

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

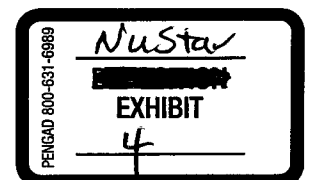
NUSTAR PIPELINE OPERATING PARTNERSHIP, L.P.) CASE NO. PU-08-194
NORTHERN PRODUCT SYSTEM)
PUBLIC CONVENIENCE AND NECESSITY)

**AFFIDAVIT OF JOSEPH GRAHAM IN SUPPORT OF
MOTION TO WITHDRAW APPLICATION FOR
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Comes now, Joseph A. Graham, as being first duly sworn and states as follows:

1. I am employed by NuStar GP, LLC and serve as Director, Marketing & Business Development for NuStar Pipeline Operating Partnership, L.P. (NuStar) and its affiliates. The facts set forth herein are true and correct to the best of my knowledge.
2. The NuStar North Product System ("North System" or "System") is a common carrier pipeline that transports refined products (primarily gasoline and diesel) from Tesoro Petroleum Corporation's refinery located in Mandan, North Dakota to Roseville, Minnesota.
3. In North Dakota, along the North System pipeline there is one terminal located in Jamestown, North Dakota (the Jamestown North terminal). Outside of North Dakota, NuStar owns three terminals located in Minnesota at Moorhead, Sauk Centre, and Roseville. In addition, NuStar transports Tesoro's products from the Mandan Refinery to a terminal located in Mandan that is owned by Burlington Northern Railroad. A map showing the location of the North System is attached hereto as Exhibit A.¹

1. Noted on Exhibit A is the Jamestown East terminal, which is the terminus of NuStar's East pipeline system. The Jamestown East terminal is not an asset of the North System, and products from Jamestown East are not moved into the North System pipeline for transportation.



4. The North System pipeline is owned by NuStar, a limited partnership, organized and existing under the laws of the State of Delaware.
5. The North System was originally constructed by Amoco Oil Company (Amoco) in 1958 as a proprietary pipeline to transport petroleum products from Amoco's Mandan, North Dakota refinery to Roseville, Minnesota.
6. Tesoro Petroleum Corporation (Tesoro) or its affiliate purchased the North System and the Mandan Refinery in September, 2001 from BP Corporation North America Inc. and Amoco Oil Company and/or their affiliates (collectively BP).
7. In December 2002, NuStar (at that time known as Kaneb Pipe Line Operating Partnership, L.P. ("Kaneb Pipe Line")) purchased the North System from Tesoro. At the time of this purchase, Kaneb Pipe Line was an experienced pipeline operator, having owned and operated pipelines for many years.
8. Since Kaneb Pipe Line's acquisition of the North System, the System has transported refined products in the pipeline for its single customer, Tesoro, from Tesoro's Mandan, North Dakota Refinery to Roseville, Minnesota and the terminals located along the pipeline.
9. I understand that on or about July 1, 2005, via a merger transaction, Kaneb Pipeline became a subsidiary of NuStar Energy L.P. After this merger, Kaneb Pipe Line continued to operate as a subsidiary of NuStar Energy and Kaneb Pipe Line continued to own and operate the North System.
10. Effective March 31, 2008, Kaneb Pipe Line Operating Partnership, L.P. changed its name to NuStar Pipeline Operating Partnership, L.P.

11. The North System has been in existence for over fifty years, and from the information that NuStar has been able to obtain, the North Dakota Public Service Commission has never required any of the companies that have operated the pipeline to obtain a Certificate of Public Convenience and Necessity ("PC&N").

12. NuStar furnishes common carrier transportation services in North Dakota according to the rules and regulations issued by NuStar. The potential customers of the North Dakota pipeline transportation services are those in the business of manufacturing and/or transporting refined products in North Dakota. Since its purchase of the pipeline, NuStar has provided transportation services in North Dakota on the North System pipeline to a single entity. I am not aware of any other potential customer who has expressed a desire or need to transport refined products in North Dakota in the North Pipeline.

13. The British Petroleum Corp "BP" Whiting refinery is not located in North Dakota, but rather in Indiana. BP owns a pipeline that is capable of transporting refined products from Whiting, Indiana to Roseville, Minnesota. These products can be delivered at NuStar's terminal in Roseville, Minnesota. However, this activity takes place in Minnesota and such products are not transported in the North System pipeline.

14. Magellan Midstream Partners LP (Magellan) owns a competing Terminal Facility in Roseville, Minnesota. At its customer's request, NuStar may transfer products from NuStar's Roseville, Minnesota to Magellan's Roseville terminal. Similarly, products can be transported from Magellan's terminal to NuStar's. However, this activity does not take place in North Dakota, but rather in Minnesota. No products from the Magellan terminal in Roseville are transported in NuStar's North pipeline.

Joseph A. Graham

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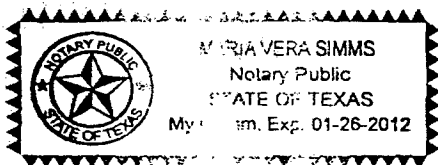
STATE OF TEXAS)
) ss.
COUNTY OF BEXAR)

On the 9 day of January, 2009, before me personally appeared Joseph A. Graham, known to me to be the same person described in and who executed the within and foregoing instrument and acknowledged to me that he executed the same.

Maria Vera Simms

Notary Public, State of Texas

(SEAL)





MN

Moorhead

Valley City

Jamestown (east)

Jamestown (North)

Medina

Driscoll

ND

Mandan

BNRR

SD



Central East and North Systems 7/28/08

Legend

- Origin/Termination Points
- Non-NuStar Delivery Points
- Pump Stations
- NuStar Energy, LP Refined Product Terminals
- NuStar Energy, LP Central East Refined Products PL System
- NuStar Energy, LP North Refined Products PL System

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AFFIDAVIT OF SERVICE

The undersigned hereby certifies that on the 9 day of January, 2009, the undersigned deposited in the United States Post Office at Mandan, North Dakota, a true and correct copy of the following document(s) in the above-captioned action:

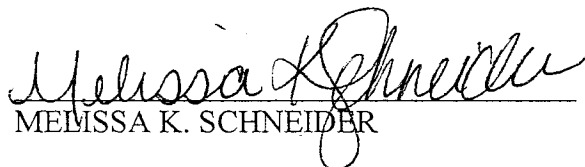
Affidavit of Joe Graham in Support of Motion to Withdraw Application for Certificate of Public Convenience and Necessity

That a copy of the above document(s) was sent by electronic mail and addressed as follows:

ILLONA JEFFCOAT-SACCO
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PUBLIC SERVICE COMMISSION
600 E BOULEVARD, DEPT 408
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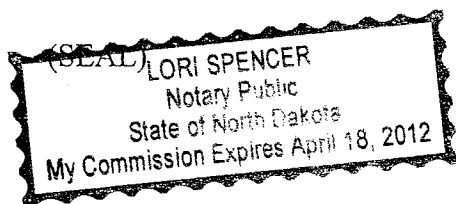
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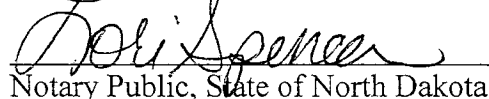
ERIK R JOHNSON
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ejohnson@lawFargo ND.com



MELISSA K. SCHNEIDER

Subscribed and sworn to before me this 9 day of January, 2009.





Notary Public, State of North Dakota