStar GP, LLC Amended and Restated 2002 Unit Option Plan, amended and restated as of April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32940), Exhibit 10.02
+10.07	NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan, amended and restated as of April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32940), Exhibit 10.01
+10.08	Form of Unit Option Award Agreement under the Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed November 3, 2006 (File No. 001-16417), Exhibit 10.02
+10.09	Form of Restricted Unit Award Agreement under the Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed November 3, 2006 (File No. 001-16417), Exhibit 10.03
+10.10	Form of Performance Unit Agreement under the Valero GP, LLC 2000 Amended and Restated Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed January 26, 2006 (File No. 001-16417), Exhibit 10.02
+10.11	Form of Non-employee Director Restricted Unit Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed October 29, 2007 (File No. 001-16417), Exhibit 10.02
+10.12	Form of Restricted Unit Award Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed October 29, 2007 (File No. 001-16417), Exhibit 10.03
+10.13	Form of Restricted Unit Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed November 10, 2008 (File No. 001-16417), Exhibit 10.03
+10.14	Form of 2010 Restricted Unit Award Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed January 5, 2011 (File No. 001-16417), Exhibit 10.03
+10.15	Form of Non-employee Director Restricted Unit Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed November 10, 2008 (File No. 001-16417), Exhibit 10.02
+10.16	Form of 2010 Non-employee Director Restricted Unit Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed January 5, 2011 (File No. 001-16417), Exhibit 10.02
+10.17	Form of Amended and Restated Performance Unit Agreement under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed December 8, 2009 (File No. 001-16417), Exhibit 10.02

Exhibit Number	Description	Incorporated by Reference to the Following Document
+10.18	Omnibus Amendment to Form of Amended and Restated Performance Unit Agreements under the NuStar GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar Energy L.P.'s Current Report on Form 8-K filed February 2, 1010 (File No. 001-16417), Exhibit 10.03
+10.19	Form of Performance Unit Agreement under the Second Amended and Restated 2000 Long-Term Incentive Plan	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2009 (File No. 001-32940), Exhibit 10.12
+10.20	Shamrock Logistics GP, LLC Year 2001 Annual Incentive Plan	NuStar Energy L.P.'s Amendment No. 5 to Registration Statement on Form S-1 filed March 29, 2001 (File No. 333-43668), Exhibit 10.4
+10.21	Shamrock Logistics GP, LLC Intermediate Incentive Compensation Plan	NuStar Energy L.P.'s Amendment No. 5 to Registration Statement on Form S-1 filed March 29, 2001 (File No. 333-43668), Exhibit 10.9
+10.22	NuStar GP Holdings, LLC Long-Term Incentive Plan, amended and restated as of April 1, 2007	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32940), Exhibit 10.04
+10.23	Form of Non-Employee Director Restricted Unit and Distribution Equivalent Right Award Agreement under the Valero GP Holdings, LLC Long-Term Incentive Plan, as amended	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32940), Exhibit 10.05
+10.24	Form of Non-Employee Director Award Agreement under the NuStar GP Holdings, LLC Long-Term Incentive Plan, as amended	NuStar GP Holdings, LLC's Current Report on Form 8-K filed October 29, 2007 (File No. 001-32940), Exhibit 10.02
+10.25	Form of Non-employee Director Award Agreement under the NuStar GP Holdings, LLC Long-Term Incentive Plan, as amended	NuStar GP Holdings, LLC's Current Report on Form 8-K filed November 10, 2008 (File No. 001-32940), Exhibit 10.02
+10.26	Form of 2010 Non-employee Director Restricted Unit Agreement under the NuStar GP Holdings, LLC 2006 Amended and Restated Long-Term Incentive Plan	NuStar GP Holdings, LLC's Current Report on Form 8-K filed January 5, 2011 (File No. 001-32940), Exhibit 10.02
+10.27	Form of Restricted Unit Award Agreement under the NuStar GP Holdings, LLC Long-Term Incentive Plan	NuStar GP Holdings, LLC's Current Report on Form 8-K filed November 10, 2008 (File No. 001-32940), Exhibit 10.03
+10.28	Form of 2010 Restricted Unit Award Agreement under the NuStar GP Holdings, LLC 2006 Amended and Restated Long-Term Incentive Plan	NuStar GP Holdings, LLC's Current Report on Form 8-K filed January 5, 2011 (File No. 001-32940), Exhibit 10.03
+10.29	Form of Unit Option Award Agreement under the NuStar GP Holdings, LLC Amended and Restated Long-Term Incentive Plan	NuStar GP Holdings, LLC's Current Report on Form 8-K filed October 29, 2007 (File No. 001-32940), Exhibit 10.03

Exhibit Number	Description	Incorporated by Reference to the Following Document
+10.30	NuStar Excess Pension Plan, amended and restated effective as of January 1, 2008	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-32940), Exhibit 10.15
+10.31	NuStar Excess Thrift Plan, amended and restated effective as of January 1, 2008	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-32940), Exhibit 10.16
+10.32	NuStar Supplemental Executive Retirement Plan, amended and restated effective as of January 1, 2008	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2008 (File No. 001-32940), Exhibit 10.17
+10.33	Change of Control Severance Agreement by and among Valero L.P., Valero GP, LLC and Curtis V. Anastasio, dated as of November 6, 2006	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-16417), Exhibit 10.05
+10.34	Form of Change of Control Severance Agreement by and among Valero L.P., Valero GP, LLC and each of the executive officers of NuStar GP, LLC, dated as of November 6, 2006	NuStar Energy L.P.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-16417), Exhibit 10.06
+10.35	Form of Waiver to Non-Employee Director Award Agreement	NuStar GP Holdings, LLC's Current Report on Form 8-K filed May 28, 2008 (File No. 001-16417), Exhibit 10.01
10.36	Amended and Restated Omnibus Agreement among Valero Energy Corporation, Valero GP, LLC, Riverwalk Logistics, L.P., Valero L.P. and Valero Logistics Operations, L.P., dated March 31, 2006	NuStar GP Holdings, LLC's Registration Statement on Form S-1 filed March 31, 2006 (File No. 333-132917), Exhibit 10.14
10.37	Contribution Agreement by and among Diamond Shamrock Refining and Marketing Company and Valero GP Holdings, LLC, dated effective as of June 1, 2006	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-32940), Exhibit 10.09
10.38	Services Agreement, effective as of January 1, 2008, between NuStar GP, LLC and NuStar Energy L.P.	NuStar GP Holdings, LLC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-32940), Exhibit 10.01

Exhibit Number	Description	Incorporated by Reference to the Following Document
10.39	Non-Compete Agreement, dated July 19, 2006, between Valero GP Holdings, LLC, Valero L.P., Riverwalk Logistics, L.P. and Valero GP, LLC	NuStar GP Holdings, LLC's Current Report on Form 8-K filed July 25, 2006 (File No. 001-32940), Exhibit 10.03
+10.40	Amended and Restated Employee Benefits Transition Agreement by and between Valero Energy Corporation, Valero GP Holdings, LLC and Valero GP, LLC, effective as of December 22, 2006	NuStar GP Holdings, LLC's Current Report on Form 8-K filed December 22, 2006 (File No. 001-32940), Exhibit 10.03
+10.41	Valero L.P. Annual Bonus Plan	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2006 (File No. 001-32940), Exhibit 10.57
10.42	Sale and Purchase Agreement, dated as of November 5, 2007, by and between CITGO Asphalt Refining Company and NuStar Asphalt Refining, LLC	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2007 (File No. 001-32940), Exhibit 10.52
10.43	Amendment to Sale and Purchase Agreement dated January 10, 2008, by and between CITGO Asphalt Refining Company and NuStar Asphalt Refining, LLC	NuStar Energy L.P.'s Current Report on Form 8-K filed March 25, 2008 (File No. 001-16417), Exhibit 10.4
10.44	Second Amendment to Sale and Purchase Agreement dated March 20, 2008, by and between CITGO Asphalt Refining Company and NuStar Asphalt Refining, LLC	NuStar Energy L.P.'s Current Report on Form 8-K filed March 25, 2008 (File No. 001-16417), Exhibit 10.5
10.45	Crude Oil Sales Agreement between NuStar Marketing LLC and PDVSA-Petróleo S.A., an affiliate of Petróleos de Venezuela S.A., the national oil company of the Bolivarian Republic of Venezuela, dated effective as of March 1, 2008	NuStar Energy L.P.'s Current Report on Form 8-K filed March 25, 2008 (File No. 001-16417), Exhibit 10.1
10.46	Peregrino Crude Oil Purchase/Sale Agreement between Statoil Brasil Óleo E Gas Limitada and NuStar Marketing LLC dated as of November 17, 2010	*#
10.47	Amended and Restated Aircraft Time Sharing Agreement, dated as of September 4, 2009, between NuStar Logistics, L.P. and William E. Greehey	NuStar Energy L.P.'s Annual Report on Form 10-K for year ended December 31, 2009 (File No. 001-16417), Exhibit 10.24

Exhibit Number	Description	Incorporated by Reference to the Following Document
10.48	Lease Agreement Between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. Dated as of July 1, 2010	NuStar Energy L.P.'s Current Report on Form 8-K filed July 21, 2010 (File No. 001-16417), Exhibit 10.01
10.49	Application for Letter of Credit and Reimbursement Agreement Between JPMorgan Chase Bank, N.A. and NuStar Logistics, L.P. Dated as of July 15, 2010	NuStar Energy L.P.'s Current Report on Form 8-K filed July 21, 2010 (File No. 001-16417), Exhibit 10.02
10.50	Lease Agreement between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of December 1, 2010	NuStar Energy L.P.'s Current Report on Form 8-K filed December 30, 2010 (File No. 001-16417), Exhibit 10.01
10.51	Application for Letter of Credit and Reimbursement Agreement between JPMorgan Chase Bank, N.A. and NuStar Logistics, L.P. dated as of December 29, 2010	NuStar Energy L.P.'s Current Report on Form 8-K filed December 30, 2010 (File No. 001-16417), Exhibit 10.02
14.01	Code of Ethics for Senior Financial Officers	NuStar GP Holdings, LLC's Annual Report on Form 10-K for year ended December 31, 2006 (File No. 001-32940), Exhibit 14.1
21.01	List of Subsidiaries of NuStar GP Holdings, LLC	*
23.01	Consent of KPMG LLP dated February 25, 2011	*
24.01	Powers of Attorney (included in signature page of this Form 10-K)	*
31.01	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal executive officer	*
31.02	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal financial officer	*
32.01	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal executive officer	*

Exhibit Number	Description		Incorporated by Reference to the Following Document
32.02	Section 1350 Certification (under Section 906 of the Sarbanes-Oxley Act of 2002) of principal financial officer	*	
99.01	Audit Committee Pre-Approval Policy	*	
99.02	Consolidated Financial Statements of NuStar Energy L.P. for the Year Ended December 31, 2010	*	
101	The following interactive data files pursuant to Rule 405 of Regulation S-T from NuStar GP Holdings, LLC's Form 10-K for the year ended December 31, 2010, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Cash Flows, and (iv) Condensed Notes to Consolidated Financial Statements, tagged as blocks of text	**	

+ Identifies management contracts or compensatory plans or arrangements required to be filed as an exhibit hereto.

* Filed herewith.

** Submitted electronically herewith

Portions of this exhibit have been redacted and are subject to a confidential treatment request filed by NuStar Energy L.P. with the Securities and Exchange Commission (SEC). The redacted material was filed separately with the SEC.

In accordance with Rule 406T of Regulation S-T, the XBRL information in Exhibit 101 to this annual report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act. The financial information contained in the XBRL-related documents is "unaudited" or "unreviewed."

Copies of exhibits filed as a part of this Form 10-K may be obtained by unitholders of record at a charge of $0.15 per page, minimum $5.00 each request. Direct inquiries to Corporate Secretary, NuStar GP Holdings, LLC, 2330 North Loop 1604 West, San Antonio, Texas 78248.

SIGNATURES

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

NuStar GP Holdings, LLC
(Registrant)

By: /s/ Curtis V. Anastasio

Curtis V. Anastasio
President and Chief Executive Officer
February 25, 2011

By: /s/ Steven A. Blank

Steven A. Blank
Senior Vice President, Chief Financial Officer and Treasurer
February 25, 2011

By: /s/ Thomas R. Shoaf

Thomas R. Shoaf
Vice President and Controller
February 25, 2011

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Curtis V. Anastasio, Steven A. Blank and Bradley C. Barron, or any of them, each with power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all subsequent amendments and supplements to this Annual Report on Form 10-K, and to file the same, or cause to be filed the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby qualifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William E. Greehey (William E. Greehey)	Chairman of the Board	February 25, 2011
/s/ Curtis V. Anastasio (Curtis V. Anastasio)	President, Chief Executive Officer and Director (Principal Executive Officer)	February 25, 2011
/s/ Steven A. Blank (Steven A. Blank)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 25, 2011
/s/ Thomas R. Shoaf (Thomas R. Shoaf)	Vice President and Controller (Principal Accounting Officer)	February 25, 2011
/s/ William B. Burnett (William B. Burnett)	Director	February 25, 2011
/s/ James F. Clingman (James F. Clingman)	Director	February 25, 2011
/s/ Stan L. McLelland (Stan L. McLelland)	Director	February 25, 2011